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KE HOLDINGS INC.

FORM 20-F

(Annual and Transition Report (foreign private issuer))

Filed 04/24/26 for the Period Ending 12/31/25

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Industry	Real Estate Services
Sector	Financials
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

For the transition period from to

Commission file number: 001-39436

KE Holdings Inc.

(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Cayman Islands
(Jurisdiction of incorporation or organization)

Oriental Electronic Technology Building,
No. 2 Chuangye Road, Haidian District,
Beijing 100086
People's Republic of China
+86 10 5810 4689
(Address of principal executive offices)

XU Tao, Chief Financial Officer
Telephone: +86 10 5810 4689
Email: ir@ke.com
Oriental Electronic Technology Building,
No. 2 Chuangye Road, Haidian District,
Beijing 100086
People's Republic of China
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
American depositary shares (one American depositary share representing three Class A ordinary shares, par value US$0.00002 per share)	BEKE	New York Stock Exchange
Class A ordinary shares, par value US$0.00002 per share	2423	The Stock Exchange of Hong Kong Limited

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2025, there were 3,373,256,629 ordinary shares issued and outstanding, being the sum of 3,233,808,859 Class A ordinary shares (excluding the 111,360,915 Class A ordinary shares registered in the name of the depositary bank for future issuance of ADSs upon the exercise or vesting of awards granted under our share incentive plans and 21,608,250 Class A ordinary shares in the form of ADSs repurchased but not cancelled) and 139,447,770 Class B ordinary shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒	International Financial Reporting Standards as issued by the International Accounting Standards Board ☐	Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ☐ Yes ☐ No

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INTRODUCTION

Unless otherwise indicated or the context otherwise requires, references in this annual report to:

- "active agents" are to agents on our platform, including agents employed by us and from labor dispatching or outsourcing agencies, and agents affiliated with our connected stores and connected brands as employees, contractors, or through other service arrangements, as of a given date excluding the agents who (i) delivered notice to leave but have not yet completed the exit procedures, (ii) have not engaged in any critical steps in housing transactions (including but not limited to introducing new properties, attracting new customers and conducting property showings) during the preceding 30 days, or (iii) have not participated in facilitating any housing transaction during the preceding three months;

- "active stores" are to stores on our platform as of a given date excluding the stores which (i) have not facilitated any housing transaction during the preceding 60 days, (ii) do not have any agent who has engaged in any critical steps in housing transactions (including but not limited to introducing new properties, attracting new customers and conducting property showings) during the preceding seven days, or (iii) have not been visited by any agent during the preceding 14 days;

- "agents" are to agents on our platform, including *Lianjia* agents and connected agents, as of a given date;

- "ADRs" are to the American depositary receipts that may evidence the ADSs;

- "ADSs" are to the American depositary shares, each of which represents three Class A ordinary shares;

- "Beike," "we," "us," "our company," "our" and "the Company" are to KE Holdings Inc., our Cayman Islands holding company, its subsidiaries, and, in the context of describing the consolidated financial information, the VIEs and their subsidiaries in China;

- "China" or the "PRC" are to the People's Republic of China, excluding, for the purposes of this annual report only, Hong Kong, Macau and Taiwan;

- "Class A ordinary shares" are to our class A ordinary shares, par value US$0.00002 per share;

- "Class B ordinary shares" are to our class B ordinary shares, par value US$0.00002 per share;

- "connected stores" are to non-*Lianjia* stores connected through our ACN;

- "GTV" of our platform, for a given period, are to gross transaction value, which is calculated as the total value of all transactions we facilitated on the *Beike* platform and evidenced by signed contracts as of the end of the period, including the value of the existing home transactions, new home transactions, home renovation and furnishing, and emerging and other services (excluding home rental services), and including transactions that are contracted but pending closing at the end of the relevant period. For the avoidance of doubt, for transactions that fail to close afterwards, the corresponding GTV represented by these transactions will be deducted accordingly;

- "Hong Kong" or "HK" are to the Hong Kong Special Administrative Region of the PRC;

- "Hong Kong dollars" or "HK$" are to the legal currency of Hong Kong;

- "Hong Kong Listing" are to the listing of our Class A ordinary shares on the Main Board of the Hong Kong Stock Exchange by way of introduction on May 11, 2022;

- "Hong Kong Listing Rules" are to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;

- "Hong Kong Stock Exchange" are to The Stock Exchange of Hong Kong Limited;

- "Main Board" are to the stock market (excluding the option market) operated by the Hong Kong Stock Exchange, which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange;
- "ordinary shares" are to our class A ordinary shares and class B ordinary shares, par value US$0.00002 per share;
- "RMB" and "Renminbi" are to the legal currency of China;
- "SaaS" are to software-as-a-services;
- "Shengdu" are to Shengdu Home Renovation Co., Ltd.;
- "Tencent" are to Tencent Holdings Limited (HKEx: 700), its subsidiaries and/or its controlled affiliated entities, as the context requires;
- "US$," "U.S. dollars," and "$" are to the legal currency of the United States;
- "VIEs" are to Beijing Lianjia Real Estate Brokerage Co., Ltd., or Beijing Lianjia, Tianjin Xiaowu Information & Technology Co., Ltd., or Tianjin Xiaowu, Beijing Yiju Taihe Technology Co., Ltd., or Yiju Taihe, Beijing Beijia Commercial Consultancy Co., Ltd., Beijing Beihao Commercial Consultancy Co., Ltd., Runizhishi (Beijing) Technology Co., Ltd., and Runikeshi (Beijing) Technology Co., Ltd.; and
- "WFOEs" are to Beike Jinke (Tianjin) Technology Co., Ltd., Beike (Tianjin) Investment Co., Ltd., Jinbei (Tianjin) Technology Co., Ltd., and Realsee (Tianjin) Technology Co., Ltd., which are wholly foreign-owned entities under PRC law.

When we calculate agents on our platform, we refer to agents who are affiliated with the real estate brokerage stores and subject to our Agent Cooperation Network, or ACN, rules.

In China, real estate brokerage refers to the activities of providing intermediary or agency services in connection with housing transactions by brokerage firms and agents, wherein brokerage firms and agents are allowed to collect commissions from either or both of the buy side and the sell side as long as the payment arrangement is prescribed in the brokerage service agreements.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report are made at a rate of RMB6.9931 to US$1.00, the exchange rate in effect as of December 31, 2025 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all.

FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "Item 3. Key Information—D. Risk Factors," "Item 4. Information on the Company—B. Business Overview" and "Item 5. Operating and Financial Review and Prospects." Known and unknown risks, uncertainties and other factors, including those listed under "Item 3. Key Information—D. Risk Factors," may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- expected changes in our revenues, costs or expenditures;
- our ability to empower services and facilitate transactions on our platform;
- competition in our industry;
- government policies and regulations relating to our industry;
- our ability to protect our systems and infrastructures from cyber-attacks;
- our dependence on the integrity of brokerage brands, stores and agents on our platform;
- our ability to develop home renovation and furnishing services;
- our ability to develop home rental services;
- general economic and business conditions in China and globally; and
- assumptions underlying or related to any of the foregoing.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations and our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in "Item 3. Key Information—D. Risk Factors," "Item 4. Information on the Company—B. Business Overview" and "Item 5. Operating and Financial Review and Prospects" and other sections in this annual report. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. You should read thoroughly this annual report and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we refer to in this annual report and have filed as exhibits to this annual report, of which this annual report is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

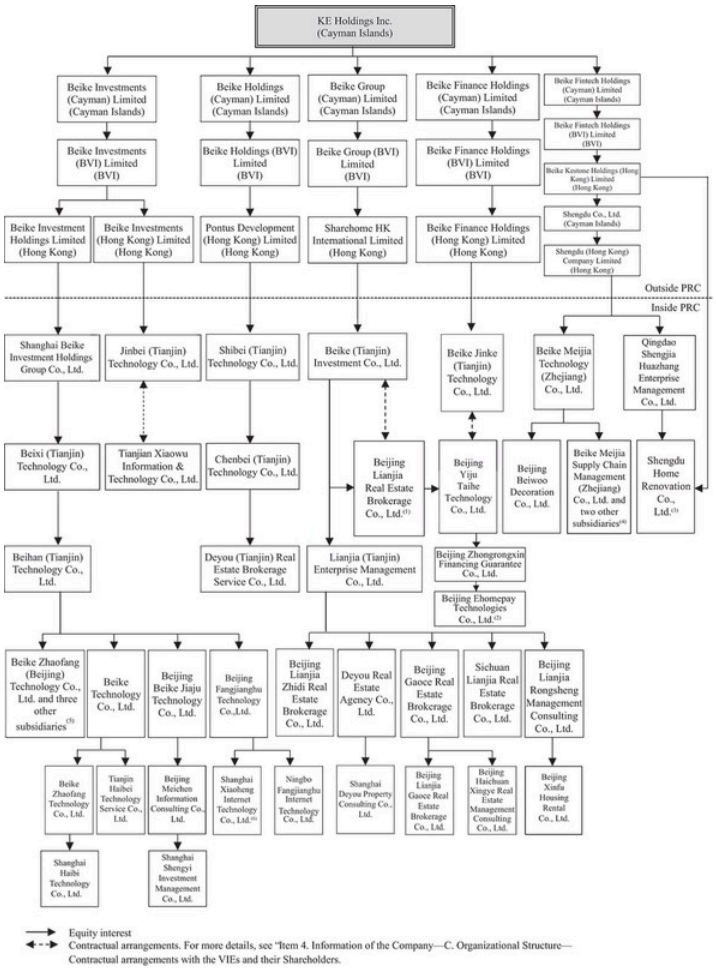
Our Holding Company Structure and the VIE Contractual Arrangements

KE Holdings Inc. is not an operating company in China but a Cayman Islands holding company with no material operations of its own and does not have a majority of equity ownership in the VIEs. We conduct our operations primarily through (i) our PRC subsidiaries and (ii) the VIEs, with which we maintain contractual agreements. Our value-added telecommunication services and certain financial services in the PRC have been conducted through the applicable VIEs in order to comply with the PRC laws and regulations, which restrict and impose conditions on foreign direct investment in companies involved in the provision of value-added telecommunication services and certain financial service. Accordingly, we operate these businesses in China through the applicable VIEs, and rely on contractual arrangements among our PRC subsidiaries, the VIEs and their shareholders to direct activities of the VIEs that most significantly affect the economic performance of the VIEs and receive economic benefits from the VIEs that could be significant to the VIEs.

The VIEs collectively held 42.7% of our cash, cash equivalents and restricted cash and 11.9% of our total assets as of December 31, 2025. Revenues contributed by the VIEs, excluding inter-group transactions, accounted for 0.8%, 0.8% and 0.9% of our total net revenues for the fiscal years 2023, 2024 and 2025, respectively. The VIEs and their subsidiaries are the operators of *Beike* and *Lianjia* mobile apps and websites and the license holders to provide the value-added telecommunication services on these platforms. To enhance the experience of the customers, agents or other business partners on our platform, we offer certain complementary services through our platform, such as online payment services, and the VIEs and their subsidiaries also hold licenses and permits for these services. Some of our key domain names, including *ke.com*, are registered under the VIEs. The VIEs and their subsidiaries also owned approximately 3%, 4% and 15% of our issued patents, registered trademarks and copyrights to software programs, respectively, as of December 31, 2025. Therefore, the VIEs and their subsidiaries hold certain intellectual properties and licenses that are critical to the availability of technologies and workforce supporting our operations and services we provide on the *Beike* platform. At the same time, the employees under the VIEs and their subsidiaries were less than 1% of the total workforce as of December 31, 2025. As used in this annual report, "Beike," "we," "us," "our company," "the Company" or "our" refers to KE Holdings Inc., its subsidiaries, and, in the context of describing the consolidated financial information, the VIEs and their subsidiaries in China. Investors in our ADSs thus are not purchasing equity interest in the VIEs in China but instead are purchasing equity interest in KE Holdings Inc., a Cayman Islands holding company. This VIE structure involves unique risks to investors, and investors may never directly hold equity interests in the Chinese operating company. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure."

A series of contractual agreements, including power of attorney, exclusive business cooperation agreements, equity pledge agreements, exclusive option agreements and spouse consent letters, have been entered into by and among our WFOEs, the VIEs and their respective shareholders. We depend on these contractual arrangements to provide our subsidiaries with a "controlling financial interest" in the VIEs, as defined in FASB ASC 810, making them the primary beneficiaries of the VIEs. Terms contained in each set of contractual arrangements with the VIEs and their respective shareholders are substantially similar, which enable us to (i) direct activities of the VIEs that most significantly affect the economic performance of the VIEs; (ii) receive economic benefits from the VIEs that could be significant to the VIEs; (iii) have the pledge right over the equity interests in the VIEs as the pledgee; and (iv) have an exclusive option to purchase all or part of the equity interests in and assets of the VIEs when and to the extent permitted by PRC law. As advised by our PRC legal counsel, Han Kun Law Offices, subject to the disclosure in this annual report, the terms of the contractual agreements are valid, binding and enforceable under the PRC laws and regulations currently in effect. Accordingly, we are considered the primary beneficiaries of the VIEs for accounting purposes and have consolidated the VIEs' financial results of operations, assets and liabilities in our consolidated financial statements in accordance with U.S. GAAP. However, neither KE Holdings Inc. nor its investors have an equity ownership in, direct foreign investment in, or control through such ownership or investment of, the VIEs (except for Beike Tianjin's 30% shareholding in Beijing Lianjia), and the VIE contractual arrangements are not equivalent to an equity ownership in the business of the VIEs. As of the date of this annual report, the contracts with the VIEs have not been tested in a court of law. For more details of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders."

The following diagram illustrates our corporate structure, including our principal subsidiaries, principal VIEs and their principal subsidiaries, and other entities that are material to our business, as of the date of this annual report:



Notes:

(1) The registered shareholders of Beijing Lianjia are (i) Mrs. ZUO, Mr. SHAN Yigang, Mr. XU Wangang and entities controlled by Mr. PENG Yongdong or Mr. SHAN Yigang, holding 57% equity interests in aggregate; (ii) Beike (Tianjin) Investment Co., Ltd., holding 30% equity interests; and (iii) several other individuals and entities associated with us, holding 13% equity interests in aggregate. Mrs. ZUO is the spouse of Mr. ZUO Hui, our founder and permanent chairman emeritus, and a principal shareholder of us. Each of Mr. PENG Yongdong, Mr. SHAN Yigang and Mr. XU Wangang is our director. The registered shareholders of Tianjin Xiaowu are Mrs. ZUO and Mr. SHAN Yigang, holding 94% and 6% equity interests, respectively. The registered shareholders of Yiju Taihe are (i) Beijing Lianjia, holding 80% equity interests; (ii) Mrs. ZUO, Mr. SHAN Yigang, Mr. XU Wangang and entities controlled by Mrs. ZUO or Mr. SHAN Yigang, holding 17% equity interests in aggregate; and (iii) several other individuals and entities associated with us, holding 3% equity interests in aggregate. The registered shareholders of Beijing Beijia Commercial Consultancy Co., Ltd. are (i) Mr. PENG Yongdong and Mr. XU Tao, holding 50% equity interests in aggregate; and (ii) several other individuals associated with us, holding 50% equity interests in aggregate. The registered shareholders of Beijing Beihao Commercial Consultancy Co., Ltd. are (i) Mr. XU Wangang, holding 4% equity interests; and (ii) several other individuals affiliated with us, holding 96% equity interests in aggregate.

(2) Beijing Zhongrongxin Financing Guarantee Co., Ltd. owns 95% of the total equity interest, and Beijing Zhonghetai Investment Consulting Co., Ltd., a wholly-owned subsidiary of Yiju Taihe, owns the remaining 5%.

(3) Qingdao Shengjia Huazhang Enterprise Management Co., Ltd. owns 94% of the total equity interest, and Beike Kestone Holdings (Hong Kong) Limited owns the remaining 6%.

(4) Beike Meijia Zhijia Technology (Zhejiang) Co., Ltd. and Beike Shengdu (Zhejiang) Architectural Decoration Engineering Co., Ltd.

(5) Shanghai Chenhaibei Internet Technology Co., Ltd., Tianjin Haibei Information Technology Co., Ltd. and Shanghai Huibeiju Technology Co., Ltd.

(6) Beijing Fangjianghu Technology Co., Ltd. owns 99% of the total equity interest, and Shanghai Deyou Property Consulting Co., Ltd. owns the remaining 1%.

Our corporate structure is subject to risks associated with our contractual arrangements with the VIEs. Investors may not directly hold equity interests in the VIEs or in the businesses that are conducted by the VIEs, and the VIE structure provides contractual exposure to foreign investment in the companies which involve foreign investment restrictions. If the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. This may result in the VIEs being deconsolidated, which would materially and adversely affect our operations, and our ADSs may decline significantly in value or become worthless. Our holding company, our PRC subsidiaries, the VIEs, and investors of our company may face potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a whole. The PRC regulatory authorities could disallow the VIE structure, which would likely result in a material adverse change in our operations, and our Class A ordinary shares or our ADSs may decline significantly in value or become worthless. The contractual arrangements may not be as effective as direct ownership in providing us with control over the VIEs, the shareholders of the VIEs may have potential conflicts of interest with us, and we may incur substantial costs to enforce the terms of the arrangements. As such, the VIE structure involves unique risks to investors of our holding company. For a detailed description of the risks associated with our corporate structure, please refer to risks disclosed under “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure.”

We face various risks related to doing business in China that could result in a material change in our operations. Our business operations are primarily conducted in China, and we are subject to complex and evolving PRC laws and regulations. For example, we face risks associated with regulatory approvals on offshore offerings and listings, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy. PRC government’s authority in regulating the industries in which we operate and our operations and its oversight and control over offerings and listings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations in this nature may cause the value of such securities to significantly decline or be worthless. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China.”

For example, the PRC Data Security Law and the PRC Personal Information Protection Law promulgated in 2021 posed additional challenges to our cybersecurity and data privacy compliance. The Cybersecurity Review Measures issued by the Cyberspace Administration of China, or the CAC, and several other PRC governmental authorities in December 2021, exposes additional requirements on China-based overseas-listed companies like us. If the detailed rules or implementations mandate clearance of cybersecurity review and other specific actions to be completed by us, we cannot assure you that such clearance can be timely obtained, the failure of which may subject us to penalties, which could materially and adversely affect our business and results of operations and the price of our ADSs. See “Item 3. Key Information—Risk Factors—Risks Related to Our Business and Industry—Our business generates and processes a large amount of data and is subject to various evolving PRC laws and regulations regarding cybersecurity and data privacy. Failure of cybersecurity and data privacy concerns could subject us to significant reputational, financial, legal and operational consequences, and deter current and potential customers from using our services” for additional details.

In addition, on February 17, 2023, the China Securities Regulatory Commission, or the CSRC, issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures and five supporting guidelines, which became effective on March 31, 2023. Pursuant to the measures, PRC domestic companies that directly or indirectly seek to offer or list their securities on an overseas stock exchange, including a PRC company limited by shares and an offshore company whose main business operations are in mainland China and intends to offer securities or be listed on an overseas stock exchange based on its onshore equities, assets, incomes or similar interests, are required to file with the CSRC within three business days after submitting their application documents to the regulator in the place of intended listing or offering. Particularly, as for the PRC domestic companies that have directly or indirectly listed securities in overseas markets intend to conduct follow-on offerings in overseas markets, such companies are required to submit the filing with respect to the follow-on offering within three business days after completion of the follow-on offering. Failure to complete the filing under the measures, concealing any material fact or falsifying any major content in its filing documents may subject the company to administrative penalties, such as order to rectify, warnings, fines. Its controlling shareholders, actual controllers, direct officers-in-charge and other direct personnel-in-charge may also be subject to administrative penalties, such as warnings and fines. At the press conference held by the CSRC on February 17, 2023 for the measures, officials from the CSRC confirmed that the companies in mainland China that have been listed overseas before March 31, 2023 are not required to file with the CSRC immediately, but these companies should complete filing with the CSRC for their refinancing activities and future offerings in accordance with the measures. Based on the foregoing, as of the date of this annual report, we are not required to complete filing with the CSRC for our listing on the New York Stock Exchange, or the NYSE, and the Hong Kong Stock Exchange, but we may be subject to the filing requirements for our future capital raising activities and security offerings under the measures. As the measures were relatively new, there remain uncertainties about how the measures will be interpreted or implemented and how they will affect our operations and future overseas offerings. We cannot assure you that we will be able to complete such filing in a timely manner and fully comply with such regulations to maintain the listing status of our ADSs and/or other securities, or to conduct any securities offerings in the future. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government’s oversight and discretion over our business operations could result in a material adverse change in our operations and the value of our securities.”

Furthermore, the PRC anti-monopoly regulators have promulgated new anti-monopoly and competition laws and regulations and strengthened the enforcement under these laws and regulations. There remain uncertainties as to how the laws, regulations and guidelines recently promulgated will be implemented and whether these laws, regulations and guidelines will have a material impact on our business, financial condition, results of operations and prospects. We cannot assure you that our business operations comply with such regulations and the authorities’ requirements in all respects. If any non-compliance is raised by authorities and determined against us, we may be subject to fines and other penalties. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Any failure or perceived failure by us to comply with the anti-monopoly and competition laws and regulations in the PRC may result in governmental investigations, enforcement actions, litigation or claims against us and could have an adverse effect on business, reputation, results of operations and financial condition.”

Evolvements of the legal system in China, including risks and uncertainties regarding that the rules and regulations in China can change quickly with little advance notice and that the Chinese government may intervene or influence our operations in accordance with laws and regulations at any time, could result in a material adverse change in our operations and the value of our ADSs. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC legal system is evolving, which leads to uncertainties that could materially and adversely affect us.”

These risks could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline or be worthless. For a detailed description of risks related to doing business in China, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China.”

Permissions Required from the PRC Authorities for Our Operations

We conduct our business primarily through our subsidiaries and the VIEs and their subsidiaries in China. Our operations in China are governed by PRC laws and regulations. In addition to the Business License issued by a department of the State Administration for Market Regulation for each of our PRC subsidiaries and the VIEs and their subsidiaries, the PRC subsidiaries and the VIEs and their subsidiaries are required to obtain, and have obtained the following requisite permissions for their main operations: the filings for real estate brokerage business, the operating license for value-added telecommunication business, the qualification certificate of construction enterprise, the qualification certificate of construction project design, the safety production license, the filings for home rental business, the license for non-financial institution payment service, the approval for establishment of micro credit company, the license for financing guarantee business, the license for insurance brokerage business, the approval for commercial factoring business, the qualification for real estate development enterprise and filing on commercial franchising.

Apart from the permits and licenses above, we may be subject to additional licensing requirements for our business operation as the interpretation and implementation of laws and regulations and the enforcement practice by government authorities are evolving. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—If we fail to obtain or keep licenses, permits or approvals applicable to the various services provided by us, we may incur significant financial penalties and other government sanctions" for more details.

Furthermore, in connection with our issuance of securities to foreign investors, as of the date of this annual report, neither we, our PRC subsidiaries, nor the VIEs or their subsidiaries have received any formal inquiry, notice, warning or sanction from the CSRC, the CAC or any PRC governmental authorities in connection with requirements of obtaining prior approval or permission for our historical issuance to foreign investors. Our PRC legal counsel, Han Kun Law Offices, has advised us that, based on their understanding of the currently effective PRC laws and regulations as of the date of this annual report, we are not required to obtain any prior approval or permission from the CSRC, the CAC or any other PRC governmental authorities for our historical offshore offerings to foreign investors. However, our PRC legal counsel has further advised us that there remains some uncertainty as to how rules published by the CSRC and the CAC will be interpreted or implemented, and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form. We cannot assure you that PRC governmental authorities, including the CSRC and the CAC, would reach the same conclusion as our PRC legal counsel, and hence, we may face regulatory actions or other sanctions from them. Besides, the PRC government has enhanced its oversight over offerings that are conducted overseas and/or foreign investment in China-based issuers like us, and published a series of new rules in this regard, the interpretation and implementation of which remains uncertain. Therefore, there are uncertainties as to whether we will be able to complete filing with the CSRC or will be required to obtain any specific regulatory approvals from the CAC or any other PRC governmental authorities for our future offshore offerings. If we had inadvertently concluded that such approvals were not required, or if applicable laws, regulations or interpretations change in a way that requires us to obtain such approval in the future, we may be unable to obtain such necessary approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could subject us to penalties, including fines, suspension of business and revocation of required licenses, significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Filings, approvals or other administration requirements of the CSRC, the CAC or other PRC governmental authorities may be required in connection with our future offshore offerings under PRC law" and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government's oversight and discretion over our business operations could result in a material adverse change in our operations and the value of our securities" for more details.

The Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, as amended by the Consolidated Appropriations Act, 2023, if the Securities and Exchange Commission of the United States, or the SEC, determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the Public Company Accounting Oversight Board, or the PCAOB, for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of the annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. As of the date of this annual report, the PCAOB has not issued any new determination that it is unable to inspect or investigate completely registered public accounting firms headquartered in any jurisdiction. For this reason, we were not identified as a Commission-Identified Issuer under the HFCAA after we filed the annual report on Form 20-F for the fiscal year ended December 31, 2022, 2023 or 2024 and do not expect to be so identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections over our auditor in the past has deprived our investors with the benefits of such inspections” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

Cash Flows Through Our Organization

KE Holdings Inc., our Cayman Islands holding company, or the Parent, transfers cash to our wholly-owned Hong Kong subsidiaries (through intermediate holding companies in the Cayman Islands and the British Virgin Islands), by making capital contributions or providing loans, and our Hong Kong subsidiaries transfer cash to our PRC subsidiaries by making capital contributions or providing loans to them.

The Parent and its subsidiaries generally transfer cash to the VIEs by loans or by making payment to the VIEs for inter-group transactions. The Parent may transfer cash to one of the VIEs, Beijing Lianjia, by making capital contributions through intermediate holding companies in the Cayman Islands and the British Virgin Islands and our Hong Kong and PRC subsidiaries.

The following table sets forth the amount of the transfers for the periods presented.

	For the Year Ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Loans from Parent to Cayman Islands, British Virgin Islands, and Hong Kong subsidiaries[1]	467,939	(9,108,117)	(10,432,930)
Capital contributions from Hong Kong subsidiaries to PRC subsidiaries[2]	300,000	709,960	358,280
Loans from Hong Kong subsidiaries to PRC subsidiaries[2]	2,282,145	(12,596,924)	(4,299,179)
Net amounts paid by subsidiaries to VIEs[3]	1,287,319	3,496,971	(242,369)

Notes:

(1) Represents the "Investments in and loans to subsidiaries and VIEs" of the Parent as in the condensed consolidating schedule of cash flow data.

(2) The items "Capital contributions from Hong Kong subsidiaries to PRC subsidiaries" and "Loans from Hong Kong subsidiaries to PRC subsidiaries" include the following:

- Cash flows from Hong Kong subsidiaries (included in the "Other Subsidiaries" column) to primary beneficiary of VIEs which are included in "Proceeds and loans from Parent and other Group companies" of primary beneficiary of VIEs in the consolidating schedules; and

- Cash flows from Hong Kong subsidiaries to other PRC subsidiaries, which represent cash flows between entities all within the "Other Subsidiaries" column and are thus eliminated in the presentation of the consolidating schedules.

(3) Represents the "Operating cash flow from the Group companies" of the VIEs plus "Proceeds and loans from Parent and other Group companies" of the VIEs in the condensed consolidating schedule of cash flow data. The cash flows between the subsidiaries and the VIEs included the following:

- Cash paid by the subsidiaries to the VIEs for financial platform and other financial related services provided by the VIEs;

- Cash paid by the subsidiaries to the VIEs for referral and other services;

- Cash paid by the VIEs to the subsidiaries for referral and professional services; and

- Intercompany advances from equity-owned subsidiaries to the VIEs, and repayment of intercompany advances by the VIEs.

As of December 31, 2025, the Parent had made cumulative capital contribution of RMB5,432.8 million and provided cumulative loans of RMB14,190.8 million to our PRC subsidiaries through intermediate holding companies.

The VIEs may transfer cash to the WFOEs by paying service fees according to the exclusive business cooperation agreements. Pursuant to these agreements between each of the VIEs and its corresponding WFOEs, each of the VIEs agrees to pay the WFOE for services related to comprehensive technical support, professional training, consulting and marketing and promotional services at an amount based on 100% of the balance of the gross consolidated profits of each VIE after offsetting the accumulated losses for the preceding financial years and deducting the working capital, expenses, taxes and other statutory contributions required for any financial year, or the amount determined by the WFOE in accordance with the terms of the agreements. Considering the future operating and cashflow needs of the VIEs, for the years ended December 31, 2023, 2024 and 2025, no service fees were charged to the VIEs by the WFOEs, and no payments were made by the VIEs under these agreements. If there is any amount payable to WFOEs under the VIE agreements, the VIEs will settle the amount accordingly.

For the years ended December 31, 2023, 2024 and 2025, no dividends or distributions were made to the Parent by our subsidiaries.

In August 2023, our board of directors approved a special cash dividend of US$0.057 per ordinary share, or US$0.171 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on September 15, 2023. The aggregate amount of the special cash dividend was approximately US$0.2 billion and was paid in September 2023 for holders of ordinary shares and in October 2023 for holders of ADSs. In March 2024, our board of directors approved a final cash dividend of US$0.117 per ordinary share, or US$0.351 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on April 5, 2024. The aggregate amount of the final cash dividend was approximately US$0.4 billion and was paid in April 2024. In March 2025, our board of directors approved a final cash dividend of US$0.12 per ordinary share, or US$0.36 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on April 9, 2025. The aggregate amount of the final cash dividend was approximately US$0.4 billion and was paid in April 2025 for holders of ordinary shares and ADSs. In March 2026, our board of directors approved a final cash dividend of US$0.092 per ordinary share, or US$0.276 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on April 8, 2026. The aggregate amount of the final cash dividend was approximately US$0.3 billion and has been paid on April 21 and April 24, 2026 for holders of ordinary shares and ADSs, respectively. See “Item 8. Financial Information - A. Consolidated Statements and Other Financial Information - Dividend Policy.” For the Cayman Islands, PRC and U.S. federal income tax considerations applicable to an investment in our ADSs or Class A ordinary shares, see “Item 10. Additional Information - E. Taxation.”

For purposes of illustration, the following discussion reflects the hypothetical taxes that might be required to be paid within Mainland China, assuming that: (i) we have taxable earnings, and (ii) we determine to pay a dividend in the future:

	Taxation Scenario[1] Statutory Tax and Standard Rates
Hypothetical pre-tax earnings[2]	100 %
Tax on earnings at statutory rate of 25%[3]	(25)%
Net earnings available for distribution	75 %
Withholding tax at standard rate of 10%[4]	(7.5)%
Net distribution to Parent/Shareholders	67.5 %

Notes:

(1) For purposes of this example, the tax calculation has been simplified. The hypothetical book pre-tax earnings amount, not considering timing differences, is assumed to equal taxable income in China.

(2) Under the terms of VIE agreements, our PRC subsidiaries may charge the VIEs for services provided to VIEs. These fees shall be recognized as expenses of the VIEs, with a corresponding amount as service income by our PRC subsidiaries and eliminate in consolidation. For income tax purposes, our PRC subsidiaries and VIEs file income tax returns on a separate company basis. The fees paid are recognized as a tax deduction by the VIEs and as income by our PRC subsidiaries and are tax neutral.

(3) Certain of our subsidiaries and VIEs qualifies for a 15% preferential income tax rate in China. However, such rate is subject to qualification, is temporary in nature, and may not be available in a future period when distributions are paid. For purposes of this hypothetical example, the table above reflects a maximum tax scenario under which the full statutory rate would be effective.

(4) The PRC Enterprise Income Tax Law imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise to its immediate holding company outside of China. A lower withholding income tax rate of 5% is applied if the foreign invested enterprise’s immediate holding company is registered in Hong Kong or other jurisdictions that have a tax treaty arrangement with China, subject to a qualification review at the time of the distribution. For purposes of this hypothetical example, the table above assumes a maximum tax scenario under which the full withholding tax would be applied.

The table above has been prepared under the assumption that all profits of the VIEs will be distributed as fees to our PRC subsidiaries under tax neutral contractual arrangements. If, in the future, the accumulated earnings of the VIEs exceed the fees paid to our PRC subsidiaries (or if the current and contemplated fee structure between the intercompany entities is determined to be non-substantive and disallowed by Chinese tax authorities), the VIEs could, as a matter of last resort, make a non-deductible transfer to our PRC subsidiaries for the amounts of the stranded cash in the VIEs. This would result in such transfer being non-deductible expenses for the VIEs but still taxable income for the PRC subsidiaries. Such a transfer and the related tax burdens would reduce our after-tax income to approximately 50.6% of the pre-tax income. Our management believes that there is only a remote possibility that this scenario would happen.

As KE Holdings Inc. is a Cayman Islands holding company with no material operations of its own, its ability to pay dividends depends upon dividends paid by our PRC subsidiaries. Our PRC subsidiaries in turn generate income from their own operations, and in addition enjoy all economic benefit and may receive service fees from the VIEs pursuant to the exclusive business cooperation agreement with the VIEs. If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to distribute earnings or pay dividends to us. Under PRC law, each of our subsidiaries and the VIEs in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our subsidiaries and the VIEs in China may allocate a portion of its after-tax profits based on PRC accounting standards to a surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by the State Administration of Foreign Exchange, or SAFE, and declaration and payment of withholding tax. Additionally, if our PRC subsidiaries and the VIEs incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until it generates accumulated profits and meets the requirements for statutory reserve funds. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies may delay us from using the proceeds of our offshore offerings to make loans or additional capital contributions to our PRC subsidiaries and to make loans to the VIEs, which could materially and adversely affect our liquidity and our ability to fund and expand our business” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Governmental regulation of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.” Except these regulatory requirements, there are not any other statutory restrictions and limitations on our ability to distribute earnings from our PRC subsidiaries to the parent company and U.S. investors or the ability of the VIEs to settle amounts owned under the VIE agreements.

Financial Information Related to the VIEs

The following table presents the condensed consolidating schedule of balance sheet data for the Parent, our wholly owned subsidiaries that are primary beneficiary of VIEs, VIEs (inclusive of the VIEs' subsidiaries) and other consolidated subsidiaries, or Other Subsidiaries, as of the dates presented.

	As of December 31, 2025					
	Parent	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs	Eliminations	Consolidated
	(RMB in thousands)					
Cash and cash equivalents	646,909	4,699,727	1,225,284	1,201,262	—	7,773,182
Restricted cash	—	2,215,018	350,045	5,605,542	—	8,170,605
Short-term investments	2,771,550	27,387,034	8,828,194	593,183	—	39,579,961
Accounts receivable and contract assets, net	—	3,899,181	—	37,795	—	3,936,976
Amount due from the Group companies[1]	1,434,821	117,895,945	92,321,418	1,718,105	(213,370,289)	—
Other current assets	3,495	6,783,978	561	1,871,432	—	8,659,466
Total current assets	**4,856,775**	**162,880,883**	**102,725,502**	**11,027,319**	**(213,370,289)**	**68,120,190**
Investment in subsidiaries[2]	61,861,571	1,243,912	26,151,789	—	(89,257,272)	—
Net assets of VIEs[2]	2,931,280	2,931,280	2,931,280	—	(8,793,840)	—
Long-term investments	—	10,887,599	6,661,556	2,599,369	—	20,148,524
Right-of-use assets	—	19,143,644	—	485	—	19,144,129
Intangible assets, net[3]	—	1,028,880	—	13,463	(319,667)	722,676
Other non-current assets	—	8,341,446	—	191,213	—	8,532,659
Total non-current assets	**64,792,851**	**43,576,761**	**35,744,625**	**2,804,530**	**(98,370,779)**	**48,547,988**
TOTAL ASSETS	**69,649,626**	**206,457,644**	**138,470,127**	**13,831,849**	**(311,741,068)**	**116,668,178**
Accounts payable	—	5,994,142	—	57,987	—	6,052,129
Employee compensation and welfare payable	—	6,093,107	—	411,090	—	6,504,197
Customer deposits payable	—	788,008	—	3,369,240	—	4,157,248
Amount due to the Group companies[1]	3,163,129	95,474,344	107,821,677	6,911,139	(213,370,289)	—
Other current liabilities	45,209	25,498,831	1,802	147,834	—	25,693,676
Total current liabilities	**3,208,338**	**133,848,432**	**107,823,479**	**10,897,290**	**(213,370,289)**	**42,407,250**
Deferred tax liabilities	—	315,530	—	1,679	—	317,209
Operating lease liabilities	—	6,969,425	—	146	—	6,969,571
Other non-current liabilities	—	444,314	—	—	—	444,314
Total non-current liabilities	**—**	**7,729,269**	**—**	**1,825**	**—**	**7,731,094**
TOTAL LIABILITIES	**3,208,338**	**141,577,701**	**107,823,479**	**10,899,115**	**(213,370,289)**	**50,138,344**
TOTAL KE HOLDINGS INC. SHAREHOLDERS' EQUITY	**66,441,288**	**64,792,851**	**30,646,648**	**2,931,280**	**(98,370,779)**	**66,441,288**
Non-controlling interests	**—**	**87,092**	**—**	**1,454**	**—**	**88,546**
TOTAL SHAREHOLDERS' EQUITY	**66,441,288**	**64,879,943**	**30,646,648**	**2,932,734**	**(98,370,779)**	**66,529,834**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**69,649,626**	**206,457,644**	**138,470,127**	**13,831,849**	**(311,741,068)**	**116,668,178**

	As of December 31, 2024					
	Parent	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs	Eliminations	Consolidated
	(RMB in thousands)					
Cash and cash equivalents	40,415	6,470,350	3,192,936	1,739,264	—	11,442,965
Restricted cash	—	2,942,747	712,945	5,202,757	—	8,858,449
Short-term investments	1,946,964	36,427,895	2,942,841	—	—	41,317,700
Accounts receivable and contract assets, net	—	5,466,928	—	31,061	—	5,497,989
Amount due from the Group companies[1]	1,476,789	101,087,229	87,092,970	1,584,119	(191,241,107)	—
Other current assets	7,641	6,141,517	561	3,336,523	—	9,486,242
Total current assets	**3,471,809**	**158,536,666**	**93,942,253**	**11,893,724**	**(191,241,107)**	**76,603,345**
Investment in subsidiaries[2]	66,782,487	1,336,303	23,551,422	—	(91,670,212)	—
Net assets of VIEs[2]	2,744,068	2,744,068	2,744,068	—	(8,232,204)	—
Long-term investments	362,992	20,836,541	154,486	2,436,087	—	23,790,106
Right-of-use assets	—	23,366,229	—	650	—	23,366,879
Intangible assets, net[3]	—	1,267,120	—	19,782	(429,267)	857,635
Other non-current assets	—	8,413,734	—	117,584	—	8,531,318
Total non-current assets	**69,889,547**	**57,963,995**	**26,449,976**	**2,574,103**	**(100,331,683)**	**56,545,938**
TOTAL ASSETS	**73,361,356**	**216,500,661**	**120,392,229**	**14,467,827**	**(291,572,790)**	**133,149,283**
Accounts payable	—	9,426,363	—	66,266	—	9,492,629
Employee compensation and welfare payable	—	8,040,259	—	374,213	—	8,414,472
Customer deposits payable	—	1,936,831	—	4,141,792	—	6,078,623
Amount due to the Group companies[1]	1,869,461	90,153,878	92,329,342	6,888,426	(191,241,107)	—
Other current liabilities	168,079	28,339,790	1,827	248,838	—	28,758,534
Total current liabilities	**2,037,540**	**137,897,121**	**92,331,169**	**11,719,535**	**(191,241,107)**	**52,744,258**
Deferred tax liabilities	—	315,323	—	2,374	—	317,697
Operating lease liabilities	—	8,636,318	—	452	—	8,636,770
Other non-current liabilities	—	2,563	—	—	—	2,563
Total non-current liabilities	**—**	**8,954,204**	**—**	**2,826**	**—**	**8,957,030**
TOTAL LIABILITIES	**2,037,540**	**146,851,325**	**92,331,169**	**11,722,361**	**(191,241,107)**	**61,701,288**
TOTAL KE HOLDINGS INC. SHAREHOLDERS' EQUITY	**71,323,816**	**69,526,555**	**28,061,060**	**2,744,068**	**(100,331,683)**	**71,323,816**
Non-controlling interests	**—**	**122,781**	**—**	**1,398**	**—**	**124,179**
TOTAL SHAREHOLDERS' EQUITY	**71,323,816**	**69,649,336**	**28,061,060**	**2,745,466**	**(100,331,683)**	**71,447,995**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**73,361,356**	**216,500,661**	**120,392,229**	**14,467,827**	**(291,572,790)**	**133,149,283**

The following table presents the condensed consolidating schedule of results of operations for the VIEs and other entities for the periods presented.

	For the Year ended December 31, 2025					
	Parent	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs	Eliminations	Consolidated
	(RMB in thousands)					
Net revenues from third parties	—	93,688,548	—	891,657	—	94,580,205
Net revenues from the Group companies[4]	—	418,136	—	415,938	(834,074)	—
Total net revenues	**—**	**94,106,684**	**—**	**1,307,595**	**(834,074)**	**94,580,205**
Cost of revenues - third parties	—	(74,034,951)	—	(333,177)	—	(74,368,128)
Cost of revenues - Group companies[4]	—	(10,929)	—	(180,937)	191,866	—
Total cost of revenues	**—**	**(74,045,880)**	**—**	**(514,114)**	**191,866**	**(74,368,128)**
Gross profit	**—**	**20,060,804**	**—**	**793,481**	**(642,208)**	**20,212,077**
Operating expenses[3][4]	(92,616)	(17,899,160)	(104)	(629,059)	519,720	(18,101,219)
Others	318,170	1,603,579	337,480	87,794	219,222	2,566,245
Share of income of subsidiaries[2]	2,581,208	337,376	1,867,632	—	(4,786,216)	—
Income of the VIEs[2]	187,213	187,213	187,213	—	(561,639)	—
Income before income tax expense	**2,993,975**	**4,289,812**	**2,392,221**	**252,216**	**(5,251,121)**	**4,677,103**
Income tax expense	—	(1,621,142)	—	(64,947)	—	(1,686,089)
Net income	**2,993,975**	**2,668,670**	**2,392,221**	**187,269**	**(5,251,121)**	**2,991,014**
Net income attributable to non-controlling interests shareholders	—	3,017	—	(56)	—	2,961
Net income attributable to KE Holdings Inc.	**2,993,975**	**2,671,687**	**2,392,221**	**187,213**	**(5,251,121)**	**2,993,975**

	For the Year ended December 31, 2024					
	Parent	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs	Eliminations	Consolidated
	(RMB in thousands)					
Net revenues from third parties	—	92,693,338	—	764,160	—	93,457,498
Net revenues from the Group companies[4]	—	104,343	—	363,013	(467,356)	—
Total net revenues	**—**	**92,797,681**	**—**	**1,127,173**	**(467,356)**	**93,457,498**
Cost of revenues - third parties	—	(70,083,943)	—	(429,500)	—	(70,513,443)
Cost of revenues - Group companies[4]	—	(167,279)	—	(129,605)	296,884	—
Total cost of revenues	**—**	**(70,251,222)**	**—**	**(559,105)**	**296,884**	**(70,513,443)**
Gross profit	**—**	**22,546,459**	**—**	**568,068**	**(170,472)**	**22,944,055**
Operating expenses[3][4]	(33,862)	(18,898,228)	615	(339,857)	92,244	(19,179,088)
Others	111,706	2,123,252	666,066	96,130	107,948	3,105,102
Share of income of subsidiaries[2]	3,734,104	666,681	3,238,142	—	(7,638,927)	—
Income of the VIEs[2]	252,952	252,952	252,952	—	(758,856)	—
Income before income tax expense	**4,064,900**	**6,691,116**	**4,157,775**	**324,341**	**(8,368,063)**	**6,870,069**
Income tax expense	—	(2,720,538)	—	(71,351)	—	(2,791,889)
Net income	**4,064,900**	**3,970,578**	**4,157,775**	**252,990**	**(8,368,063)**	**4,078,180**
Net income attributable to non-controlling interests shareholders	—	(13,242)	—	(38)	—	(13,280)
Net income attributable to KE Holdings Inc.	**4,064,900**	**3,957,336**	**4,157,775**	**252,952**	**(8,368,063)**	**4,064,900**

	For the Year ended December 31, 2023					
	Parent	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs	Eliminations	Consolidated
	(RMB in thousands)					
Net revenues from third parties	—	77,181,434	—	595,498	—	77,776,932
Net revenues from the Group companies[4]	—	176,927	—	263,430	(440,357)	—
Total net revenues	**—**	**77,358,361**	**—**	**858,928**	**(440,357)**	**77,776,932**
Cost of revenues - third parties	—	(55,803,552)	—	(255,366)	—	(56,058,918)
Cost of revenues - Group companies[4]	—	(656,398)	—	(65,535)	721,933	—
Total cost of revenues	**—**	**(56,459,950)**	**—**	**(320,901)**	**721,933**	**(56,058,918)**
Gross profit	**—**	**20,898,411**	**—**	**538,027**	**281,576**	**21,718,014**
Operating expenses[3][4]	(45,781)	(16,261,055)	(111,673)	(372,456)	(129,979)	(16,920,944)
Others	115,859	2,110,889	921,202	75,727	(136,752)	3,086,925
Share of income of subsidiaries[2]	5,618,262	809,529	3,680,538	—	(10,108,329)	—
Income of the VIEs[2]	194,884	194,884	194,884	—	(584,652)	—
Income before income tax expense	**5,883,224**	**7,752,658**	**4,684,951**	**241,298**	**(10,678,136)**	**7,883,995**
Income tax expense	—	(1,948,041)	—	(46,350)	—	(1,994,391)
Net income	**5,883,224**	**5,804,617**	**4,684,951**	**194,948**	**(10,678,136)**	**5,889,604**
Net income attributable to non-controlling interests shareholders	—	(6,316)	—	(64)	—	(6,380)
Net income attributable to KE Holdings Inc.	**5,883,224**	**5,798,301**	**4,684,951**	**194,884**	**(10,678,136)**	**5,883,224**

The following table presents condensed consolidating schedule of cash flow data for the VIEs and other entities for the years ended presented.

	For the Year ended December 31, 2025					
	Parent	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs	Eliminations	Consolidated
	(RMB in thousands)					
Cash flows from operating activities:						
Operating cash flow from third parties	131,872	(859,631)	235,298	116,291	—	(376,170)
Operating cash flow from the Group companies[4]	—	(11,649,753)	11,451,922	197,831	—	—
Net cash provided by (used in) operating activities	**131,872**	**(12,509,384)**	**11,687,220**	**314,122**	**—**	**(376,170)**
Cash flows from investing activities:						
Purchases of short-term investments	(7,829,521)	(11,293,640)	(8,000,000)	—	—	(27,123,161)
Maturities of short-term investments	7,347,190	17,984,734	1,950,000	—	—	27,281,924
Purchases of property, equipment and intangible assets	—	(607,421)	—	(306)	—	(607,727)
Investments in and loans to subsidiaries and VIEs[2]	10,432,930	(15,045,231)	(2,085,683)	—	6,697,984	—
Loans to related parties and others	—	(2,101,805)	—	—	—	(2,101,805)
Repayments of loans from related parties and others	—	1,296,201	—	—	—	1,296,201
Financing receivables originated	—	—	—	(81,570,189)	—	(81,570,189)
Collections of financing receivables principal	—	1,589	—	83,023,295	—	83,024,884
Purchases of long-term investments	—	(8,349,901)	(6,740,208)	(690,000)	—	(15,780,109)
Other investing activities	—	20,974,220	500,000	89	—	21,474,309
Net cash provided by (used in) investing activities	**9,950,599**	**2,858,746**	**(14,375,891)**	**762,889**	**6,697,984**	**5,894,327**
Cash flows from financing activities:						
Proceeds and loans from Parent and other Group companies[2]	—	6,779,904	358,280	(440,200)	(6,697,984)	—
Proceeds from short-term borrowings	—	1,025,272	—	—	—	1,025,272
Repayments of short-term borrowings	—	(1,108,100)	—	—	—	(1,108,100)
Proceeds from long-term borrowings	—	200,433	—	—	—	200,433
Repayments of long-term borrowings	—	(17,516)	—	—	—	(17,516)
Proceeds from related party loans	—	982,600	—	—	—	982,600
Repayments of related party loans	—	(143,915)	—	—	—	(143,915)
Dividends paid to non-controlling shareholders of subsidiaries	—	(2,625)	—	—	—	(2,625)
Dividends paid to equity holders of the Company	(2,881,151)	—	—	—	—	(2,881,151)
Repurchases of ordinary shares	(6,581,195)	—	—	—	—	(6,581,195)
Change in customer deposits payable and escrow accounts services payable, net	—	(903,919)	—	(772,028)	—	(1,675,947)
Other financing activities	2	408,943	—	—	—	408,945
Net cash provided by (used in) financing activities	**(9,462,344)**	**7,221,077**	**358,280**	**(1,212,228)**	**(6,697,984)**	**(9,793,199)**
Effect of exchange rate change on cash, cash equivalents and restricted cash	**(13,633)**	**(68,791)**	**(161)**	**—**	**—**	**(82,585)**
Net increase (decrease) in cash, cash equivalents and restricted cash	**606,494**	**(2,498,352)**	**(2,330,552)**	**(135,217)**	**—**	**(4,357,627)**
Cash, cash equivalents and restricted cash at the beginning of the year	**40,415**	**9,413,097**	**3,905,881**	**6,942,021**	**—**	**20,301,414**
Cash, cash equivalents and restricted cash at the end of the year	**646,909**	**6,914,745**	**1,575,329**	**6,806,804**	**—**	**15,943,787**

	For the Year ended December 31, 2024					
	Parent	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs	Eliminations	Consolidated
	(RMB in thousands)					
Cash flows from operating activities:						
Operating cash flow from third parties	194,920	9,747,112	36,533	(531,428)	—	9,447,137
Operating cash flow from the Group companies[4]	—	(6,775,981)	3,351,006	3,424,975	—	—
Net cash provided by operating activities	**194,920**	**2,971,131**	**3,387,539**	**2,893,547**	**—**	**9,447,137**
Cash flows from investing activities:						
Purchases of short-term investments	(6,380,844)	(20,472,930)	(4,750,000)	(1,673,010)	—	(33,276,784)
Maturities of short-term investments	5,023,029	32,713,478	3,200,000	1,673,010	—	42,609,517
Cash paid for business combination, net of cash acquired	—	(20,040)	—	125,064	—	105,024
Purchases of property, equipment and intangible assets	—	(1,037,179)	—	—	—	(1,037,179)
Investments in and loans to subsidiaries and VIEs[2]	9,108,117	(16,062,299)	(577,748)	—	7,531,930	—
Loans to related parties and others	—	(941,600)	—	—	—	(941,600)
Repayments of loans from related parties and others	—	346,183	—	—	—	346,183
Financing receivables originated	—	—	—	(58,107,189)	—	(58,107,189)
Collections of financing receivables principal	—	3,630	—	56,588,774	—	56,592,404
Purchases of long-term investments	(359,420)	(25,080,573)	(100,000)	(2,400,000)	—	(27,939,993)
Other investing activities	358,158	11,911,217	—	2,217	—	12,271,592
Net cash provided by (used in) investing activities	**7,749,040**	**(18,640,113)**	**(2,227,748)**	**(3,791,134)**	**7,531,930**	**(9,378,025)**
Cash flows from financing activities:						
Proceeds and loans from Parent and other Group companies[2]	—	6,749,974	709,960	71,996	(7,531,930)	—
Proceeds from short-term borrowings	—	606,033	—	—	—	606,033
Repayments of short-term borrowings	—	(608,424)	—	—	—	(608,424)
Dividends paid to equity holders of the Company	(2,830,704)	—	—	—	—	(2,830,704)
Repurchases of ordinary shares	(5,101,091)	—	—	—	—	(5,101,091)
Change in customer deposits payable and escrow accounts services payable, net	—	537,791	—	1,601,758	—	2,139,549
Other financing activities	2	—	—	—	—	2
Net cash (used in) provided by financing activities	**(7,931,793)**	**7,285,374**	**709,960**	**1,673,754**	**(7,531,930)**	**(5,794,635)**
Effect of exchange rate change on cash, cash equivalents and restricted cash	**18,834**	**150,533**	**109**	**—**	**—**	**169,476**
Net increase (decrease) in cash, cash equivalents and restricted cash	**31,001**	**(8,233,075)**	**1,869,860**	**776,167**	**—**	**(5,556,047)**
Cash, cash equivalents and restricted cash at the beginning of the year	**9,414**	**17,646,172**	**2,036,021**	**6,165,854**	**—**	**25,857,461**
Cash, cash equivalents and restricted cash at the end of the year	**40,415**	**9,413,097**	**3,905,881**	**6,942,021**	**—**	**20,301,414**

	For the Year ended December 31, 2023					
	Parent	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs	Eliminations	Consolidated
	(RMB in thousands)					
Cash flows from operating activities:						
Operating cash flow from third parties	62,063	11,632,773	(52,916)	(227,676)	—	11,414,244
Operating cash flow from the Group companies[4]	—	(2,409,343)	290,677	2,118,666	—	—
Net cash provided by operating activities	**62,063**	**9,223,430**	**237,761**	**1,890,990**	**—**	**11,414,244**
Cash flows from investing activities:						
Purchases of short-term investments	(4,077,423)	(32,400,000)	(800,000)	(1,596,760)	—	(38,874,183)
Maturities of short-term investments	7,415,894	32,002,167	—	2,047,618	—	41,465,679
Cash paid for business combination, net of cash acquired	—	(9,893)	—	—	—	(9,893)
Purchases of property, equipment and intangible assets	—	(873,990)	—	—	—	(873,990)
Investments in and loans to subsidiaries and VIEs[2]	(467,939)	(4,866,488)	619,284	—	4,715,143	—
Loans to related parties and others	—	(47,000)	—	—	—	(47,000)
Repayments of loans from related parties and others	—	45,367	—	20,000	—	65,367
Financing receivables originated	—	761	—	(27,786,528)	—	(27,785,767)
Collections of financing receivables principal	—	(8,733)	—	27,121,540	—	27,112,807
Purchases of long-term investments	—	(15,645,203)	(50,000)	—	—	(15,695,203)
Other investing activities	4,063,191	6,601,194	—	358	—	10,664,743
Net cash provided by (used in) investing activities	**6,933,723**	**(15,201,818)**	**(230,716)**	**(193,772)**	**4,715,143**	**(3,977,440)**
Cash flows from financing activities:						
Proceeds and loans from Parent and other Group companies[2]	—	5,246,490	300,000	(831,347)	(4,715,143)	—
Proceeds from short-term borrowings	—	426,634	—	—	—	426,634
Repayments of short-term borrowings	—	(755,972)	—	—	—	(755,972)
Dividends paid to non-controlling shareholders of subsidiaries	—	(55,920)	—	—	—	(55,920)
Dividends paid to equity holders of the Company	(1,425,707)	—	—	—	—	(1,425,707)
Repurchases of ordinary shares	(5,150,628)	—	—	—	—	(5,150,628)
Change in customer deposits payable and escrow accounts services payable, net	—	124,170	—	(380,789)	—	(256,619)
Other financing activities	2	—	—	—	—	2
Net cash provided by (used in) financing activities	**(6,576,333)**	**4,985,402**	**300,000**	**(1,212,136)**	**(4,715,143)**	**(7,218,210)**
Effect of exchange rate change on cash, cash equivalents and restricted cash	**(422,857)**	**467,465**	**—**	**—**	**—**	**44,608**
Net increase (decrease) in cash, cash equivalents and restricted cash	**(3,404)**	**(525,521)**	**307,045**	**485,082**	**—**	**263,202**
Cash, cash equivalents and restricted cash at the beginning of the year	**12,818**	**18,171,693**	**1,728,976**	**5,680,772**	**—**	**25,594,259**
Cash, cash equivalents and restricted cash at the end of the year	**9,414**	**17,646,172**	**2,036,021**	**6,165,854**	**—**	**25,857,461**

Notes:

(1) Represents the intercompany balances among Parent, the Primary Beneficiary of VIEs, Other Subsidiaries, and VIEs, and the elimination among them.

(2) Represents the investment in and loans to the Primary Beneficiary of VIEs and Other Subsidiaries by the Parent, and intercompany loans among the Primary Beneficiary of VIEs, Other Subsidiaries, and VIEs, and the elimination among them, and share of income (loss) of subsidiaries and VIEs under the equity method of accounting. The Parent transfers cash to its wholly-owned Hong Kong subsidiaries by making capital contributions or providing loans, and the Hong Kong subsidiaries transfer cash to the Primary Beneficiary of VIEs and other PRC subsidiaries by making capital contributions or providing loans to them. The Primary Beneficiary of VIEs also have intercompany loans with Other Subsidiaries and certain VIEs as part of our cash management program.

(3) Represents the intercompany transfer of intangible asset (advertising resources) from Parent to subsidiaries in 2020, transfer of a trademark from VIE to subsidiaries in 2018, the adjustment of amortization in relation to these intangible assets, and the elimination of gain recognized in this transaction.

(4) Represents intercompany sales of services eliminated at the consolidation level, including payment platform, referral and other services provided by VIEs to Other Subsidiaries, and technical support services provided by Other Subsidiaries to VIEs.

Set forth below is the table showing the movement of investment in subsidiaries and VIEs in the Parent's financial statements as of and for the years ended December 31, 2023, 2024 and 2025.

Investment in subsidiaries and net assets of VIEs (RMB in thousands)	
January 1, 2023	**59,780,970**
Share of income of subsidiaries	5,618,262
Income of VIEs	194,884
Share-based compensation costs incurred on behalf of subsidiaries and VIEs	3,215,549
Capital injection to subsidiaries	467,939
Foreign currency translation	1,588,985
December 31, 2023	**70,866,589**
Share of income of subsidiaries	3,734,104
Income of VIEs	252,952
Share-based compensation costs incurred on behalf of subsidiaries and VIEs	2,726,075
Cash received from subsidiaries	(9,108,117)
Foreign currency translation	1,054,952
December 31, 2024	**69,526,555**
Share of income of subsidiaries	2,581,208
Income of VIEs	187,213
Share-based compensation costs incurred on behalf of subsidiaries and VIEs	1,904,924
Cash received from subsidiaries	(10,432,930)
Foreign currency translation	1,025,881
December 31, 2025	**64,792,851**

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

An investment in our ADSs involves significant risks. Below is a summary of material risks we face, organized under relevant headings. These risks are discussed more fully in "Item 3. Key Information—D. Risk Factors."

Risks Related to Our Business and Industry

- Our business is susceptible to fluctuations in China's housing related industry.
- Our business is subject to government regulations and policies guiding China's economy in general and, specifically, on existing and new home sales and home rentals.
- If we are unable to continue to provide satisfactory experience to customers, our business and reputation may be materially and adversely affected.
- We may not succeed in continuing to maintain, protect and strengthen our brands, and any negative publicity about us, our business, our management, our business partners or the housing related industry in general may materially and adversely affect our reputation, business, results of operations and growth.

- If our platform is unable to continue to offer comprehensive authentic property listings, our business, financial condition and results of operations could be materially and adversely affected.

- We have a limited operating history under our platform business model, and our historical growth and performance may not be indicative of our future growth and financial results.

- Any failure or perceived failure by us to comply with the anti-monopoly and competition laws and regulations in the PRC may result in governmental investigations, enforcement actions, litigation or claims against us and could have an adverse effect on business, reputation, results of operations and financial condition.

- Our business generates and processes a large amount of data and is subject to various evolving PRC laws and regulations regarding cybersecurity and data privacy. Failure of cybersecurity and data privacy concerns could subject us to significant reputational, financial, legal and operational consequences, and deter current and potential customers from using our services.

- We cannot guarantee that our monetization strategies will be successfully implemented or generate sustainable revenues and profit.

- We incurred net losses in the past, and we may not be able to remain profitable or increase profitability in the future.

- Our business is sensitive to economic conditions. A severe or prolonged downturn in the global or Chinese economy could materially and adversely affect our business, financial condition and operating results.

Risks Related to Our Corporate Structure

- KE Holdings Inc. is not an operating company in China but a Cayman Islands holding company with no material operations of its own and does not have a majority of equity ownership in the VIEs. We conduct our operations primarily through (i) our PRC subsidiaries and (ii) the VIEs, with which we maintain contractual agreements. Investors in our ADSs thus are not purchasing equity interest in the VIEs in China but instead are purchasing equity interest in KE Holdings Inc., a Cayman Islands holding company. If the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company in the Cayman Islands, the VIEs and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a group. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations."

- We rely on contractual arrangements with the VIEs and their shareholders to direct activities of the VIEs that most significantly affect the economic performance of the VIEs and receive economic benefits from the VIEs that could be significant to the VIEs, which may not be as effective as direct ownership in providing operational control. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the VIEs and their shareholders to direct activities of the VIEs that most significantly affect the economic performance of the VIEs and receive economic benefits from the VIEs that could be significant to the VIEs, which may not be as effective as direct ownership in providing operational control."

- Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on part of our business. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on part of our business."

Risks Related to Doing Business in China

- Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations."

- Evolvements of the PRC legal system, including risks that rules and regulations can change quickly with little advance notice and the enforcement practice of rules and regulations may vary, could result in uncertainties that could have a material adverse change in our operations and the value of our ADSs. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC legal system is evolving, which leads to uncertainties that could materially and adversely affect us."

- The PRC government's oversight and discretion over our business operations could result in a material adverse change in our operations and the value of our securities. The Chinese government may intervene or influence our operations at any time, or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers, and has implemented, and may continue to implement, regulatory requirements. Our failure to meet such requirements could result in a material change in our operations and/or the value of our securities. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government's oversight and discretion over our business operations could result in a material adverse change in our operations and the value of our securities."

- Filings, approvals or other administration requirements of the CSRC, the CAC or other PRC governmental authorities may be required in connection with our future offshore offerings under PRC law. Any actions by the Chinese government to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Filings, approvals or other administration requirements of the CSRC, the CAC or other PRC governmental authorities may be required in connection with our future offshore offerings under PRC law."

- The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections over our auditor in the past has deprived our investors with the benefits of such inspections. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections over our auditor in the past has deprived our investors with the benefits of such inspections."

- Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. In May 2022, in connection with its implementation of the HFCAA, the SEC conclusively named our company as a "Commission-Identified Issuer" following the filing of our company's 2021 Form 20-F. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. As of the date of this annual report, the PCAOB has not issued any new determination that it is unable to inspect or investigate completely registered public accounting firms headquartered in any jurisdiction. For this reason, we were not identified as a Commission-Identified Issuer under the HFCAA after we filed the annual report on Form 20-F for the fiscal year ended December 31, 2022, 2023 or 2024 and do not expect to be so identified after we file this annual report on Form 20-F. See "Item 3. Key Information —D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment."

- You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions against us or our directors and officers named in the annual report based on foreign laws. Substantially all of our officers and directors are located in China, and it may be difficult to enforce liabilities and enforce judgments on those individuals. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions against us or our directors and officers named in the annual report based on foreign laws."

Risks Related to Our Shares and ADSs

- The trading price of the ADSs and Class A ordinary shares may be volatile, which could result in substantial losses to investors.

- Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Risks Related to Our Business and Industry

Our business is susceptible to fluctuations in China's housing related industry.

We are susceptible to market conditions of China's housing related industry, where we primarily conduct our business. China's housing related industry has slowed down in recent years in terms of housing transaction volume and prices, and we cannot assure you that the industry will grow or maintain its current scale in the future. China's housing related industry are influenced by economic, social, political and other factors outside our control, including the general economic conditions and regulatory environment in China. The decline or fluctuation in the housing related industry may materially and adversely affect our business, financial condition and results of operations. Furthermore, there may be situations where China's housing related industry becomes over-heated, and our platform becomes less appealing to customers, brokerage brands, stores and agents and other business partners, which could potentially adversely affect our business of facilitating housing transactions and services. Our home renovation and furnishing business also partly depends on the traffic referrals from the housing transactions on our platform. As a result, a slowdown in the housing related industry would have an adverse effect on our revenues from home renovation and furnishing. In addition, our home rental and other emerging business could also be adversely affected by the fluctuations in housing related industry.

Our business is subject to government regulations and policies guiding China's economy in general and, specifically, on existing and new home sales and home rentals.

The housing related industry in China is subject to extensive government regulations and policies. The PRC government has in recent years announced a series of measures aimed to stabilize the PRC economy and specific sectors, including the housing related industry. Moves in regulations and policies on the housing related industry were more often made during the times when the housing prices are increasing overwhelmingly, in line with the central government's principle that "housing is for living in, not for speculation." This principle was clearly emphasized in the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 for the People's Republic of China approved by the National People's Congress of the PRC in March 2021.

With the implementation of this plan, the PRC governmental authorities have implemented strict regulations in the real estate industry, focusing on achieving a dynamic balance between demand and supply, regulating speculative housing investment, and promoting social stability and welfare. During the times when the housing prices were increasing significantly, both central and local government authorities introduced various control policies to stabilize the housing related industry. These regulations and policies have affected the growth rate of the housing-related industry, and some have dissuaded potential purchasers from making purchases, causing a decline in transaction volumes and average selling prices in both existing home sales and new home sales in 2021. Specifically, certain measures regulating the conduct of real estate developers have a particular impact on the transaction volumes and prices of new home sales. The measures in turn not only have caused reduction in our customers' demand for our platform services, but also prevented real estate developers from raising the capital they need, increased their costs to start new projects, and changed the sales and marketing strategies of the real estate developers in ways that further reduce their demand for our platform services.

Since the end of 2021, in response to a slowdown in the real estate industry, PRC government has made various efforts to support and stabilize the housing industry. Local government authorities have selectively eased restrictions on residential property purchases. In the second half of 2022, PRC government made targeted efforts to promote housing delivery and to resolve financing risks for real estate developers. Efforts include reducing the interest rate on individual housing loans for the purchase of the first home by an individual borrower, increasing the availability of individual housing provident fund loans for the purchase of residential properties by certain individuals and their family members, and providing tax subsidies for the purchase of residential properties by individuals and families. Starting in 2023, the PRC government continued to roll out policies to bolster the real estate sector, allowing local governments to adjust and ease control policies according to regional market conditions. Accordingly, various measures were introduced in different cities in China, including loosening the criteria of first-home buyers who are qualified for lower down-payment ratios and mortgage rates, lowering the interest rates of existing mortgages for first-home purchases and extending tax incentives for residential purchases. In 2024 and 2025, additional stimulus measures were implemented to stabilize the real estate market, including reducing mortgage down payments ratios, removing the mortgage rate floor, lowering housing provident fund loan rates, and easing quota restrictions for all home unit. The PRC governmental authorities have also eased restrictions on home buying in major cities. For instance, effective on August 9, 2025, Beijing removed the cap on the number of residential properties that local families and eligible non-resident families may purchase outside the Fifth Ring Road. In late December 2025, Beijing further relaxed its home-purchase restrictions for non-residents by extending greater flexibility to eligible non-resident purchasers with sufficient social insurance contribution or individual income tax payment records. Non-resident buyers became eligible to purchase residential properties within the Fifth Ring Road, including core residential areas, provided that they had paid social insurance contributions or individual income tax in Beijing for at least two years, reduced from the three-year requirement imposed in 2024. For properties located outside the Fifth Ring Road, non-residents are eligible to purchase if they have paid social insurance contributions or individual income tax in Beijing for at least one year.

On April 27, 2023, the Ministry of Housing and Urban-Rural Development and the State Administration for Market Regulation jointly promulgated the Opinions on Regulating Real Estate Brokerage Services which advocate real estate agencies to reasonably reduce the service fees of housing sales and rental brokerage and propose to guide both sellers and buyers of transactions to share the brokerage service fee. We have made corresponding adjustments in certain cities. For example, in September 2023, we reduced commission rate for existing home transactions in Beijing and the fee is split equally between sellers and buyers. The PRC governmental authorities may continue to adopt new laws, regulations and policies from time to time with an aim to stabilize and support the long-term healthy development of the housing related industry in certain regions in China, which might potentially affect our business. We may be subject to heightened regulatory scrutiny and additional requirements or restrictions on our business practices in real estate brokerage services, such as pricing strategies, management of our brands and brokerage stores operated by our franchise brands, and operation of our platforms, which may increase our compliance burdens and costs, limit our operational flexibility and subject us to increased regulatory risks.

In addition, the PRC governmental authorities have imposed certain criteria to regulate the home rental market. For example, the State Council of the PRC promulgated the Opinions of the General Office of the State Council on Accelerating the Cultivation and Development of the Home-Rental Market in 2016, which require the local housing authorities to strengthen the administration of the home-rental market participants, including residential tenancy enterprises, intermediary agencies and professionals, in coordination with other departments, and keep credit records of market participants. Furthermore, the Opinions on Strengthening Regulation on Light-asset Residential Rental Enterprises, published in April 2021, set out regulatory measures on various aspects, including standards of qualification, online registration and filing of business operation, limitation and supervision on utilization of loans and monitoring of rents. In addition, at the municipal level, many municipal governments issued regulations in relation to home rental business. For instance, in May 2022, the local authorities in Beijing issued the Regulations of Beijing on the Rental of Residential Properties, which impose specified requirements on home rental business and conducting home rental related business on internet information platforms. On July 16, 2025, the State Council issued the Measures on Residential Tenancy, which became effective on September 15, 2025, to standardize the housing rental sector. The Measures provide specific requirements for rental activities and the behaviors of housing rental enterprises and brokerage agencies. For example, real estate brokerage firms and housing rental agencies are required to verify the landlord's identity and title to the property prior to listing, conduct on-site inspections of the premises, and prepare a written description of the property's condition before offering it for lease. Housing rental agencies engaging in subleasing business must open a bank account for rent and use such account exclusively for the receipt and payment of rent and related deposits. The Measures underline improved supervision and management of the housing rental sector. The Measures provide that municipal governments should establish monitoring mechanisms on housing rents and regularly publish information on prevailing rent levels across different regions and housing types within their jurisdictions. If the PRC governmental authorities adopt stricter measures or policies with respect to rental housing, or the interpretation of current laws and regulations relating to the home rental market becomes more restrictive and rigorous, they may depress the home rental market, incur additional expenses, dissuade potential tenants from renting properties, and cause a decline in average rental rates. Our business may be materially and adversely affected as a result of decreased demand of rental properties and increasing expenses that may result from government policies.

We cannot assure you that the existing restrictive policies and measures will be eased or lifted in the future, nor can we assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in line with the changes of the real estate market. Changes in government policies may also create uncertainty that could affect the sentiment of potential investors in real estate. If these changes in government policies result in decreasing transaction volumes in the housing related industry in China or require us to make necessary changes to our businesses in compliance of new regulations and policies, our business and results of operations may be materially and adversely affected. In addition, the existing and future government regulations and policies may positively or negatively affect different segments of our business operations in varied ways and degrees, such as restricting our business practices and fee rates. As a result, we may adjust our strategies and business models in response to the evolving regulations and policies. We cannot assure you that these adjustments will be successful or materialize in positive business prospects and financial performance.

If we are unable to continue to provide satisfactory experience to customers, our business and reputation may be materially and adversely affected.

The success of our business substantially hinges on our ability to provide quality customer experience, which in turn depends on a variety of factors, including our ability to continue to offer integrated online and offline access to an extensive and authentic property listing database and to, together with the brokerage brands, stores and agents on our platform, provide convenient and secure housing transactions and services experience and satisfactory services to our customers.

Interruptions or failures in the proper functioning of our platform hamper our delivery of satisfactory customer experience. These interruptions may be due to unforeseen events that are beyond our control or the control of the participants on our platform such as intensified competition due to market entry of new players with financial and other resources stronger than us, additional regulatory requirements which we cannot satisfy on a timely basis, or at all, or adverse development or negative publicity involving our platform participants. Moreover, although we endeavor to implement various service protocols and train the real estate agents and other related service providers on our platform to ensure the quality of their service, we cannot guarantee that we will effectively manage all the agents and other service providers to ensure satisfactory customer experience in all service settings. We have received customer complaints about various services on our platform from time to time. If we are unable to continue to provide satisfactory customer experience, customers may choose other service providers over our platform for their intended housing transactions and services, which could materially and adversely impact our reputation, business and results of operations.

We may not succeed in continuing to maintain, protect and strengthen our brands, and any negative publicity about us, our business, our management, our business partners or the housing related industry in general may materially and adversely affect our reputation, business, results of operations and growth.

We believe that the recognition and reputation of our brands among real estate agents, service providers, customers, real estate developers, business partners, and the industry in general have significantly contributed to the success of our business. Our ability to maintain, protect and strengthen our brands is critical to our market position. Maintaining and strengthening our brands will likely depend significantly on, among others, our ability to provide high-quality housing transactions and services on our platform. We market our brands through efforts such as word-of-mouth marketing, sponsoring events, advertising and marketing through a variety of media. These efforts may not always achieve the desired results. If we fail to maintain a strong brand, our business, results of operations and prospects will be materially and adversely affected.

Our reputation and brands may be impacted by various factors, some of which are difficult or impossible to predict or control and costly or impossible to remediate. Negative publicity about us, such as alleged misconduct by our employees, connected agents, other service providers or business partners on our platform, inauthentic property listings on our platform, unethical business practices, rumors relating to our business, management, employees, real estate agents, service providers and business partners on our platform, our shareholders and affiliates, our business partners or our competitors and peers, or negative publicity about other companies that use similar brand names as ours, can harm our reputation, business and results of operations. These allegations, even if factually incorrect or based on isolated incidents, may lead to inquiries, regulatory investigations or legal actions against us. In addition, third parties may misuse our platform to engage in fraudulent, deceptive or other illegal activities, which could lead to customer complaints, disputes, negative publicity, regulatory inquiries or investigations. Such incidents could substantially damage our reputation and cause us to incur significant costs to defend ourselves. Any negative public perception or publicity regarding our business partners that we cooperate with, or any regulatory inquiries or investigations and lawsuits initiated against them, may also have an adverse impact on our brand and reputation. Moreover, any negative media publicity about the housing transactions and services industry, service quality problems of other players in our industry, including our competitors, or even negative sentiments against China-based listed companies as a group due to fraud or misbehavior of certain bad actors, may also negatively impact our reputation and undermine the trust and credibility of our platform. If we fail to maintain positive reputation, our ability to attract and retain customers, real estate agents, service providers and business partners and key employees could be harmed.

If our platform is unable to continue to offer comprehensive authentic property listings, our business, financial condition and results of operations could be materially and adversely affected.

We believe that our authentic property listings inventory is critical for us to gain trust from our housing customers, improve agent operating efficiency and maintain our competitive advantages. We have an obligation under PRC laws to review, monitor and verify the content of the listing information to ensure it is not fraudulent or misleading and is in compliance with applicable laws. We are not allowed to list certain property information for various reasons, including intellectual property infringement, non-compliance with real estate regulations and policies and non-compliance with advertising laws and competition laws, and we are legally required to delete such listing information that is reported by our customers as illegal or may constitute an infringement to others. Although we thrive to maintain the authenticity and accuracy of our property listings by enforcing strict authentic listing rules, constantly monitoring and checking the authenticity of property listings, timely updating or deleting unqualified listings and awarding customers for accurate reporting of incorrect information, we cannot assure you that all the real estate properties listed on our platform are authentic, accurate, up-to-date and not misleading at all times. See “Item 4. Information on the Company—B. Business Overview—Agent Cooperation Network (ACN)—Authentic Property Listings.” To the extent we fail to monitor and maintain the quality and authenticity of the listings in our property listing database, and the authenticity and accuracy of our property listings deteriorate, our platform could be less attractive to both housing customers and real estate agents and our transaction volume may decrease. We may also be subject to regulatory investigations or penalties if the issues raise regulatory concerns. A public perception that inauthentic property information is displayed on our platform, even if factually incorrect or based on a few isolated incidents, could damage our reputation, diminish the value of our brand and negatively impact our business, financial condition and results of operations.

We have a limited operating history under our platform business model, and our historical growth and performance may not be indicative of our future growth and financial results.

Although we have a long and successful operating track record in operating *Lianjia*, we have a limited history for operating *Beike* platform which was launched in 2018. Although we have experienced a relatively high growth in operating *Beike* platform, we have historically experienced decrease in our GTV from 2021 to 2022 and from 2024 to 2025. Specifically, our GTV increased from RMB3,142.9 billion in 2023 to RMB3,349.4 billion in 2024, but decreased to RMB3,183.3 billion (US$455.2 billion) in 2025. We may experience decrease in our business from time to time. You should not consider our historical growth and profitability as indicative of our future financial performance.

We officially launched our home renovation and furnishing services, *Beiwoo*, in April 2020, and completed the acquisition of Shengdu in April 2022, and our *Carefree Rent* business was developed at scale during the second half of 2022. In 2023, we have upgraded our corporate strategy to "One Body, Three Wings" to add *Beihaojia* business as a third wing to facilitate supply-side upgrades for new homes. The business model of *Beihaojia* is at an early stage and subject to changes. These new businesses have their ramp-up periods, and our strategies may not be carried as planned and the growth of these businesses may be limited by factors out of our control. You should consider our future operations in light of the challenges and uncertainties that we may encounter, which include our ability to, among other things:

- navigate an uncertain and evolving regulatory environment and adapt our operations to new policies, regulations and measures that may come into effect from time to time;
- develop our infrastructure to enhance service efficiency and customer experience;
- attract and engage real estate brokerage brands and their affiliated stores and agents, real estate developers, other service providers and customers on our platform by continuously enhancing the value we deliver through improved service quality, operational efficiency and decision-support capabilities;
- continue to implement and optimize our ACN rules;
- continue to develop our technology and enhance our data insights;
- maintain an extensive and authentic property listing database on our platform;
- manage a large base of geographically dispersed employees, agents, service providers, customers and business partners;
- deliver compelling value propositions to participants on our platform and ecosystem;
- position our products and services in a commercially sound way;
- expand service or product offerings and expand into new businesses, including home renovation and furnishing business, home rental business and the *Beihaojia* business; and
- realize the contemplated synergies from our completed or proposed acquisitions.

If the demand for completing housing transactions and services on an integrated offline and online platform does not develop as we expect, or if we fail to enhance efficiency and customer experience as we expect, our business and financial conditions may be materially and adversely affected.

Any failure or perceived failure by us to comply with the anti-monopoly and competition laws and regulations in the PRC may result in governmental investigations, enforcement actions, litigation or claims against us and could have an adverse effect on business, reputation, results of operations and financial condition.

The PRC anti-monopoly regulators have in recent years strengthened enforcement under the anti-monopoly and competition laws and regulations. In March 2018, the State Administration for Market Regulation of the PRC was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the departments under the Ministry of Commerce, the National Development and Reform Commission of the PRC, or the NDRC, and the State Administration for Industry and Commerce of the PRC (the predecessor of the State Administration for Market Regulation), respectively. On November 18, 2021, the State Council of the PRC inaugurated the National Anti-Monopoly Bureau, which aims to further implement the fair competition policies and strengthen anti-monopoly supervision in the PRC, especially to strengthen supervision and law enforcement in areas involving platform economy, innovation, science and technology, information security and people's well-being.

The PRC anti-monopoly regulators may also issue implementation rules or guidelines from time to time to reinforce their regulation on certain industrial sectors. On February 7, 2021, the Anti-Monopoly Committee of the State Council of the PRC published the Anti-Monopoly Guidelines for the Platform Economy Sector, which are aimed at enhancing anti-monopoly administration on businesses that operate under the platform model and the overall platform economy. The Anti-Monopoly Guidelines for the Platform Economy Sector are consistent with the PRC Anti-Monopoly Law and prohibit monopolistic conduct such as entering into monopoly agreements, abusing a dominant market position and concentration of undertakings that has or may have the effect of precluding or restricting competition in the field of platform economy. More specifically, the Anti-Monopoly Guidelines for the Platform Economy Sector outline certain practices that may, if without justifiable reasons, constitute abuse of dominant market position, including without limitation, discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displays, using bundled services to sell services or products, compulsory collection of unnecessary user data. In addition, the Anti-Monopoly Guidelines for the Platform Economy Sector reinforce anti-monopoly merger review for internet platform related transactions to safeguard market competition and stipulate that any concentration of undertakings involving variable interest entities is subject to anti-monopoly review. The guidelines also specify various types of agreements in the platform economy which may constitute monopoly agreements. On April 25, 2024, Anti-Monopoly Compliance Guideline for Operators was further updated, which requires, under the PRC Anti-Monopoly Law, operators to establish anti-monopoly compliance management system to prevent anti-monopoly compliance risks.

On January 28, 2026, the State Administration for Market Regulation issued the Anti-monopoly Compliance Guidelines for Internet Platforms, which became effective on the same date. The guidelines require platform operators to strengthen anti-monopoly compliance management and prohibit them from using data, algorithms, technology, capital advantages, platform rules or other means to engage in monopolistic conduct prohibited under the PRC Anti-Monopoly Law. The guidelines also prohibit platform operators from entering into monopolistic agreements, abusing a dominant market position, or organizing or providing substantial assistance to other operators in reaching monopolistic agreements. In addition, platforms with significant market share or market power are encouraged to assess periodically whether they may be deemed to hold a dominant market position.

In addition, on November 15, 2021, the State Administration for Market Regulation published the Overseas Anti-Monopoly Compliance Guidelines for Enterprises, which are aimed at helping PRC companies establish and strengthen overseas anti-monopoly compliance systems to reduce overseas anti-monopoly compliance risks. The guidelines apply to both PRC enterprises that conduct business and operation overseas and PRC enterprises that conduct business and operations in the PRC and may have certain impacts on overseas markets, in particular for those that conduct import and export trade, overseas investments, acquisition, transfer or license of intellectual properties and tendering and bidding activities.

Furthermore, the Anti-Monopoly Law, which was amended in June 2022 and became effective on August 1, 2022, increases the maximum fines for illegal concentration of business operators to no more than ten percent of its last year's sales revenue if the concentration of business operator has or may have an effect of excluding or limiting competitions, or a fine of up to RMB5 million if the concentration of business operator does not have an effect of excluding or limiting competition. It also provides that the authorities shall investigate a transaction where there is any evidence that the concentration has or may have the effect of eliminating or restricting competitions, even if such concentration does not reach the filing threshold. In addition, the Provisions on the Review of Concentrations of Undertakings, the Provisions on the Prohibition of Monopoly Agreements, the Provisions on the Prohibition of Acts of Abuse of Dominant Market Position, the Provisions on the Prohibition of Acts of Abuse of Administrative Power to Exclude or Restrict Competition, the Provisions Prohibiting Abuse of Intellectual Property Rights to Exclude and Restrict Competition and the relevant provisions issued and revised by the relevant PRC government authorities from time to time provide detailed rules for the implementation of the Anti-Monopoly Law. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Anti-Monopoly and Anti-Unfair Competition."

In January 2024, the State Council issued the amended Provisions of the State Council on the Threshold for the Filing of Concentration of Undertakings, which significantly increased the turnover thresholds to trigger merger control filings in mainland China. Specifically, a transaction that satisfies one of the following conditions must be notified to the State Administration for Market Regulation: (i) the aggregate turnover of all business operators concerned in the concentration exceeds RMB12 billion on a global basis (increased from the previous threshold of RMB10 billion) in the preceding financial year and each of at least two of them generated turnover in mainland China exceeds RMB800 million (increased from the previous threshold of RMB400 million) in the preceding financial year; or (ii) the aggregate turnover in mainland China of all the business operators concerned in the concentration exceeds RMB4 billion (increased from the previous threshold of RMB2 billion) in the preceding financial year and each of at least two of them generated turnover in mainland China exceeds RMB800 million (increased from the previous threshold of RMB400 million) in the preceding financial year. Accordingly, we may have to complete the anti-monopoly review procedures for our investments and acquisitions and comply with the laws and regulations in relation to anti-monopoly. There can be no assurance that we would be able to complete the applicable review procedures in a timely manner, or at all, if the proposed transaction reaches the filing threshold. Our failure to complete the applicable review procedures could result in constraints on our investments and acquisitions, which may materially and adversely affect our financial conditions, results of operations, and business prospects.

On June 27, 2025, the Standing Committee of the National People's Congress issued the revised PRC Anti-Unfair Competition Law, which became effective on October 15, 2025. The revised law imposes additional obligations on platform operators. For example, the revised law prohibits platform operators from using data, algorithms or technology to disrupt or interfere with the normal business operations of other operators.

As the aforementioned laws, regulations and guidelines were recently promulgated, there remain uncertainties as to how these guidelines will be implemented and whether these laws, regulations and guidelines will have a material impact on our business, financial condition, results of operations and prospects. We cannot assure you that our business operations comply with such regulations and authorities' requirements in all respects. If any non-compliance is raised by authorities and determined against us, we may be subject to fines and other penalties.

Beike is the leading integrated online and offline platform for housing transactions and services, which has a large operational scale covering over 90 cities and may lead to increased interest in our business from regulators. We may be involved in investigations, inquiries, claims, complaints or other administrative requirements in relation to anti-monopoly and competition laws and regulations in the PRC from time to time, which regulate various potential monopolistic actions or arrangements, such as entering into monopolistic agreements, organizing or providing assistance to other operators in reaching monopolistic agreements, and abusing a dominant market position, including, among others, bundling or tie-in sales, unfair pricing practices, imposing unreasonable terms on the counterparties, requiring the operators on the platform to choose "one out of two" competitive platforms, charging additional and unreasonable fees, refusing to transact with certain counterparties without any reasonable ground, as well as concentrations of undertaking. These investigations, claims and complaints are subject to the uncertainties associated with the evolving legislative activities and varied local enforcement practices. We are committed to complying with the foregoing laws, regulations and government guidelines and we continually assess and evaluate our compliance status accordingly.

In the case of our failure or perceived failure to comply with these laws and regulations and new legislations or guidelines to be promulgated from time to time, governmental agencies and regulators may, among other things, prohibit or rescind our acquisitions, divestitures, or combinations, impose significant fines or penalties, require divestiture of certain of our assets, or impose other restrictions that limit or require us to modify our operations. Moreover, it may be costly to adjust some of our business practice in order to comply with these laws, regulations, rules, guidelines and implementations, and any incompliance or associated inquiries, investigations and other governmental actions may divert significant management time and attention and our financial resources, bring negative publicity, subject us to liabilities or administrative penalties, and materially and adversely affect our financial conditions, results of operations, and business prospects.

Our business generates and processes a large amount of data and is subject to various evolving PRC laws and regulations regarding cybersecurity and data privacy. Failure of cybersecurity and data privacy concerns could subject us to significant reputational, financial, legal and operational consequences, and deter current and potential customers from using our services.

Our business generates and processes a large quantity of data. We face risks inherent in handling and protecting a large amount of data that our business generates and processes from the significant number of housing transactions and services our platform facilitates. In particular, we face a number of challenges relating to data from transactions and other activities on our platform, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior or improper use by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, storage, transfer, disclosure and security of personal information, including any requests from regulatory and government authorities relating to these data.

In general, we expect that data security and data protection compliance will receive greater attention and focus from regulators, both domestically and globally, as well as attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, we could become subject to penalties, including fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

We are subject to various cybersecurity and data privacy laws and regulations in China, including without limitation, the PRC Civil Code and the PRC Cybersecurity Law. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Internet Security and Privacy Protection.” Moreover, different regulatory bodies in China, including the Ministry of Industry and Information Technology of the PRC, the CAC, the Ministry of Public Security, the State Administration for Market Regulation, and the Ministry of Housing and Urban-Rural Development, have enforced data privacy and protections laws and regulations with various standards and applications. The various standards in enforcement of data privacy and protection laws have caused us difficulties in ensuring full compliance and increased our operating cost, as we need to spend time and resources to deal with various inspections for compliance. While we have adopted a rigorous and comprehensive policy for the collection, processing, sharing, disclosure authorization and other aspects of data use and privacy and taken necessary measures to comply with all applicable data privacy and protection laws and regulations, we cannot guarantee the effectiveness of these policies and measures undertaken by us, or by the agents, brokerage brands and stores or other service providers or business partners on our platform. Any failure or perceived failure to comply with all applicable data privacy and protection laws and regulations, or any failure or perceived failure of our business partners to do so, or any failure or perceived failure of our employees to comply with our internal control measures, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses, suspension of operations or other legal or administrative penalties, which may in turn damage our reputation, discourage current and potential agents and customers, and subject us to fines and damages, which could have a material adverse effect on our business and results of operations.

Furthermore, the PRC regulatory and enforcement regime with regard to cybersecurity and data protection is still evolving. PRC regulators have been increasingly focused on regulation in the areas of cybersecurity and data protection. The following are examples of certain recent PRC regulatory activities in this area.

Personal Information and Data Privacy

On August 20, 2021, the State Council of the PRC promulgated the PRC Personal Information Protection Law, effective from November 1, 2021. This law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Entities handling personal information shall bear responsibilities for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, the entities handling personal information could be ordered to rectify, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties. In addition, where the leakage, tampering with, or loss of personal information occurs or may occur, we would be required to take immediate remedial measures and notify the competent authorities and affected individuals unless the measures taken can effectively avoid the resulting harm. Any failure to comply with applicable personal information protection laws and regulations may subject us to administrative penalties and other liabilities, including warnings, confiscation of illegal gains, fines, suspension of services or relevant business operations, and revocation of permits or licenses, which could materially and adversely affect our results of operations and reputation.

In addition, pursuant to the Administrative Measures on Cybersecurity Incident Reporting issued by the CAC and became effective on November 1, 2025, cybersecurity incidents involving the leakage of significant volumes of personal information or important data may be classified at different levels of severity, and network operators are required to report reportable incidents to the competent authorities within prescribed time limits, update such reports upon material developments, and submit a summary report after the incident-handling process is completed. If we fail to make timely and accurate reports in accordance with these measures, we may be subject to administrative penalties, and if any leakage of personal information or data were to occur, our business, reputation, financial condition, and results of operations could be materially and adversely affected.

On February 12, 2025, the CAC promulgated the Administrative Measures for Personal Information Protection Compliance Audits, which became effective on May 1, 2025. These measures require personal information processors that handle the personal information of more than 10 million individuals to conduct personal information protection compliance audits at least once every two years, which may increase compliance costs and operational burdens. The CAC and other competent authorities may also require a processor to engage an external professional organization to conduct a compliance audit where material risks are identified in its personal information processing activities, including where a personal information security incident involves the leakage, alteration, loss, or destruction of the personal information of more than one million individuals or the sensitive personal information of more than 100,000 individuals. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Privacy Protection.” In addition, the Anti-Monopoly Guidelines for the Platform Economy Sector published by the Anti-Monopoly Committee of the State Council of the PRC also prohibit collection of user information through coercive means by online platform operators.

Data Security

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law, which took effect in September 2021. The Data Security Law, among other things, provides for a security review procedure for the data activities that may affect national security. It also provides that any organization or individual within the territory of the PRC shall not provide any foreign judicial or law enforcement agencies with any data without the approval of the competent PRC government authorities. In addition, on December 28, 2021, the CAC, the NDRC, the Ministry of Industry and Information Technology, and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures, which further restate and expand the applicable scope of the cybersecurity review. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulate that network platform operators holding over one million users' personal information shall apply with the Cybersecurity Review Office for a cybersecurity review before listing on a foreign stock exchange. In addition, the government authorities may initiate the cybersecurity review against the operators if the authorities believe that the network products or services or data processing activities of such operators affect or may affect national security. However, there are uncertainties as to the interpretation, application and enforcement of the Cybersecurity Review Measures and we cannot assure you how these measures will affect our operations. The PRC government authorities have discretion in interpretation and implementation of the Cybersecurity Review Measures, including cybersecurity review on certain activities of critical information infrastructure operators and other circumstances that affect or may affect national security. The exact scope of "critical information infrastructure operators" under the current regulatory regime remains unclear and the identification of critical information infrastructure operators is subject to specific identification rules stipulated by industry regulators and the notice from the regulators pursuant to the Regulations on Protection of Security of Critical Information Infrastructure. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Internet Security and Privacy Protection."

As of the date of this annual report, no detailed rules or guidance with respect to the implementation of such regulations has been issued by any government authorities and we have not been informed as a critical information infrastructure operator by any government authorities. Therefore, it is uncertain whether we would be deemed as a critical information infrastructure operator under PRC law, or be subject to the cybersecurity review. The PRC government authorities may have discretion in the interpretation and enforcement of these laws, rules and regulations. We cannot assure you that regulators will not interpret or implement the laws or regulations in ways that negatively affect us. Our different lines of business are subject to evolving data security and protection laws and regulations regulating different businesses, such as the financial services business and internet-related business, which may lead to inconsistency and cause difficulties in compliance. In addition, it is possible that we may become subject to additional or new laws and regulations in this regard, particularly to cybersecurity and protection laws in other jurisdiction if we extend our business outside of the PRC in the future, which may result in additional expenses to us and subject us to potential liability and negative publicity.

Furthermore, on September 24, 2024, the CAC published the Measures on Network Data Security Management, which became effective on January 1, 2025. The measures provide that network data processors carrying out network data processing activities that affect or may affect national security shall undergo a national security review in accordance with relevant national regulations. In addition, network data processors processing personal information of over ten million individuals shall fulfill certain requirements for processing important data and take certain precautionary measures, such as identifying important data and conducting annual risk assessment. Furthermore, the measures allow network data processors to provide personal information overseas only if they strictly meet certain conditions. The measures also impose obligations on network platform service providers, requiring them to offer users features such as the ability to opt out of receiving targeted information and to delete tags based on their personal characteristics. However, there are still uncertainties with respect to the interpretation and implementation of the Measures on Network Data Security Management.

The PRC government authorities also further enhanced the supervision and regulation of cross-border data transmission. On July 7, 2022, the CAC issued the Measures for Security Assessment of Cross-border Data Transfer, which became effective on September 1, 2022. These measures require the data processor providing data overseas to apply for the security assessment of cross-border transfer of data with the local provincial-level counterparts of the national cybersecurity authority under certain circumstances. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Internet Security and Privacy Protection." The data processors in violation of such measures are required to rectify such non-compliance incidents within six months of the effectiveness date thereof. On February 22, 2023, the CAC promulgated the Measures on the Standard Contract for the Outbound Cross-Border Transfer of Personal Information to regulate the cross-border transfer of personal information. The interpretation, application and enforcement of the above measures and how they will affect our business operation are subject to uncertainties.

There are uncertainties with respect to how future laws and regulations will be implemented and interpreted in practice, and whether the future regulatory changes would impose additional requirements on companies like us. If future laws and regulations mandate clearance of cybersecurity review and other specific actions to be completed by China-based companies listed on a U.S. stock exchange, such as us, we face uncertainties as to whether such clearance can be timely obtained, or at all. As of the date of this annual report, we have not been involved in any formal investigations on cybersecurity review made by the CAC on such basis. However, if we are not able to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the application stores, among other sanctions, which could materially and adversely affect our business and results of operations.

In general, compliance with the existing PRC laws and regulations, as well as additional laws and regulations that PRC regulatory bodies may enact in the future, related to data security and personal information protection, may be costly and result in additional expenses to us, and subject us to negative publicity, which could harm our reputation and business operations. There are also uncertainties with respect to how such laws and regulations will be implemented and interpreted in practice.

As of the date of this annual report, (i) there had been no material incident of data or personal information leakage, infringement of data protection and privacy laws and regulations or investigation or other legal proceeding, pending or threatened against us initiated by competent government authorities or third parties, that will materially and adversely affect the business of us; and (ii) we have not been subject to any material fines, administrative penalties, or other sanctions by regulatory authorities in relation to the infringement of cybersecurity and data protection laws and regulations. In addition, we have maintained a comprehensive and rigorous data protection program and implemented comprehensive and strict internal policies, procedures and measures to ensure our compliance practice in data protection. We also set up an Information Security and Data Compliance Committee to establish, implement and update data protection and privacy policies, thus ensuring our compliance with data protection and privacy regulations and laws. For more details, see “Item 16K. Cybersecurity.”

In addition, regulatory authorities around the world have adopted or are considering a number of legislative and regulatory proposals concerning data protection. These legislative and regulatory proposals, if adopted, and the uncertain interpretations and application thereof could, in addition to the possibility of fines, result in an order requiring that we change our data practices and policies, which could have an adverse effect on our business and results of operations. The European Union General Data Protection Regulation, or the GDPR, effective on May 25, 2018, includes operational requirements for companies that receive or process personal data of residents of the European Economic Area. The GDPR establishes new requirements applicable to the processing of personal data, affords new data protection rights to individuals and imposes penalties for serious data breaches. Individuals also have a right to compensation under the GDPR for financial or non-financial losses. Although we do not conduct any business in the European Economic Area, in the event that residents of the European Economic Area access our platform and input protected information, we may become subject to provisions of the GDPR. Compliance with such regulations and regulatory standards can be costly and any failure to comply with these regulations and regulatory standards could subject us to legal and reputational risks.

We cannot guarantee that our monetization strategies will be successfully implemented or generate sustainable revenues and profit.

Although we have a well-developed monetization model for our company-operated housing transaction business through *Lianjia*, our platform monetization model is evolving. Our *Beike* platform generates revenues from existing home transaction services by earning platform service fees from real estate brokerage firms on the platform as a percentage of the transaction commissions they earned on our platform, commissions from housing customers for transactions facilitated by our *Lianjia* brand or a split for commissions from other brokerage firms acting as principal agents in collaboration with our *Lianjia* agents to complete transactions, franchise fees from brokerage firms under our franchise brands such as *Deyou*, and service fees for other value-added services. We also generate revenues from new home transaction services by earning sales commissions from real estate developers for new home sales completed by us, from home renovation and furnishing services by providing interior renovation services and selling furniture, electronic and home appliances products, and from home rental services by providing leasing agency services, rental property management and operation services. In addition, we generate revenues from a variety of other housing related services, including financial services and other newly developed businesses. We cannot assure you that we can successfully implement the existing business model to generate sustainable revenues, especially with respect to our attempts in broadening monetization with limited track records, or that we will be able to develop new monetization strategies to grow our revenues. If we fail to maintain the implementation of our existing business model or develop new monetization approaches, we may not be able to maintain or increase our revenues or effectively manage any associated costs. In addition, we may introduce new products and services for which we have little or no prior development or operating experience. If these new products or services fail to meet our expectations or are unable to attract or engage users, real estate agents, service providers, business partners or other platform participants, as the case may be, we may fail to diversify our revenue streams or generate sufficient revenues to justify our investments and costs, and our business and operating results may suffer as a result.

We may not be able to remain profitable or increase profitability in the future.

We generated net incomes of RMB5,890 million in 2023, RMB4,078 million in 2024 and RMB2,991 million (US$428 million) in 2025. We expect to continue to incur costs and operating expenses to support our anticipated future growth. Our costs and expenses may be greater than we anticipate and our investments to make our business and our technical infrastructure more efficient may not be successful. Our revenue, including revenue from home renovation and furnishing, home rental and other emerging businesses, may not be increasing to cover our costs and expenses. Therefore, we may not be able to remain profitable or increase profitability in the future.

Our business is sensitive to economic conditions. A severe or prolonged downturn in the global or Chinese economy could materially and adversely affect our business, financial condition and operating results.

Our business depends substantially on the general economic conditions of China. Changes in international, regional or domestic economic conditions, rising interest rates, fiscal or political uncertainty, policy adjustments, market volatility, disruption to the global capital or credit markets, or the public perception that any of these events is likely to occur may have a negative impact on the housing related industry in the PRC, which in turn will have material and adverse effects on us.

The global macroeconomic environment faces numerous challenges. The growth rate of the Chinese economy has been slowing since 2010 and the Chinese population began to decline in 2022. The Russia-Ukraine conflict, the Hamas-Israel conflict, the conflict in the Persian Gulf and surrounding areas as far west as Israel and Lebanon, and the restrictions at various times on shipping through the straits of Hormuz and in the Red Sea have heightened geopolitical tensions across the world. The impact of the regional conflicts has contributed to increases in food and energy prices and thus to inflation more generally with the potential for even more serious consequences if oil and gas facilities are destroyed or shipping is affected for an extended period of time. There have also been concerns about the relationship between China and other countries such as the United States, which may potentially have economic effects. The tension between these two countries may escalate, potentially disrupting cross-border commerce, capital flows, and investor sentiment, leading to increased compliance costs, operational disruptions, and constraints on our access to capital markets. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs. Our customers and business partners may reduce or delay spending with us, while we may have difficulty expanding our customer base and cooperative network fast enough, or at all, or to offset the impact of decreased spending by our existing customers and business partners.

We face risk in collecting our accounts receivable and deposits from real estate developers.

We incur accounts receivable with, and pay earnest deposits to, real estate developers when we are engaged to sell new home projects and we grant them credit terms for our sales commissions in line with the industry practice in China. As of December 31, 2025, the balance of deposits paid to real estate developers was RMB525 million (US$75 million) and the accounts receivable due from them was RMB3.6 billion (US$0.5 billion). We may face risk collecting these amounts if the operation and liquidity condition of real estate developers deteriorate. Meanwhile, any policy change aiming at tightening regulations of real estate developers may limit their access to financing channels and may cause adverse impact on the collectability of our accounts receivable. For instance, since the end of 2020, the regulators have tightened the financial requirements for real estate developers to seek new debt financings, with the aim of curing the rapid growth of debts of real estate developers. Under the rules, the growth rate of debt financing allowed for a real estate developer is contingent on its satisfaction of three debt-related financial metrics, and if it fails to meet all three metrics, it will be restricted from obtaining any new interest-bearing debt financing. We took measures in managing the collection risk, such as promoting the "Commission in Advance" model to encourage real estate developers to pay us in advance. However, if any of the real estate developers with significant outstanding accounts receivable and deposits were to become insolvent or otherwise become unable or refuse, to make payments in a timely manner, or at all, we would have to make additional provisions against such accounts receivable and deposits, or write off the amounts, either of which could adversely affect our financial conditions and profitability.

Disruption or discontinuity in the features and functions of our infrastructure components, especially ACN, may materially and adversely affect our business.

We rely on the proper functioning of ACN and the modules of our infrastructure for the daily operations of our platform. Although we have implemented a comprehensive rules and protocols in ACN, we cannot assure you that all aspects of our ACN rules will be satisfactorily implemented in each housing transaction on our platform. With the increasing number of participating real estate brokerage brands and agents who were not previously familiar with ACN rules, it may be difficult for us to effectively monitor and control these brands and agents to ensure their business performance and conducts in accordance with ACN rules. If violations of ACN rules or other inappropriate actions occur, such as circumventing our platform to facilitate transactions that are required to be partitioned according to ACN rules, and if we fail to effectively prevent non-compliance or discipline the responsible brands or agents, the effectiveness of our ACN system may be diminished and other agents on our platform may be less willing to follow the rules, which could materially and adversely affect our business and results of operations. Any material disruption or malfunction of other modules, such as our SaaS systems and customer front end, may also compromise the service quality of the service providers on our platform and affect our operations materially and adversely.

We cooperate with various real estate brokerage brands, stores and agents on our platform. If we are not able to develop relationships with new real estate brokerage brands and agents or maintain our relationship with existing real estate brokerage brands and agents on our platform, our operations may be materially and adversely affected.

We believe the large and active network of real estate brokerage brands and their affiliated stores and agents contributes significantly to the success of our platform. As of December 31, 2025, there were approximately 58,000 community-centric active brokerage stores and over 445,000 active agents affiliated with these stores. Aside from the *Lianjia* brand that we own and operate, the connected brokerage brands and the sales channels we specifically procured for new home transactions contributed a substantial majority of the GTV on our platform in 2025. We enter into business cooperation agreements with brokerage brands. Under these agreements, we offer the brokerage brands access to the infrastructure on our platform, such as ACN and SaaS systems. The brokerage brands, in turn, would commit to following our ACN as well as other protocols on the platform and subscribe to an agreed-upon fee structure. It is uncertain, however, that we are able to develop relationships with new real estate brokerage brands, stores and agents in line with our plan to expand our platform business, or that we are able to maintain our relationship with existing brokerage brands, stores and agents on commercially acceptable terms, or at all, after the terms of the current cooperation agreements expire. In the event that we are not able to develop new relationships or maintain our existing relationship, our ability to serve a large number of housing customers nationwide with superior housing transactions and to maintain and develop our extensive authentic property listing inventory may be restricted, which may in turn materially and adversely affect our platform operations.

If we fail to maintain our relationships with real estate developers or attract them to engage us, or otherwise fail to procure new real estate property listings at favorable terms, our business and growth prospects may suffer.

We cooperate with real estate developers for new property sales on our platform and established business relationships with major real estate developers in China. Maintaining strong relationships with real estate developers is critical to the results of operations and prospects on our new home sales business. We enter into strategic cooperation agreements with real estate developers, and these agreements typically do not restrict the real estate developers from cooperating with other real estate brokerage firms. We cannot assure you that the real estate developers we currently cooperate with will continue the cooperation on commercially acceptable terms, or at all, after the terms of the current agreements expire or after our cooperative arrangements end. Our ability to attract real estate developers to engage us in selling new homes will also affect the prospects of the new home sales business. If we cannot ensure that our channels sales are superior to their traditional way of sales, or, for example, the sales channels that do not utilize ACN are unable to meet real estate developers' expectations or our VR initiatives are not effective in attracting housing customers, we might not be able to attract new real estate developers or even maintain our existing relationships. Even if we maintain strong relationships with the real estate developers or are able to attract them, their ability to provide adequate new property listings at competitive prices may be adversely affected by economic conditions, regulatory environment, labor actions, regulatory or legal proceedings against them, natural disasters or other factors beyond our control. If we fail to attract new real estate developers to cooperate with us due to any reason, our business and growth prospects may be materially and adversely affected.

We are subject to risks in our home renovation and furnishing services, which may adversely affect our business, results of operations, financial condition, and growth prospects.

The success of our home renovation and furnishing services depends on our ability to perform such services in a timely manner with high quality and within cost budget. Although we offer various levels of trainings to our home renovation and furnishing service providers to perform renovation and furnishing work, we are still exposed to various risks inherent to home renovation and furnishing business.

Most of our agreements for home renovation and furnishing encompass fixed and pre-agreed prices for the project. We determine the prices based on several factors, such as construction area and complexity, project duration, estimated costs (including material costs required for completing interior renovation), and contract amounts of similar projects. If our assumptions regarding the costs or timing for home renovation and furnishing prove to be materially inaccurate, our results of operations, financial condition, and prospects may be adversely affected. Actual costs incurred may be influenced by several factors beyond our control, such as (i) shortages and cost hikes in materials and labor; (ii) customer requests for design changes; (iii) disputes with customers and material suppliers; (iv) regulatory requirements, government policies, and inflations; (v) safety incidents, such as fire accidents; and (vi) adverse weather conditions and other unforeseen issues. Any significant deviations in these factors affecting costs or other adverse factors may result in project delays and cost overruns, thereby adversely impacting our performance, reputation, and financial condition.

We may experience project delays due to other unforeseen circumstances, including shortages in labor or raw material, delays in delivery of supplies, and work-related accidents. Specifically, we may not be able to fully ensure the service qualities of our suppliers or vendors. We procure various materials, such as glass, tiles, hardware, sanitary ware, wallpaper, marble, or eco-friendly wood from suppliers and engage other vendors to provide various services, including delivery and installation of home appliances, transportation, and warehousing services. We rely on these suppliers to deliver materials or provide services in a timely and reliable manner. Our suppliers are selected on market reputation, quality of services or materials, pricing, and timeliness of delivery. There is no guarantee that the materials and services provided by external suppliers will meet our quality standards, nor that they will be able or willing to continue providing materials and services to us. If products provided by these suppliers have quality issues or services provided are defective, leading to project delays or failures to complete projects, we may incur additional costs. We may also be subject to administrative penalties if the designers, suppliers, vendors, or other service providers engage in misconducts or violate law and regulations, which could lead to safety risks related to the property. If our projects are delayed due to factors beyond our control, we may be required to pay damages stipulated in our contract arrangements and incur additional costs. Typically, we are obligated to pay a certain amount of compensation for each day of delay, which could adversely affect our operations and reduce our profit margins.

Additionally, we provide customers for our home renovation and furnishing services with a warranty period during which we undertake to repair any defects caused by us without charging our customers additional costs. Therefore, we may incur additional costs above the budget to rectify defects causing disputes. Furthermore, if there are craftsmanship defects, deviations from contract specifications, and/or defects in the quality of materials used or supplied in our projects, we may encounter complaints, disputes, and claims for damages. These complaints, disputes, and claims may lead to legal and other proceedings, result in significant costs, and divert our management resources and attention from business operations. If such complaints, disputes, claims, and proceedings are judicated unfavorably to us, we may be liable for damages, incur legal and other costs, or accept unfavorable settlement terms, which could materially and adversely affect our business, reputation, results of operations, financial condition, and growth prospects.

We face risks of workspace accidents and violations of workplace safety regulations.

Although we have taken various safety measures as required by laws and regulations, accidents or other safety incidents may still occur in our ordinary course of business, such as during the delivery and installation of home renovation products and home renovation and furnishing process, or in our office premises and stores. Consequently, we may face personal injury claims due to accidents or injuries suffered by our employees and/or service providers in workspace, which could result in significant losses and delays for delivery of services.

Under the PRC Labor Contract Law and other laws and regulations, we are also responsible for injuries sustained by our employees at work. We may also face fines and penalties imposed by regulatory authorities for violations of workplace safety regulations in our projects. In such cases, our business, results of operations, and prospects may be materially and adversely affected. Additionally, accidents or safety incidents may expose us to claims for damages from employees or other individuals injured or harmed, or even for fatalities, as well as claims under our insurance policies for related claims. If such claims for damages against us exceed the limits of our insurance coverage, our financial condition may also be adversely affected.

We are subject to risks in our home rental services.

As we are exploring and expanding our home rental business, we are subject to risks associated with the rental properties and our services. Our decentralized rental property management business, *Carefree Rent*, is an important part of our home rental services. Under the *Carefree Rent* model, we obtain landlord authorization to manage the properties and provide professional rental services to tenants. On the one hand, we are subject to rental property management service agreements with specified terms entered into with the landlords, during which early termination will be subject to damages for breach of contract. On the other hand, we are subject to lease agreements with specified terms entered into with the tenants and the landlords, during which early termination may result in paying damages for breach of contract. Our services for other rental properties are subject to similar risks.

We make profits on our home rental services mainly from the total rents collected from tenants after deducting the rents due to landlords, and/or management fees collected from the landlords and tenants. As such, the profitability of our home rental services largely depends on how fast we are able to lease the properties and the quality of our management services. We typically pay a small amount of deposit to the landlords under our *Carefree Rent* before the entrustment, which could be (a) used as damages due to the landlords if we are not able to lease the properties within a certain period or on favorable terms or (b) used to settle the rents due to the landlords if the properties are successfully leased. In addition, after we lease the properties, tenants may terminate their leases during lease terms by paying damages for breach of contract or fail to meet their obligations in connection with the leases, exposing us to the obligation of re-leasing our rental properties, and we may be unable to re-lease the properties on a timely basis, on favorable terms, or at all. Our liquidity may be materially and adversely affected by tenants' early termination. Likewise, short-term leases may result in high turnover, which involves costs such as restoring the rental apartments, marketing costs and lower occupancy levels. Similarly, we may not be able to terminate the agreements with the landlords at no costs even if we are unable to lease or re-lease the properties, since such early termination could subject us to damages for breach of contract. The landlords may also terminate the rental property management service agreements early during the term of the agreements by paying damages for breach of contract, resulting in the early termination on our side for our lease agreements with the tenants, subject us to the damages for breach of contract.

Moreover, while we plan to renew our existing home rental services agreements with landlords, we cannot assure you that we will be able to renew these agreements on commercially satisfactory terms, or at all. The landlords may demand higher rents than anticipated as a condition to renew the leases, or may lease their properties to our competitors if offered on more favorable terms. If we fail to renew our agreements with landlords or a significant number of our existing agreements with the landlords are not renewed on satisfactory terms upon expiration owners, our expansion in home rental services may be negatively affected.

Furthermore, the tenants for our rental properties may engage in illegal or improper activities that are difficult for us to detect or supervise. For example, they may use our properties for illegal purposes or engage in unlawful activities on our properties, damage or make unauthorized structural changes to our property, refuse to vacate the properties upon default or termination of the leases, harass neighbors with noise or garbage, create odors or nuisances, sublet our properties in violation of the leases, or allow unauthorized individuals to reside in our properties. Although we have the right to terminate the leases in such cases, and the tenants are responsible for damages caused by their misconduct to us or other tenants, it may still result in a negative impact on our business and reputation. Damage to our properties may result in delays in re-renting, expensive repair costs, or loss of rental income, leading to lower-than-expected returns. As a result of these risks, we may not be able to make profits on our home rental business, and our business, results of operations and financial condition could be materially adversely impacted.

If we fail to obtain or keep licenses, permits or approvals applicable to the various services provided by us, we may incur significant financial penalties and other government sanctions.

The real estate brokerage business in China is highly regulated by the PRC government. See also "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Real Estate Brokerage Business and Real Estate Agency Enterprises." Pursuant to the Real Estate Brokerage Administrative Measures, to qualify as a real estate brokerage institution, an entity and its branches should have a sufficient number of qualified real estate brokers and file with local real estate administrative authority within 30 days after obtaining its business license. We should also file with local home rental administrative authority for our home rental entities and their branches pursuant to relevant regulations. The requirements of the local real estate and home rental administrative authorities for such filings may vary among cities and we cannot assure you that, to the extent that the filing is required by local authorities, we will be able to complete the filing in a timely manner, or at all. As of the date of this annual report, all of our subsidiaries and their branches operating real estate brokerage business and home rental business have currently filed with the authorities, except that a small subset of branches which are preparing for or in the process of completing such requirements. Thus far, the filing status of these branches has not caused any material adverse effect to our business operations. We cannot assure you that the outstanding filings and future filings will be completed in a timely manner, or at all. If not, we may be subject to penalties or other governmental sanctions for such failures.

In connection with the online operations of our platform, the VIEs or their subsidiaries are also required to obtain, and have obtained, value-added telecommunications service licenses in order to provide value-added telecommunication services. In addition, to enhance the experience of our customers, agents and other service providers and business partners on our platform, we offer various auxiliary functions and complementary services through our platform and have obtained licenses and permits for these services, such as the license for non-financial institution payment service, approval for establishment of micro credit company, license for financing guarantee business, license for insurance brokerage business and approval for commercial factoring business. Given that these laws and regulations are subject to ongoing interpretation and the application in practice by government authorities and may change over time as new guidance becomes available, we may be required to obtain additional licenses, permits, filings or approvals for these functions and services. We cannot assure you that if we are required to obtain these additional licenses, permits or approvals, we will be able to do so in a timely manner, if at all, and any non-compliance may result in fines or other penalties being imposed to us.

Our home renovation and furnishing business is subject to strict supervision and approval procedures under the PRC laws. For some construction projects with an investment amount or a construction area more than certain criteria, we are required to obtain regulatory approvals from various PRC government authorities, such as project approvals and filings, construction commencement permit, fire protection approvals and completion acceptance inspection. Failure to complete such filings or obtain such approvals and permits for a construction project in a timely manner may subject us to fines, suspension of construction or being prohibited from using such constructions, or rectification within a time limit. We cannot assure you that we will be able to obtain all requisite approvals for such construction projects on a timely basis. Any of the foregoing could materially and adversely affect our business operations.

Our *Beihaojia* business is subject to extensive government regulations. In the process of promoting C2M (Customer to Manufacturer) product solutions, we have and may continue to cooperate with real estate developers to acquire land and carry out subsequent development and operations. We also have and may continue to independently acquire land and manage the projects by ourselves, verifying the competitive advantages of C2M product solutions. During this process, we must comply with a wide range of requirements set forth by national and local laws and regulations. For instance, we are required to obtain various permits, licenses, certificates and approvals from relevant PRC government authorities at different stages of a project. These include, among others, land use rights certificates, construction land planning permits, construction planning permits, construction works commencement permits, pre-sale permits and certificates of completion. Each of these approvals is subject to the fulfillment of specific conditions. We cannot assure you that we will not encounter significant delays or other impediments in meeting the conditions required to obtain these approvals. In addition, we cannot assure you that we will be able to adapt to any new laws, regulations or policies that may be introduced from time to time, whether in relation to the real estate industry in general or the specific procedures for obtaining approvals. Moreover, there may be delays in the review and approval process by government authorities. If we fail to obtain, or encounter substantial delays in obtaining the requisite governmental approvals, the development of our projects could be disrupted or delayed, which would have a material adverse effect on our business, operational results, and financial condition.

Furthermore, as some of our businesses or services are innovative, we cannot assure you that the authorities share the same view as ours on the identification or category of these businesses or services in the regime of foreign investment laws, including whether appropriate licenses or permits for them have been duly applied or obtained. If we enter into new service categories and businesses, or any of our current businesses or services are determined to be subject to new licensing or similar requirements in the future, especially due to the evolving application or interpretation of laws and regulations, we may be required to obtain licenses or permits that we do not currently have, to upgrade the licenses or permits we currently have, or to satisfy other requirements arising from the government authorities. We will strive to obtain and upgrade the licenses and permits and satisfy all such requirements, but we cannot assure you that we will be able to obtain or upgrade such licenses and permits and complete administrative procedures in a timely manner, or at all.

Under applicable PRC laws, rules and regulations, the failure to obtain and/or maintain the licenses and permits required to conduct our business may subject us to various penalties, including confiscation of revenues, imposition of fines and/or restrictions on their business operations, or the discontinuation of their operations. Any such disruption in the business operations of our PRC subsidiaries or the VIEs could materially and adversely affect our business, financial condition and results of operations.

The proper functioning of technologies deployed by our platform is essential to our business. Any failure to maintain the satisfactory performance of our websites, mobile apps and systems could materially and adversely affect our business and reputation.

The satisfactory performance, reliability and availability of our platform, both online and offline, are critical to our success and our ability to attract and retain customers, real estate agents and other service providers. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm our systems that result in the unavailability or slowdown of our online operations could reduce the transaction volumes and hamper transaction efficiency, and our platform as a whole will suffer. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website and mobile app slowdown or unavailability, delays or errors in transaction processing, loss of data or the inability to accept and fulfill customer requests. Security breaches, computer viruses and hacking attacks have become more prevalent in our industry. Because of our brand recognition in the housing transactions and services industry in China, we believe we are a relatively attractive target for such attacks. We have experienced in the past such unexpected interruptions, and we have taken protective measures to enhance the security of our platform. We can provide no assurance that our current security mechanisms will be sufficient to protect our IT systems from any external intrusions, viruses or hacker attacks, information or data theft or other similar activities. Any such future occurrences could reduce customer satisfaction, damage our reputation and result in a material decrease in our revenues. If hostile hacking attacks result in revelation of personal data we are obligated to protect, we may be subject to administrative penalties or legal proceedings against us. If such attacks lead to leaked trade secrets, including our property listings, our business and results of operations may be materially and adversely affected.

If we are unable to recruit, train and retain competent real estate personnel or sufficient workforce while controlling our labor costs, our business may be materially and adversely affected.

We will continue to recruit housing transactions and services personnel to support business operations and planned business growth. Our future success depends, to a significant extent, on our ability to recruit, train and retain competent personnel, particularly technical, marketing and other operational personnel with experience in the housing transactions and services industry as well as service providers for various value-added services on our platform. For the *Lianjia* brand we own and operate and our home rental services, we also strive to recruit, train and retain real estate agents and home rental service providers. The effective operation of our managerial and operating systems also depends on the quality performance and diligence of our management and employees. Since our industry is characterized by high demand and intense competition for talent and labor as well as high turn-over rate, we can provide no assurance that we will be able to attract or retain staff, agents, other service providers and managerial talents or other highly skilled employees that we will need to achieve our strategic objectives. Labor costs in mainland China and elsewhere have increased with the global economic development. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth in a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture. If we are unable to meet our demand for workforce, our business may be materially and adversely affected.

We rely on our employees, real estate brokerage brands and their affiliated agents, other service providers, real estate developers, financial institutions, and other business partners on our platform to provide quality services to customers. Their illegal actions or misconduct, or any failure by them to provide satisfactory services or maintain their service levels, could materially and adversely affect our business, reputation, financial condition and results of operations.

Real estate agents, services providers of home renovation and furnishing and home rental services and certain personnel on our platform are the ultimate providers of the services offered on our platform, and our brands and reputation may be harmed by their actions that are outside our control. We rely on our employees, including *Lianjia* agents, home rental service providers, supporting staff and platform operation staff to provide housing transactions and services. Notwithstanding the strictly enforced service protocols, our employees, especially our agents and home rental service providers, may not fully comply with our protocols and laws or regulations, and may engage in misconduct or illegal actions, which may result in negative publicity and adversely impact our reputation and brand image.

We rely upon connected agents to serve some of our housing customers. Although we have established comprehensive service protocols for agents on our platform and maintain rigorous governance mechanisms, we may not be able to exercise the same level of control over the conduct of connected brokerage brands and their agents as we would as if we owned them or they were our employees. In the event of any unsatisfactory performance, lack of certain qualifications or licenses, misconduct, inappropriate service performances for illegal purpose, inappropriate remarks on we-media platforms, or other illegal actions, such as dishonesty, personal torts or extortion, by connected real estate brokerage brands and their agents, the disputes resulted from such actions may involve us and we may suffer reputational and financial damage and incur liabilities and even administrative penalties. For example, if connected agents provide inaccurate information to housing customers on our platform, who submit complaints to regulatory agencies, we may be involved as a related party in such disputes. If connected agents engage in embezzlement of housing customers' transaction fund and become subject to liabilities and/or legal proceedings, we could be involved in negative publicity. Misconduct by real estate agents is subject to an increasing level of scrutiny by the regulatory authorities who would publicize such misconduct, which could damage our overall reputation, disrupt our ability to attract new customers or retain our current customers and diminish the value of our brand. Although we hold a deposit from each real estate brokerage store on our platform to cover potential financial damage, to the extent that the amount of financial damage incurred in such disputes exceeds the amount of deposit, our financial condition may be materially and adversely affected.

We rely upon project managers and the workers they manage, as well as installation and after-sales maintenance personnel, who are third-party service providers, to deliver home renovation services to our customers. Although we have established and continue to refine our "red and yellow line" governance policies, which set unified professional conduct requirements and service standards and protocols, along with training, assessment and certification mechanisms and digital tools for process monitoring and traceability, we may not be able to exercise the same level of control over their conduct as we would if they were our employees. In particular, our "red and yellow line" governance policies primarily apply at the project manager level, and our oversight of workers relies largely on the project managers, supplemented by training and digital systems for process coverage. In the event of any unsatisfactory performance, misconduct or non-compliance with our standards by any of the foregoing service providers, including, for example, construction quality issues, misreporting of progress, misleading customers or under-the-table payment, disputes may arise and involve us as a related party. As a result, we may suffer reputational harm, customer complaints, financial losses, liabilities or administrative penalties. For example, if any of the foregoing service providers fail to deliver services in accordance with agreed standards, customers may file complaints or pursue claims against us, and we may be exposed to negative publicity or legal proceedings. Although we hold a deposit from each project manager on our platform to cover potential financial damage, to the extent that the amount of financial damage incurred in such disputes exceeds the amount of deposit, our financial condition may be materially and adversely affected.

In addition to the services provided by real estate agents and home renovation service providers on our platform, we also rely on a large number of other service providers and business partners on our platform and ecosystem. These include real estate developers to provide quality services related to new home transactions, financial institutions to provide effective and affordable financial solutions to housing customers, and home furnishing service providers and business partners, such as sales consultants and material suppliers, to provide quality services and materials that meet our standards at acceptable prices. To the extent they are unable to provide satisfactory services to housing customers and real estate agents, or they engage in any inappropriate or illegal actions, which may be due to factors that are beyond our control, we may suffer actual or reputational damage as a result. In particular, the real estate developers we cooperate with may breach the contracts with housing customers or violate laws and regulations, which may expose us to potential legal liabilities and subject us to housing customers' claims for indemnifications and other remedies. Any of the failure to provide satisfactory services, potential misconduct or illegal actions discussed above could materially and adversely impact our business, reputation, financial condition and results of operations.

Strategic alliances, investments or acquisitions may have a material and adverse effect on our business, reputation, results of operations and financial condition.

We have in the past and may continue to invest in or acquire assets, technologies and businesses that are complementary to our existing business, such as our investments in other national real estate brokerage companies, our strategic acquisitions of real estate brokerage brands and Shengdu in the past and our investments in acquisition of properties for development in our *Beihaojia* business. We have also entered into and may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. Our investments or acquisitions may involve significant risks and may not yield the results we expect. Challenges and risks associated with strategic alliances, investments or acquisitions include:

- Investments and acquisitions and subsequent investments (if any) could result in the use of substantial amounts of cash, and potentially dilutive issuances of equity securities. For instance, we acquired Shengdu for an aggregate consideration of RMB3.92 billion in cash and 44,315,854 of our Class A ordinary shares in equity, and the issuance of new securities had a dilutive effect on our existing shareholders;

- Investments and acquisitions could involve, significant amortization expenses related to goodwill or intangible assets and exposure to potential unknown liabilities of the acquired business. For example, our investments in property acquisitions for our *Beihaojia* business may not yield the anticipated returns, or any returns at all. This could lead to the recognition of significant impairment charges, adversely affecting our financial results. If such goodwill or intangible assets become impaired, we may be required to record a significant decrease to our results of operations;

- Investments and acquisitions may require our management team to devote a significant amount of attention in implementation or remediation of controls, procedures and policies at the invested or acquired companies;

- The cost of identifying and consummating investments and acquisitions and integrating the acquired businesses into ours may be significant, and the integration of acquired businesses may be difficult or become disruptive to our existing business operations;

- We may also have to obtain approval from the PRC governmental authorities or complete certain administrative procedures for the investments and acquisitions and comply with any applicable PRC rules and regulations, which may be costly;

- Actual or alleged misconduct or non-compliance by any company we acquire or invest in (or by its affiliates) that occurred may lead to negative publicity, government inquiry or investigations against such company or against us;

- Investments and acquisitions, whether completed or ongoing, may raise regulatory concerns in relation to the anti-monopoly and competition laws, rules and regulations of China, which could affect the consummation of, or require remedial measures in connection with, the transaction;

- Unexpected situations in the area where we conduct investments or acquisitions, such as local protectionism, may impede the closing of our investments or acquisitions and the proper functioning of the invested business;

- Our financial conditions and results of operations may be adversely affected as we provide loans to some of the companies we invest in and we may be unable to retrieve the loans if the invested companies do not perform well;

- In the case of foreign acquisitions, we face difficulties and risks in addressing the need to integrate operations across different cultures and languages and to deal with the particular economic, currency, political and regulatory risks associated with specific countries; and

- We may fail to retain and integrate qualified employees of the invested or acquired companies.

In particular, our strategy of investing in complementary businesses, including through joint ventures, acquisitions or minority equity investments, could be adversely affected by applicable anti-monopoly laws in the jurisdictions in which we operate. For example, under the PRC Anti-Monopoly Law, prior notification to the anti-monopoly authority is required for a concentration of undertakings if specified thresholds are met. Compliance with applicable anti-monopoly laws may result in significant costs and delays. In addition, the interpretation, implementation and enforcement of anti-monopoly laws in certain jurisdictions remain uncertain. Accordingly, although we intend to comply with applicable anti-monopoly laws, we cannot assure you that the relevant authorities will agree with our interpretation of such laws or approve our proposed transactions. Any failure to obtain required anti-monopoly clearance, or any penalties or restrictive conditions imposed in connection with a past or proposed investment, acquisition or other strategic transaction, could materially and adversely affect our business, financial condition and results of operations.

In the event that our investments and acquisitions are not successful, our results of operations and financial condition may be materially and adversely affected.

Our failure to protect our intellectual property rights may undermine our competitive position, and external infringements of our intellectual property rights may adversely affect our business.

Our success and ability to compete depends in part on our intellectual property. We primarily rely on a combination of patent, trademark, trade secret, and copyright laws, as well as confidentiality procedures and contractual restrictions with our employees, contractors and others to establish and protect our intellectual property rights. However, confidentiality and license arrangements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. The steps we take to protect our intellectual property rights may be inadequate or we may be unable to secure intellectual property protection for some of our properties. Infringement of intellectual property rights continues to pose a serious risk of doing business.

We have filed, and may in the future file, patent applications on certain of our innovations. It is possible, however, that these innovations may not be patentable. In addition, given the cost, effort and risks associated with patent application, we may choose not to seek patent protection for some innovations. Furthermore, our patent applications may not lead to granted patents, the scope of the protection gained may be insufficient or an issued patent may be deemed invalid or unenforceable. In addition, we have filed, and may continue to file, applications on certain of our trademarks, which may not always be approved on a timely basis, or at all. We also cannot guarantee that any of our present or future patents, trademarks or other intellectual property rights will not lapse or be invalidated, circumvented, challenged, or abandoned.

If we are unable to protect our intellectual property, our competitors could use our intellectual property to market offerings similar to ours and our ability to compete effectively would be impaired. Moreover, others may independently develop technologies that are competitive to ours or infringe on our intellectual property. The enforcement of our intellectual property rights depends on our legal actions against these infringers being successful, but we cannot be sure these actions will be successful, even when our rights have been infringed. In addition, defending our intellectual property rights might entail significant expense and diversion of management resources. Any of our intellectual property rights may be challenged by others or invalidated through administrative processes or litigations. We cannot provide assurance that we will prevail in such litigations, and, even if we do prevail, we may not obtain a meaningful relief. Accordingly, despite our efforts, we may be unable to prevent external parties from infringing or misappropriating our intellectual property. Any intellectual property that we own may not provide us with competitive advantages or may be successfully challenged by external parties.

We have been and may be subject to intellectual property infringement claims or other allegations, which may materially and adversely affect our business, financial condition and prospects.

We cannot be certain that our services and information provided on our website, operating and technology systems, Weixin Mini Programs and public accounts and mobile apps do not or will not infringe patents, copyrights, trademarks or other intellectual property rights held by external parties. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks, copyrights or other intellectual property rights, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights.

In addition, we allow the agents on our platform to upload listings to our mobile apps and websites, which may include images or other detailed information of houses. However, a small portion of such content posted on our mobile apps and websites may expose us to allegations by third parties regarding, among other things, infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of third-party rights. Our failure to identify unauthorized content posted on our mobile apps and websites may subject us to claims of infringement of third-party intellectual property rights or other rights, defending of which may impose a significant burden on our management and employees, and there can be no assurance that we will obtain final outcomes that are favorable to us.

The validity, enforceability and scope of intellectual property rights protection in internet-related industries, particularly in China, are still evolving. For example, as we face increasing competition and as litigation is more frequently used to resolve disputes in China, we face a higher risk of being the subject of intellectual property infringement claims. Pursuant to laws and regulations, internet service providers may be held liable for damages if such providers have reason to know that content infringes the copyrights of others. In cases involving the unauthorized posting of copyrighted content by users on websites in China, there have been court proceedings but no specific official interpretation or guidance as to when and how hosting providers and administrators of websites can be held liable for the unauthorized posting by external parties of copyrighted material. Any such proceeding could result in significant costs to us and divert our management's time and attention from the operation of our business, as well as potentially adversely impact our reputation, even if we are ultimately absolved of all liability.

We face competition from other industry players. We may lose market share and customers if we fail to compete effectively.

The housing related industry in China is rapidly evolving and increasingly competitive. Although we believe no other industry player in China operates under the integrated platform business model similar to ours, we face competition from players in different segments of the housing transactions and services industry. We face competition with other online platform for housing transactions, property listings or traffic, and our housing database might be exposed to fierce competition. We may also face intense competition from other housing transaction companies for their agent networks. For our new home sales business, we also compete with other new home sales channels. In addition to these platforms and companies at the national level, we compete with offline traditional real estate brokerage stores and brands for real estate agents and housing customers locally. We also compete with other companies for housing related services, such as other providers of home renovation and furnishing services and home rental services.

Increasing competition in the housing transactions and services industry would lead to declining market share and commission rate, make it more difficult for us to retain and attract real estate brokerage brands and agents, service providers, business partners and customers, or force us to increase irrational sales and marketing expenses, any of which could harm our financial condition and results of operations. We cannot assure you that we will be able to compete successfully against current or future competitors, and competitive pressures may have a material and adverse effect on our business, financial condition and results of operations.

The businesses of Ziroom Inc., its subsidiaries and consolidated affiliated entities, or collectively, Ziroom, one of our related parties, involve, among other things, the leasing solutions and property-related services offered to property owners with respect to dispersed and centralized assets. Those businesses of Ziroom may potentially compete with our home rental services, including *Carefree Rent*, which were developed at scale by us during the second half of 2022. However, in view of a number of factors, including, among other things, the differences in target customer clusters, rental products and principal business focuses between the businesses operated by Ziroom and us, as well as the corporate governance measures put in place by us, including the fiduciary duties of a director, the separate and independent management teams over the relevant businesses and measures adopted to resolve situations where a director may have a conflict of interest, we are of the view that there is no material competition between the businesses operated Ziroom and us. However, we cannot assure you that the competition between Ziroom and us will not become more intense. If such competition becomes more intense in the future, our business, financial condition and results of operations may be materially and adversely impacted.

If other companies copy property listings from our mobile apps and websites and publish or aggregate them for their own benefit, attractiveness of our platform may decline.

There is no assurance that other companies would not copy property listings or other information from our mobile apps, websites and Weixin Mini Programs, through website scraping, robots or other means, and publish or aggregate it with other information for their own benefit. When external parties engage in such conducts, housing customers may be misguided and driven away from our platform and complete their transactions somewhere else, which could materially and adversely affect our business and results of operations. We may fail to detect such anti-competitive conduct in a timely manner and, even if we could, we may find it costly to be fixed or not be able to prohibit it.

Tencent provides services to us in connection with various aspects of our operations. If such services become limited, restricted, curtailed, less effective or more expensive or become unavailable to us for any reason, our business may be materially and adversely affected.

We collaborate with Tencent, one of our principal shareholders and a leading internet service provider in China that provides communication and social, digital content, online advertising, fintech, cloud and other business services. We entered into a cloud services and technical services framework agreement with Tencent, pursuant to which Tencent agreed to provide us with certain cloud and technical services. If services provided by Tencent to us become limited, compromised, restricted, curtailed, less effective, more expensive, or unavailable to us for any reason, including the availability of our Weixin Mini Programs, customer access to our platform via Weixin and the provision of cloud and other business services, our business may be materially and adversely affected.

We derive a substantial portion of our revenues from China's major cities, in particular, Beijing and Shanghai, and we face market risk due to our concentration in these major urban areas.

Beijing and Shanghai are the two largest housing related markets in China. In 2023, 2024 and 2025, 32.3%, 35.6% and 38.9%, respectively, of our net revenues were generated from these two markets on a combined basis. We expect these two urban centers to continue to be the important sources of revenues in all of our revenue categories. If we fail to maintain our competitive positions in either of the two major urban areas, or if either of them encounters events which negatively impact the housing related industry or online platform business, such as a serious economic downturn or contraction, a natural disaster, or a decline in housing price or price control due to governmental policies or otherwise, demand for our products and services could significantly decline and our net revenues and profitability could be materially and adversely impacted.

Any unexpected material deterioration in the business and financial results of Lianjia may materially adversely affect our financial condition and results of operations.

Being the brand that we own and operate directly, *Lianjia* is also the leading real estate brokerage brand in respect of service quality on our platform in terms of revenue. Thus far, *Lianjia* has accounted for a significant portion of our revenue. Accordingly, our revenues, financial condition or results of operations may be materially affected by fluctuations in the business of *Lianjia*. If *Lianjia* fails to continue to efficiently serve the needs of our housing customers and if other brands on our platform are unable to compensate the gap, or if any unexpected deterioration of the business and financial results of *Lianjia* occurs, our business, results of operations, financial condition and prospects will be materially and adversely affected.

We have granted and expect to continue to grant share-based awards in the future under our share incentive plans, which may result in increased share-based compensation expenses.

We adopted (i) a Pre-IPO Share Option Scheme in 2018, or the 2018 Share Option Plan, (ii) a 2020 Global Share Incentive Plan, as amended in April 2022 and effective in May 2022, or the 2020 Share Incentive Plan, and (iii) a 2022 Global Share Incentive Plan, or the 2022 Share Incentive Plan, to provide additional incentives to employees, directors and consultants. The maximum aggregate number of ordinary shares which may be issued under the 2018 Share Option Plan is 350,225,435. No options were or will be granted pursuant to the 2018 Share Option Plan after our Hong Kong Listing in May 2022. The maximum aggregate number of ordinary shares which may be issued under the 2020 Share Incentive Plan is amended to 253,246,913 upon our Hong Kong Listing, excluding a total of 43,407,213 restricted share units representing the same number of Class A ordinary shares granted before. The maximum aggregate number of ordinary shares which may be issued under the 2022 Share Incentive Plan is 125,692,439, all of which were granted in the form of restricted shares. See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans." We have granted share-based awards and recorded RMB3,216 million, RMB2,726 million and RMB1,905 million (US$272 million) in 2023, 2024 and 2025, respectively, in share-based compensation expenses in relation to such share-based award grants. We also expect to continue to grant awards under our share incentive plans, which we believe is of significant importance to our ability to attract and retain key personnel and employees. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our financial condition and results of operations.

We have in the past been subject to legal and regulatory proceedings and administrative investigations and may continue to be subject to these proceedings and investigations from time to time. If the outcome of these proceedings or investigations is adverse to us, it could have a material adverse effect on our business, reputation, results of operations and financial condition.

We have been, and may from time to time in the future be, subject to various legal and regulatory proceedings arising in the ordinary course of our business. Claims and complaints arising out of actual or alleged violations of laws and regulations could be asserted against us by real estate developers and other business partners, agents and other service providers, customers, our competitors, or governmental entities in administrative, civil or criminal investigations and proceedings or by other entities.

As we entered into contractual relationship with various real estate developers, brokerage brands and stores, material suppliers, and customers, we have been and may be involved in disputes and legal or administrative proceedings in the ordinary course of our business. We may also be involved and assume joint liability when we provide services to business partners on our platform who are named as defendants by customers due to various reasons including contract violations, lack of licenses or qualifications, lack of cash liquidity and bankruptcy of such business partners.

We have been and may continue to be subject to formal and informal inquiries, investigations and inspections from government authorities and regulators regarding our compliance with laws and regulations, many of which are evolving and subject to interpretation by local regulatory authorities. Most of these administrative actions may be routine in nature and carried out as part of the market monitoring and supervision functions of the regulatory authorities, but some of them may be triggered by our industry position in housing transactions and services industry or by complaints from third parties or customers. Especially, our industry position in housing transactions and services industry and our approach to expand our businesses through an online platform may draw heightened scrutiny from the regulatory authorities or cause to be paid close attention to our business operation.

The above-mentioned inquiries, inspections, investigations, claims and complaints can be initiated or asserted under or on the basis of a variety of laws and regulations in different jurisdictions, including real estate laws, advertising laws, home rental laws, value-added telecommunication services laws, home renovation service-related laws, real estate development laws, intellectual property laws, unfair competition laws, anti-monopoly laws, data protection and privacy laws, labor and employment laws, securities laws, cybersecurity laws, finance services laws, work safety laws, fire protection laws, tort laws, contract laws, property laws and customer protection laws. There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. If we fail to defend ourselves in these actions, we may be subject to restrictions, fines or penalties that will materially and adversely affect our operations. Even if we are successful in our attempt to defend ourselves in legal and regulatory actions or to assert our rights under various laws and regulations, the process of communicating with regulators, defending ourselves and enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity, substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business.

We are subject to the Foreign Corrupt Practices Act and other anti-corruption laws, trade sanction laws and export control laws, violation of which could adversely affect our reputation, business, prospects, operating results and financial condition.

We are subject to risks associated with doing business outside of the United States, including exposure to complex foreign and U.S. regulations such as the Foreign Corrupt Practices Act and other anti-corruption laws which generally prohibit companies listed in the U.S., their employees, and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business and which generally require companies to keep accurate books and records in reasonable detail. Violations of this act and other anti-corruption laws may result in severe criminal and civil sanctions and other penalties. It may be difficult to fully control and oversee the conduct of contractors, business partners, representatives, service providers, third-party agents or our employees, including real estate agents and home rental service providers on our platform, potentially exposing us to greater risk from their actions. If the aforesaid individuals or entities fail to comply with applicable laws or company policies governing our operations, we or our employees may face legal proceedings and actions which could result in civil penalties, administration actions and criminal sanctions. Any determination or publication that we or our employees have violated any anti-corruption laws or that our books and records are not sufficiently detailed or accurate could harm our reputation and have an adverse impact on our business and financial condition.

In addition, any changes in trade sanctions laws or export control laws may also restrict our business practices. Violations of these laws and regulations could result in significant fines, civil, criminal or administrative sanctions against us, our directors and officers or our employees, requirements to obtain export licenses, disgorgement of profits, prohibitions on the conduct of our business and our inability to market our services. Any changes to or violations of such laws could materially damage our reputation, brand, expansion efforts, ability to attract and retain customers, agents and other service providers as well as our business, prospects, operating results and financial condition.

We may not be able to maintain our culture, which has been a key to our success.

Our culture, implicated in our grand vision and mission, is important to us, and we believe it has been critical to our success. We may have difficulties maintaining our culture or adapting it sufficiently to meet the needs of our future and evolving operations as we continue to grow, in particular as we have become a public company with the attendant changes in policies, practices, corporate governance and management requirements. Failure to maintain our culture could have a material and adverse effect on our business, results of operations, financial condition and prospects.

Our expansion into new service and product categories and businesses may expose us to new challenges and more risks.

Although we have been successful in expanding into new service and product categories and businesses, such as establishing our platform business, we cannot assure you that we will be able to continue our success in our expansion into new service and product categories and businesses in the future. For example, we are cooperating with more real estate developers for new home sales on our platform and we are expanding into adjacent opportunities such as home renovation and furnishing and home rental services. Meanwhile, we are leveraging our technological capabilities to offer functions such as VR property showing. In recent years, we launched our home renovation and furnishing services through *Beiwoo* in 2020 and expanded such services through acquisition of Shengdu which closed in 2022. We also launched our home rental services including our decentralized home rental services, *Carefree Rent*. In 2023, we have upgraded our corporate strategy to "One Body, Three Wings" to add *Beihaojia* business, which focuses on upgrading new homes, as a third wing. The business model of *Beihaojia* is at an early stage and subject to changes. Our lack of experience with these new service and product categories may adversely affect our prospects and our ability to compete with the existing market players in any of these service and product categories. As part of our ongoing transformation, we may continue to evolve our service model and business model in response to market conditions, customer demand, regulatory developments and strategic priorities. Such transformation may create additional uncertainties relating to execution, customer acceptance, resource allocation and compliance, and may not achieve the benefits we expect. Moreover, expansion into new businesses or transformation of business model may disrupt our ongoing business, distract our management and employees and increase our expenses to cover unforeseen or hidden liabilities or costs. We may also face challenges in achieving the expected benefits of synergies and growth opportunities in connection with these new service categories and businesses. Besides, we may be subject to additional compliance requirements for these new service and product categories and businesses. Failure to expand successfully may also diminish investor confidence in our decision-making and execution capabilities, which could materially and adversely affect our business, results of operations, financial condition and prospects.

Our Beihaojia business is subject to various risks.

Beihaojia primarily provides C2M product solutions for real estate developers and other business partners, leveraging Beike's vast data accumulation and Beike's capability to connect potential customers, which is a relatively innovative business model that may not be well perceived by the customers or real estate developers and other business partners. If the market acceptance of the C2M product solutions is not as well as expected, the expansion of our *Beihaojia* business may be restrained and may not justify the cost of operating the business. Consequently, our results of operations may be materially and adversely affected.

In addition to the risks associated with the market acceptance of the *Beihaojia* business and associated with the housing related industry, we are subject to risks relating to real estate development. In the process of promoting C2M product solutions, we have and may continue to cooperate with real estate developers to acquire land and carry out subsequent development and operations. We have also undertaken certain independent projects to verify the competitive advantages of C2M product solutions in the stages of land acquisition, product positioning and design, development and construction, and sales. *Beihaojia's* operating performance may fluctuate due to factors such as the progress of property projects developed by us or in cooperation with our business partners, whether the properties are welcomed by target customers, the rise and fall of land costs and construction expenses, as well as a downward pricing trend in the real estate market prices. In our cooperation projects with real estate developers, the return on such investments is subject to various factors, including the overall progress and financial performance of the underlying property projects. If these projects do not achieve expected results, our business, financial condition, results of operations and prospects may be adversely affected. Moreover, when the profitability of our cooperation projects deteriorates, whether due to a slowdown in sales pace, reduction of pricing, or other factors, such deterioration may serve as an indicator of potential future losses upon delivery and we may face possible further impairment risks in the related investments. In our existing independent projects, we record the property inventories at cost. If the market environment deteriorates, the sales of the properties we develop slow down, or prices decline, the business may face impairment risks, adversely affecting our operating results.

Although currently we do not heavily rely on financing for our *Beihaojia* business, if we require additional financing for future land development in cooperation with our business partners, there can be no assurance that such additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favorable to us.

If our expansion into new geographical areas is not successful, our business and prospects may be materially and adversely affected.

We have a track record of successfully expanding into new geographical areas. We cannot assure you, however, that we will be able to maintain this momentum in the future. As the conditions of the housing markets in any new local markets may vary significantly from where we currently operate our platform, expansion into new geographical areas involves new risks and challenges. Our lack of familiarity with, and housing data relating to, these geographical areas may make it more difficult for us to keep pace with the evolving market conditions. In addition, there may be one or more existing market leaders in any geographical area that we decide to expand into. If we fail to cooperate with them, such companies may be able to compete more effectively than us by leveraging their experience in doing business in that market as well as their familiarity with the local customers.

Regulatory uncertainties related to financial services in China could harm our business, financial condition and results of operation.

Our financial services may be subject to a variety of PRC laws and regulations governing financial services. The application and interpretation of these laws and regulations are evolving and are subject to the discretion of government authorities. In particular, the PRC government's regulatory framework governing the new and evolving online finance market and its ancillary services, which concerns the transactions that our platform facilitates between our customers and external financial institutions, the cooperation between us and financial institutions and other housing related financial services we provide, is evolving and is subject to further change, interpretation and implementation of local enforcement practice at this stage. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Financing."

For example, pursuant to the Circular on the Issuance of the Supplementary Provisions on Supervision and Administration of Financing Guarantee Companies, which was issued in October 2019 and amended in June 2021, to clarify that residential real estate guarantee companies shall be regulated under the financing guarantee regulations and shall acquire a financing guarantee business license before June 2020. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Financing—Regulations Related to Financing Guarantee." As we offer guarantee services through guarantee companies, we are subject to this circular and other regulations related to financing guarantee companies. Beijing Zhongrongxin Financing Guarantee Limited Co., Ltd., a subsidiary of Yiju Taihe, and Shenzhen Beike Financing Guarantee Limited Co., Ltd., one of our PRC subsidiaries, have obtained the license for financing guarantee business. However, as the interpretation and implementation of laws and regulations on financing guarantee are uncertain and still evolving, we cannot assure you that our financing guarantee business do not and will not violate laws and regulations in China.

As of the date of this annual report, we have not been subject to any material fines or other penalties under any PRC laws or regulations on our financial services. The PRC government may adopt new laws and regulations for the online and mobile or even offline finance market in the future and impose specific requirements (including licensing requirements) on market participants, or enhance the implementation of existing laws and regulations. If our financial services or practice are deemed to have violated any existing or future laws and regulations, we may face injunctions, including orders to rectify or cease activities, and may be subject to other penalties as determined by the government authorities. Furthermore, we may be ordered to adjust our finance services to meet the new requirements under the laws, rules and regulations, which may require considerable resources and time, and could significantly affect the operation of our business.

If we fail to adopt new technologies or adapt our mobile apps, websites and systems to changing user requirements or emerging industry standards, our business may be materially and adversely affected.

We must continue to enhance and improve the functionality, effectiveness and features of our websites, mobile apps and Weixin Mini Programs. The internet and online mobile application industry are characterized by rapid technological evolution, changes in customer requirements and preferences, frequent introductions of new products and services embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. In recent years, we invested in the development of many new technologies and business initiatives, such as virtual reality, Smart Hardware and Internet-of-Things and big data. The development of websites, mobile apps and other proprietary technologies entails significant technical and business risks. We cannot assure you that we will be able to successfully develop or effectively use new technologies, recoup the costs of developing new technologies or adapt our websites, mobile apps, proprietary technologies and systems to meet customer requirements or emerging industry standards. If we are unable to adapt in a cost-effective and timely manner in response to changing market conditions or user preferences, whether for technical, legal, financial or other reasons, our business may be materially and adversely affected.

Some of our products and services contain open-source software, which may pose a particular risk to our proprietary software, products and services in a manner that negatively affects our business.

We use open-source software in our software and systems and will use open-source software in the future. The licenses applicable to our use of open-source software may require the source code that is developed using open-source software be made available to the public and that any modifications or derivative works to certain open-source software continue to be licensed under open-source licenses. From time to time, we may face claims from external parties claiming infringement of their intellectual property rights, or demanding the release or license of the open-source software or derivative works that we developed using such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open-source license. Our use of open-source software may also present additional security risks because the source code for open-source software is publicly available, which may make it easier for hackers and other parties to determine how to breach our website and systems that rely on open-source software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a material adverse effect on our business, results of operations, financial condition and prospects.

If major mobile application distribution channels change their standard terms and conditions in a manner that is detrimental to us, or suspend or terminate their existing relationship with us, our business, financial condition and results of operations may be materially and adversely affected.

We currently cooperate with Apple's app store and major Android app stores to distribute our mobile applications to users. As such, the promotion, distribution and operation of our applications are subject to such distribution platforms' standard terms and policies for application developers, which are subject to the interpretation of, and frequent changes by, these distribution channels. If these third-party distribution platforms change their terms and conditions in a manner that is detrimental to us, or refuse to distribute our applications, or if any other major distribution channel with which we would like to seek collaboration refuses to collaborate with us in the future on commercially favorable terms, our business, financial condition and results of operations may be materially and adversely affected.

Our business depends substantially on the continuing efforts of our directors, executive officers and other key persons. If we lose their services, our business operations and growth prospects may be materially and adversely affected.

Our future success depends substantially on the continuing efforts of our directors, executive officers and key persons. In particular, we rely on the leadership, expertise, experience and vision of our directors and senior management team. If one or more of our directors, executive officers or other key persons were unable or unwilling to continue their services with us, whether due to resignation, accident, health condition, family considerations or any other reason, we might not be able to find their successors, in a timely manner, or at all. Since the housing transactions and services industry is characterized by high demand and intense competition for talent, we cannot assure you that we will be able to attract or retain qualified management or other highly skilled employees.

We do not have key man insurance for our directors, executive officers or other key persons. If any of our key persons terminate his or her services or otherwise becomes unable to provide continuous services to us, our business may be severely and adversely affected, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain qualified personnel. Each of our executive officers and key employees has entered into an employment agreement with a non-compete clause with us. However, these agreements may be breached by the counterparties, and there may not be adequate and timely remedies available to us to compensate our losses arising from the breach. We cannot assure you that we would be able to enforce these non-compete clauses. If any of our executive officers or key persons joins a competitor or forms a competing company, we may lose customers, know-hows and key professionals and staff members.

Pandemics and epidemics, natural disasters, terrorist activities, political unrest and other outbreaks could disrupt our production, delivery, and operations, which could materially and adversely affect our business, financial condition and results of operations.

Global pandemics, epidemics, or fear of the spread of contagious diseases, such as COVID-19, Middle East respiratory syndrome (MERS), Ebola virus disease, severe acute respiratory syndrome (SARS), H1N1 flu, H7N9 flu and avian flu, as well as hurricanes, earthquakes, tsunamis, or other natural disasters could disrupt our business operations, reduce or restrict the ability of real estate agents and other service providers, including those in home renovation and furnishing and home rental services, to provide services, or incur significant costs to protect our employees and facilities. Actual or threatened wars, terrorist activities, political unrests, civil strife and other geopolitical uncertainty could have a similar adverse effect on our business, financial condition and results of operations.

We rely on certain key operating metrics to evaluate the performance of our business, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We rely on certain key operating metrics, such as GTV, the number of active real estate brokerage stores and agents on our platform, among other things, to evaluate the performance of our business. Our operating metrics may differ from estimates published by third parties or from similarly titled metrics used by other companies due to differences in methodology and assumptions. We calculate these operating metrics using internal company data. There are inherent challenges in measuring such key metrics and company data, and measurement of such metrics and data may be susceptible to delays and technical errors. If we discover material inaccuracies in the operating metrics we use, or if they are perceived to be inaccurate, our reputation may be harmed and our evaluation methods and results may be impaired, which could negatively affect our business. If investors make investment decisions based on operating metrics we disclose that are inaccurate, we may also face potential lawsuits or disputes.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

We maintain various insurance policies to safeguard against risks and unexpected events. However, we do not maintain business interruption insurance or key-man insurance. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Our results of operations are subject to seasonal fluctuations.

Our business is subject to seasonal fluctuations, normally with relatively weaker performance in the first quarter, consistent with the housing related industry in general. Subject to any other macroeconomic or regulatory conditions, the first quarter of each calendar year generally contributes the smallest portion of our annual revenue, primarily due to a reduced number of housing transactions and rental activities during the Chinese New Year holiday period and reduced home renovation and furnishing works in winter. We may face new factors that may increase the seasonality fluctuation in the future. As a result, our results of operations and the trading price of our Class A ordinary shares or ADSs may fluctuate from time to time due to seasonality.

Our use of some leased properties for offices and stores and for home rental business could be challenged by external parties or government authorities, which may cause interruptions to our business operations.

Certain lessors of our leased properties have not provided us with their property ownership certificates or any other documentation proving their right to lease those properties to us. If lessors of our leased properties for offices and stores, as well as lessors for our home rental services, are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the government authorities, or our lessors are subject to property seizure or other proceedings that affect the properties, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us. We may not have entered into written contracts with our lessors properly for a few of our leased properties in a timely manner and the lessors of such properties may claim to terminate our leases. We may not be able to find alternative properties to lease in a timely and reliable manner, or at all. While some lessors have represented and warranted to us that they are the owners of the leased properties or have the legal rights to lease those property to us and have agreed to indemnify us against the losses resulting from the ownership defects or their failure to obtain the required approvals in accordance with the applicable laws and regulations, there is no assurance that we will be able to successfully enforce such indemnification obligations against the lessors or that such indemnification can cover losses from all the ownership defects. In addition, some of the leased properties may also be subject to mortgage at the time the leases were entered into. If no consent had been obtained from the mortgage holder under such circumstances, the lease might not be binding on the transferee of the property in the event that the mortgage holder forecloses on the mortgage and transfers the property to another party. In addition, a portion of our leasehold interests in leased properties have not been registered with the PRC governmental authorities as required by PRC law. The PRC governmental authorities may order us to register the lease agreements within a prescribed time limit. Failure to do so may subject us to a fine ranging from RMB1,000 to RMB10,000 for each lease agreement. As of the date of this annual report, we had not been subject to any administrative penalties due to failure to complete the relevant filings for the lease agreements and we do not expect the failure to register the lease agreements of these properties to be material to our business and results of operations in terms of revenue contribution.

As of the date of this annual report, we are not aware of any material claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties. However, we cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from external parties' challenges on our use of such properties.

Our properties may be subject to safety risks.

Our leased properties, including properties in relation to home renovation and furnishing business and centralized rental property management and operation services, transaction service centers and brokerage stores, must comply with fire safety regulations and pass necessary fire safety verifications or inspections. If any of the leased properties fails to pass such verifications or inspections, or otherwise does not comply with fire safety regulations, we may be exposed to significant fire safety risks and potential fire accidents. Safety risks with respect to leased properties, including our exhibiting and warehousing properties, transaction service centers, brokerage stores and leased properties under our home rental services, or properties that we help renovate and furnish may arise from unauthorized constructions, mezzanine additions and improper use of fire, electricity, gas or home appliance, aging of electrical circuits, gas leakage and spontaneous combustion of electrical appliances. Such risks or incidents could subject us to administrative penalties, forced closure of properties, interruptions to business operations, reputational harm, costs of rectification or, in the event of accidents, personal injuries, casualties and property damages.

Enforcement of stricter labor laws and regulations and increases in labor costs in the PRC may materially and adversely affect our business and our profitability.

Our labor costs, including wages and employee benefits, may increase from time to time. Unless we are able to pass on these increased labor costs to our customers who pay for our services, our profitability and results of operations may be materially and adversely affected. Further, pursuant to the PRC Labor Contract Law, as amended, and its implementation rules, employers are subject to various requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to affect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

In addition, under the PRC Social Insurance Law and the Regulations on the Administration of Housing Funds, employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance, and housing provident funds, and employers are required, together with their employees or separately, to pay the contributions to social insurance and housing provident funds for their employees. The government agencies may examine whether an employer has made adequate payments of the requisite statutory employee benefits, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. Certain of our PRC subsidiaries and the VIEs and their subsidiaries have failed to make social insurance and housing fund contributions in full for their employees. In addition, certain of our PRC subsidiaries and the VIEs engage third-party human resources agencies to make social insurance and housing fund contributions for some of their employees, and there is no assurance that such third-party agencies make such contributions in full in a timely manner, or at all. If the PRC authorities determine that we shall make up for social insurance and housing fund contributions or that we are subject to fines and legal sanctions in relation to our failure to make social insurance and housing fund contributions in full for our employees, our business, financial condition and results of operations may be adversely affected.

Furthermore, pursuant to the PRC Labor Contract Law and the Interim Provisions on Labor Dispatch, dispatched labor is only intended to be a supplementary form of employment, the number of which shall not exceed 10% of the employer's total labor force. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Employment and Social Welfare—Labor Dispatch." We have historically hired dispatched workers from employment agencies from time to time and the number of dispatched workers may have exceeded 10% the total number of our labor force in the past. Although we aim to not assign dispatched workers on significant tasks, there is no assurance that the assignments performed by them are always temporary and ancillary in nature. We have formulated and implemented a plan to contain the number of dispatched workers and stay compliant. As of the date of this annual report, the number of our dispatched workers does not exceed 10% of the total number of our labor force. However, we cannot assure you that the number of dispatched workers we use will not exceed 10% of the total number of our labor force as we continue to develop and expand our business. If the number of our dispatched workers exceeds 10% of the total labor force in the future, we could be ordered to rectify within a specified period of time, and could be subject to fines if we fail to do so, which could have a material adverse effect to our business, financial condition and results of operations.

We cannot assure you that our employment practices will be deemed to be in compliance with labor-related laws and regulations in China due to interpretation and implementation uncertainties related to the evolving labor laws and regulations, which may subject us to labor disputes or government investigations. If we are deemed to have violated labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

Our online marketing services may constitute internet advertisement, which subjects us to laws, rules and regulations applicable to advertising.

We derive certain amount of our revenues from online marketing services and other related services. In February 2023, the State Administration for Market Regulation promulgated the Administrative Measures on Internet Advertising, which became effective on May 1, 2023. Pursuant to the measures, internet advertisements are defined as any commercial advertising that directly or indirectly promotes goods or services through internet media in texts, images, audio, video or other forms. Under the measures, our online marketing services and other related services may constitute internet advertisement, and we may be therefore subject to additional obligations as an adverting distributor. For example, pursuant to the measures, an adverting distributor must examine, verify and record identity information of its advertisers, such as the advertiser's name, address and contact information, and maintain an updated verification of such information on a regular basis. Moreover, it must examine the supporting documentation provided by the advertisers and adverting operators. Where a special government review is required for specific categories of advertisements before posting, the adverting distributor must confirm that the review has been performed and approval has been obtained, and no edits or changes to the advertisements are allowed unless they are re-approved by the authority. If the content of the advertisement is inconsistent with the supporting documentation, or the supporting documentation is incomplete, the advertisement cannot be published. As for pop-up advertisements, advertising distributors shall clearly indicate the close button for the advertisements, and shall not engage in any activities that may hinder the users from closing the pop-up advertisements with one click, such as lacking the close button, containing a countdown timer for close, providing false or unidentifiable marks for the close button, requiring more than one click to close, and allowing the advertisement to pop up again after it is closed on the same page or file, etc. In addition, the measures require paid-for search results to be distinguished from natural search results so that consumers will not be misled as to the nature of these search results. As such, we are obligated to distinguish from others the listings characterized as paid-for search results and the real estate brokerage brands, stores or agents who purchase online marketing and related services or the listings by these brands, stores or agents. Furthermore, the measures specify additional compliance requirements for internet advertising businesses. For example, any promotion in the name of knowledge or experience sharing or consumer review but containing links to purchase products and services are also classified as a form of advertisement and thus shall be clearly indicated as "advertisements." Internet advertisements shall not deceive or mislead users into clicking or viewing the advertisements with false or fabricated system or software update reminders or warnings or offer of rewards. If an advertisement contains any link directing to another advertisement, the advertisers, advertising operators and distributors of primary advertisements are responsible for verifying the advertisement contents to which the link is directed and are relevant to the primary advertisement. Internet distributors shall also establish and maintain an archive for the advertisers and advertisements and keep the record for at least three years after the end of the advertisement.

Violation of these laws, rules or regulations may result in penalties, including fines up to RMB2 million or of other amount calculated based on the amount of advertising fees, confiscation of advertising fees and orders to cease dissemination of the advertisements. In circumstances involving serious violations, the PRC government may suspend or revoke a violator's business license or license for operating advertising business. Complying with the abovementioned requirements requires considerable resources and time, and could significantly affect the operation of our business, while at the same time also exposing us to increased liability under the laws, rules and regulations. The costs associated with complying with these laws, rules and regulations, including any penalties or fines for our failure to so comply if required, could have a material adverse effect on our business, financial condition and results of operations.

Expectations relating to environmental, social and governance considerations and related reporting obligations expose us to potential liabilities, increased costs, reputational harm, and other adverse effects on our business.

Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on environmental, social and governance considerations relating to businesses, including climate change and greenhouse gas emissions, and diversity, equity and inclusion. In addition, we make statements about our goals and initiatives through our various non-financial reports, information provided on our website, press statements and other communications. Responding to these environmental, social and governance considerations and implementation of these goals and initiatives involves risks and uncertainties, requires investments, and depends in part on third-party performance or data that is outside our control. We cannot guarantee that we will achieve our announced environmental, social and governance goals and initiatives. In addition, some stakeholders may disagree with our goals and initiatives. Any failure, or perceived failure, by us to achieve our goals, further our initiatives, adhere to our public statements, comply with environmental, social and governance laws and regulations, or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against us and materially adversely affect our business, reputation, results of operations, financial condition and stock price.

If we fail to maintain an effective system of internal control over financial reporting, we may lose investor confidence in the reliability of our financial statements.

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on the company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of its internal control over financial reporting. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of the company's internal control over financial reporting.

Our management has concluded that our internal control over financial reporting was effective as of December 31, 2025. See "Item 15. Controls and Procedures." Our independent registered public accounting firm has issued an audit report, which has concluded that our internal control over financial reporting was effective in all material aspects as of December 31, 2025. However, if we fail to maintain an effective system of internal control over financial reporting in the future, our management and our independent registered public accounting firm may not be able to conclude that we have effective internal control over financial reporting at a reasonable assurance level. This could in turn result in loss of investor confidence in the reliability of our financial statements and negatively impact the trading price of our Class A ordinary shares or the ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchanges on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements for prior periods. Furthermore, we have incurred and anticipate that we will continue to incur considerable costs, management time and other resources in an effort to comply with Section 404 of the Sarbanes-Oxley Act and other requirements.

We may need additional capital, and we may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

Growing and operating our business will require significant cash investments, capital expenditures and commitments to respond to business challenges, including developing or enhancing new or existing services and technologies and expanding our infrastructure. If cash on hand and cash generated from operations and previous financing activities are not sufficient to meet our cash and liquidity needs, we may need to seek additional capital, potentially through debt or equity financings. We may not be able to raise required cash on terms acceptable to us, or at all. Such financings may be on terms that are dilutive or potentially dilutive to our shareholders, and the prices at which new investors would be willing to purchase our securities may be lower than the current market price per share of our ordinary shares. The holders of new securities may also have rights, preferences, or privileges that are senior to those of existing stockholders. If new financing sources are required, but are insufficient or unavailable, we may need to modify our growth and operating plans and business strategies based on available funding, if any, which would harm our ability to grow our business.

The fair value measurements of short-term and long-term investments inherently involves a certain degree of uncertainty, and such investments may incur fair value losses.

From time to time, we purchase short-term investments, which mainly include bank time deposits, investments in wealth management products issued by financial institutions and held-to-maturity investments issued by financial institutions, and long-term investments, which primarily include long-term time deposits, investments accounted for at fair value (such as long-term wealth management products and equity securities in publicly-listed companies), available-for-sale debt investments, and equity investments. The methodologies that we use to assess the fair value of the short-term and long-term investments involve a significant degree of management judgment and are inherently uncertain. In addition, we are exposed to credit risks in relation to our short-term and long-term investments, which may adversely affect the net changes in their fair value. As of December 31, 2023, 2024 and 2025, we had short-term investments of RMB34.3 billion, RMB41.3 billion and RMB39.6 billion (US$5.7 billion), and long-term investments of RMB23.6 billion, RMB23.8 billion and RMB20.1 billion (US$2.9 billion), respectively. The impairment recorded for equity method investments was RMB10.4 million, nil and RMB61.1 million (US$8.7 million) in 2023, 2024 and 2025, respectively. The impairment recorded for equity investments accounted for using measurement alternative was RMB28.8 million, RMB9.4 million and RMB2.7 million (US$0.4 million) in 2023, 2024 and 2025, respectively.

Impairment loss charged against our goodwill, intangible assets and other long-lived assets could materially and adversely affect us.

We may need to provide impairment losses for our goodwill, intangible assets, and other long-lived assets. Goodwill is not depreciated or amortized but is tested for impairment on an annual basis and between annual tests when an event occurs, or circumstances change that could indicate that the asset might be impaired. In accordance with the FASB, a company first has the option to assess qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. In the qualitative assessment, we consider primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. If we decide, as a result of our qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount, including goodwill. If the carrying amount of each reporting unit exceeds its fair value, an impairment loss equal to the difference will be recorded. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. The judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit. We perform goodwill impairment testing at the reporting unit level on December 31 annually, and between annual tests whenever a triggering event occurs. Impairment charges of goodwill, intangible assets and other long-lived assets recognized for the years ended December 31, 2023, 2024 and 2025 were RMB93.4 million, RMB151.6 million and RMB116.3 million (US$16.6 million), respectively. If we incur significant impairment charges of goodwill, intangible assets, and other long-lived assets in the future, our results of operations may be materially and adversely affected.

We are subject to risks associated with contract liabilities and deferred revenue.

We had contract liabilities and deferred revenue of RMB4,665 million, RMB6,052 million and RMB5,690 million (US$814 million) as of December 31, 2023, 2024 and 2025, respectively. Contract liabilities and deferred revenue are recognized if we receive consideration in advance of performance, which is mainly in relation to the existing home transaction services, new home transaction services, home renovation and furnishing services, home rental services and emerging and other services. If for any reason we were to become unable to fulfill a large amount of these contract liabilities and deferred revenue, we would have to refund the payments we received, which could materially and adversely affect our financial condition and liquidity position, and our brand image, reputation, and relationship with our platform participants might be damaged.

If we are deemed an "investment company" under the Investment Company Act of 1940, it could adversely affect the price of the ADSs and could materially and adversely affect our business, results of operations, and financial condition.

We are not an "investment company" and do not intend to become registered as an "investment company" under Section 3(a) of the Investment Company Act of 1940, or the Investment Company Act. We are primarily engaged in housing transactions and services, including existing and new home sales, home rentals, home renovation and furnishing, and other services.

Under Section 3(a)(1)(C) of the Investment Company Act, a company may be deemed as an "investment company" if it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding, or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of government securities and cash items) on an unconsolidated basis. As a result, if we and/or certain of our subsidiaries are deemed to be an investment company within the meaning of the Investment Company Act, we would have to dispose of investment securities in order to fall outside the definition of an investment company. Additionally, we may have to forego potential future acquisitions of interests in companies that may be deemed to be investment securities within the meaning of the Investment Company Act. Failure to avoid being deemed an investment company under the Investment Company Act, coupled with our inability as a foreign private issuer to register under the Investment Company Act, could make us unable to comply with our reporting obligations as a public company in the United States and lead to our being delisted from the NYSE, which would materially and adversely affect the liquidity and value of the ADSs. We would also be unable to raise capital through the sale of securities in the United States or to conduct business in the United States. In addition, we may be subject to SEC enforcement action or purported class action lawsuits for alleged violations of U.S. securities laws. Defending ourselves against any such enforcement action or lawsuits would require significant attention from our management and divert resources from our existing businesses and could materially and adversely affect our business, results of operations, and financial condition.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership in entities that provide value-added telecommunication services, including online real estate platform services, is subject to restrictions under current PRC laws and regulations, unless certain exceptions are available. Specifically, foreign ownership of a value-added telecommunication service provider may not exceed 50%, except for the investment in the e-commerce operation business, a domestic multi-party communication business, an information storage and re-transmission business and a call center business. In addition, foreign investment in certain financial services in China is still heavily regulated. The relevant authorities retain the discretion in granting the approval of the change of a domestic company conducting certain financial services into a foreign-invested one.

We are a Cayman Islands exempted company, and our PRC subsidiaries are considered foreign-invested enterprises. Accordingly, our PRC subsidiaries are not eligible to provide value-added telecommunication services and certain financial services subject to foreign ownership restriction under PRC laws or certain qualification requirements for foreign investors under other applicable PRC laws and regulations. To ensure compliance with the PRC laws and regulations, we conduct our foreign investment-restricted business in China through the VIEs and their subsidiaries, which currently hold the value-added telecommunication business license, and other licenses necessary for our operation of such restricted business. Our applicable WFOEs have entered into a series of contractual arrangements with the VIEs and their applicable shareholders, respectively, which enable us to (i) direct activities of the VIEs that most significantly affect the economic performance of the VIEs; (ii) receive economic benefits from the VIEs that could be significant to the VIEs; (iii) have the pledge right over the equity interests in the VIEs as the pledgee; and (iv) have an exclusive option to purchase all or part of the equity interests in and assets of the VIEs when and to the extent permitted by PRC law. As a result of these contractual arrangements, we have control over and are the primary beneficiary of the VIEs and hence consolidate their financial results under U.S. GAAP. See “Item 4. Information on the Company—C. Organizational Structure” for further details.

In the opinion of our PRC legal counsel, Han Kun Law Offices, as of the date of this annual report, (i) the ownership structures of our WFOEs and the VIEs in China are not in violation of provisions of applicable PRC laws and regulations currently in effect; and (ii) each of the agreements under the contractual arrangements among our WFOEs, the VIEs and their applicable shareholders governed by PRC law is not in violation of provisions of applicable PRC laws or regulations currently in effect, and valid and binding upon each party to such agreements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect. However, we have been further advised by our PRC legal counsel that the interpretation and application of current and future PRC laws, regulations and rules are evolving. Thus, the PRC governmental authorities may take a view contrary to the opinion of our PRC legal counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structure will be adopted or if adopted, what they would provide. For example, pursuant to the Overseas Listing Trial Measures and its five supporting guidelines issued by the CSRC on February 17, 2023 and became effective on March 31, 2023, domestic companies that seek to offer and list their securities in overseas markets, either in direct or indirect means, are required to file with the CSRC and report relevant information to the CSRC under certain circumstances. At the press conference held for these measures on February 17, 2023, officials from the CSRC clarified that, for companies seeking overseas offering and listing with VIEs and applying to file with the CSRC, the CSRC will solicit opinions from PRC regulatory authorities and complete the filing of the overseas listing of such companies if such companies duly meet the compliance requirements. If we fail to complete the filing with the CSRC in a timely manner or at all for our future capital raising activities which are subject to filing requirements under the measures due to the VIEs, we may be required to unwind the VIEs or adjust our business operations to meet the filing requirements and our ability to raise or utilize funds could be materially and adversely affected. However, as the measures were relatively new, it remains uncertain as to their interpretation, application, and enforcement, in particular, for companies with VIE structures, and how they will affect our operations in mainland China and our future capital raising activities. In addition, if we or the VIEs are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals to operate our business, the PRC governmental authorities would have the discretion to take action in dealing with such violations or failures in accordance with laws and regulations, including:

- revoking the business licenses and/or operating licenses of such entities;
- imposing fines on us;

- confiscating any of our income that they deem to be obtained through illegal operations;
- discontinuing or placing restrictions or onerous conditions on the operations of the VIEs;
- placing restrictions on our right to collect revenues;
- shutting down our servers or blocking our app/websites; or
- requiring us to restructure our ownership structure or operations.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn have a material adverse effect on our financial condition and results of operations. If occurrences of any of these events results in our inability to direct the activities of the VIEs and their subsidiaries in China that most significantly impact their economic performance and/or our failure to receive the economic benefits and residual returns from the VIEs, and we are unable to restructure our ownership structure and operations in a satisfactory manner, we may not be able to consolidate the financial results of the VIEs in our consolidated financial statements in accordance with U.S. GAAP.

If the PRC government determines that the contractual arrangements constituting part of the VIE structure do not comply with PRC regulations, or if these regulations change or are interpreted differently in the future, our Class A ordinary shares and ADSs may decline in value or become worthless if we are unable to direct activities of or receive economic benefits from the VIEs, which collectively held 42.7% of our group's cash, cash equivalents and restricted cash and 11.9% of our group's total assets as of December 31, 2025 and contribute to 0.9% of our net revenues in 2025, excluding inter-group transactions. Our holding company in the Cayman Islands, the VIEs and investors of our company face risks about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a group.

We rely on contractual arrangements with the VIEs and their shareholders to direct activities of the VIEs that most significantly affect the economic performance of the VIEs and receive economic benefits from the VIEs that could be significant to the VIEs, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with the VIEs and their shareholders to conduct a portion of our operations in China, mainly value-added telecommunication services and certain financial services. These contractual arrangements, however, may not be as effective as direct ownership in providing us with control over the VIEs. For example, the VIEs and their shareholders could breach their contractual arrangements with us by, among other things, failing to conduct the operations of the VIEs in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of the VIEs in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by the VIEs and their shareholders of their obligations under the contracts to direct activities of the VIEs that most significantly affect the economic performance of the VIEs and receive economic benefits from the VIEs that could be significant to the VIEs. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and it may be difficult to predict the outcome of such legal proceedings. See "—Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on part of our business."

Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on part of our business.

If the VIEs or their shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective. For example, if the shareholders of the VIEs were to refuse to transfer their equity interests in the VIEs to us or our designee when we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. We cannot assure you that we will be able to effectively enforce these contractual arrangements. See "—Risks Related to Doing Business in China—The PRC legal system is evolving, which leads to uncertainties that could materially and adversely affect us." Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated variable interest entity should be interpreted or enforced under PRC law. There are uncertainties regarding the ultimate outcome of such arbitration if legal action becomes necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to direct activities of the VIEs that most significantly affect the economic performance of the VIEs and receive economic benefits from the VIEs that could be significant to the VIEs, and our ability to conduct the business we currently conduct through the contractual arrangements may be negatively affected.

Certain shareholders of the VIEs may have potential conflicts of interest with us, which may materially and adversely affect part of our business.

Certain shareholders of the VIEs subject to the contractual arrangements may have actual or potential conflicts of interest with us. These shareholders may breach, or cause the VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and the VIEs, which would have a material and adverse effect on our ability to direct activities of the VIEs that most significantly affect the economic performance of the VIEs and receive economic benefits from the VIEs that could be significant to the VIEs and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with the VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

We may invoke the right under the equity pledge agreements with the shareholders of the VIEs to enforce the equity pledge in the case of any shareholder's breach of the contractual arrangements. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. Certain shareholders of the VIEs have executed powers of attorney to appoint one of our WFOEs or a person designated by the respective WFOE to vote on their behalf and exercise voting rights as shareholders of the VIEs. If we cannot resolve any conflict of interest or dispute between us and the shareholders of the VIEs with these contractual arrangements, we would have to rely on legal proceedings, which could result in disruption of part of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

The shareholders of the VIEs may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in the VIEs and the validity or enforceability of our contractual arrangements with the VIEs and their shareholders. For example, in the event that any of the individual shareholders of the VIEs divorces his or her spouse, the spouse may claim that the equity interest of the VIEs held by such shareholder is part of their community property and should be divided between such shareholder and the spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who is not subject to obligations under our contractual arrangements, which could result in a loss of the ability to direct activities of the VIEs that most significantly affect the economic performance of the VIEs and receive economic benefits from the VIEs that could be significant to the VIEs. Similarly, if any of the equity interests of the VIEs is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over the VIEs or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to part of our business and operations and harm our financial condition and results of operations.

Contractual arrangements we have entered into with the VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements in relation to the VIEs were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust income of the VIEs in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by the VIEs for PRC tax purposes, which could in turn increase their tax liabilities without reducing our PRC subsidiaries' tax expenses. In addition, the PRC tax authorities may impose late payment fees and other administrative sanctions on the VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if the VIEs' tax liabilities increase or if they are required to pay late payment fees and other penalties.

We may lose the ability to use and benefit from assets held by the VIEs that are material or supplementary to the operation of our business if either of the VIEs goes bankrupt or becomes subject to dissolution or liquidation proceeding.

As part of our contractual arrangements with the VIEs, these entities may in the future hold certain assets that are material or supplementary to the operation of our business. If either of the VIEs goes bankrupt and all or part of its assets become subject to liens or rights of creditors, we may be unable to continue some or all of our business activities we currently conduct through the contractual arrangement, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, the VIEs may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. If either of the VIEs undergoes voluntary or involuntary liquidation proceeding, unrelated creditors may claim rights to some or all of these assets, thereby hindering our ability to operate part of our business, which could materially and adversely affect our business, financial condition and results of operations.

The interpretation and implementation of the PRC Foreign Investment Law are evolving and we cannot assure you how it may impact the viability of our current corporate structure, corporate governance and operations.

The value-added telecommunications services and certain financial services that we conduct through the VIEs and their subsidiaries are either subject to foreign investment restrictions set forth in the Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Version) issued by the Ministry of Commerce and the NDRC, effective on November 1, 2024, or certain qualification requirements for foreign investors under other applicable PRC laws and regulations.

On March 15, 2019, the National People's Congress promulgated the PRC Foreign Investment Law, which became effective on January 1, 2020. The interpretation and implementation of the law are subject to regulatory authorities. For instance, under this law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangements would not be interpreted as a type of indirect foreign investment activities in the future. In addition, the definition of foreign investment contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws, administrative regulations or provisions of the State Council of the PRC. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council of the PRC to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. If further actions shall be taken under future laws, administrative regulations or provisions of the State Council of the PRC, we may face substantial uncertainties as to whether we can complete such actions. Failure to do so could materially and adversely affect our current corporate structure, corporate governance and operations.

Risks Related to Doing Business in China

Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.

We expect that our revenues will continue to be primarily derived in China and most of our operations will continue to be conducted in China. Accordingly, our results of operations, financial condition and prospects are influenced by economic, political, social conditions and legal developments in China generally and by continued economic growth in China as a whole. While the PRC economy has experienced significant growth over the past decades, there can be no assurance that the growth would be maintained or be even across different sectors. Any severe or prolonged slowdown in the rate of growth of the Chinese economy may adversely affect our business and results of operations, leading to reduction in demand for our services and solutions and adversely affect our competitive position.

The Chinese government has implemented various measures to encourage economic growth. Some of these measures may benefit the overall Chinese economy, while we cannot assure you how these measures would impact us. In the past the Chinese government has implemented certain measures, including interest rate adjustments, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operations.

Our ability to successfully maintain or grow business operations in China depends on various factors, which may be beyond our control. These factors include, among others, macro-economic and other market conditions, political stability, social conditions, measures to control inflation or deflation, changes in the rate or method of taxation, changes in laws, regulations and administrative directives or their interpretation and changes in industry policies. If we fail to take timely and appropriate measures to adapt to any of the changes or challenges, our business, results of operations, financial condition and prospects could be materially and adversely affected.

The PRC legal system is evolving, which leads to uncertainties that could materially and adversely affect us.

The PRC legal system is a civil law system based on written statutes. There is a limited volume of published court decisions that may be cited for reference but not binding on subsequent cases and have limited precedential value unless the Supreme People's Court otherwise provides. The overall effect of legislation over the past few decades has significantly enhanced the protections afforded to various forms of foreign or private-sector investments in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations and enforcement of these laws, regulations and rules may be subject to change. These evolvements and uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims. For example, on December 29, 2023, the Standing Committee of the National People's Congress published the PRC Company Law (2023 Revision), which took effect on July 1, 2024. The PRC Company Law requires shareholders of a company to fully pay in their subscribed registered capital within five years of the establishment of the company. It also provides that companies established before the Company Law comes into force (i.e. July 1, 2024) with a term of capital contributions exceeding the aforementioned five-year period shall adjust their schedule of capital contribution to meet the new requirements, unless otherwise provided by laws and regulations or the State Council. The Provisions on Implementing the Registered Capital Registration and Management System under the PRC Company Law issued by the State Council of the PRC on July 1, 2024 further provide the detailed requirements and measures of the registration and management of registered capital under the PRC Company Law. If a company fails to adjust the period of capital contribution and its registered capital in accordance with these provisions, the competent enterprise registration authority may order such company to rectify. Furthermore, we may be required to fulfill our capital contribution obligations to our PRC subsidiaries or to provide financial support to the shareholders of the VIEs within a significantly shorter timeframe than currently stipulated pursuant to the PRC Company Law.

Besides, the PRC is geographically large and divided into various provinces and municipalities and, as such, the PRC laws, rules, regulations and policies are subject to interpretations of local regulatory authorities and the application and enforcement practice may be varying in different parts of the PRC. PRC laws and regulations, particularly in local applications, can change quickly and may be adopted upon announcement to the public. Furthermore, the PRC legal system is based in part on government policies and we may not be aware of our violation of these policies until sometime after the violation. Changes in government policies may create uncertainties that could adversely affect our business operations. The PRC administrative and judicial authorities have the discretion in interpreting, implementing or enforcing statutory rules and contractual terms, and it may be difficult to precisely predict the outcome of administrative and judicial proceedings. Given above, we may be required to take more responsibilities or meet additional requirements in the future than we currently expect, and may not be aware of our violation of any of these policies and rules until sometime after the violation. Enforcement of agreements that are governed by PRC laws by legal or arbitral proceedings in the PRC could be complex with substantial costs incurred. In addition, any administrative and court proceedings in China may be time-consuming, resulting in substantial costs and diversion of resources and management attention.

The PRC government's oversight and discretion over our business operations could result in a material adverse change in our operations and the value of our securities.

We conduct our business primarily through our PRC subsidiaries, the VIEs and their subsidiaries in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight and discretion over the conduct of our business in accordance with PRC laws and regulations, and may influence our operations. Failure to comply with applicable laws and regulations could result in a material adverse change in our operation and/or the value of our Class A ordinary shares or ADSs.

In recent years, the PRC government has enhanced its oversight on overseas offerings and listings of China-based companies and foreign investment in China-based companies like us. Considering that a series of rules related to overseas listings by domestic companies are newly published and their interpretation and application remain uncertain, we cannot assure you that we will be able to complete filing with the CSRC or will be required to obtain any specific regulatory approvals from the CAC or any other PRC governmental authorities for our future financing activities in a timely manner, if at all, and such approvals and filings may be rescinded even if obtained. Any such circumstance could significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. See "Item 3. Key Information—D. Risk Factors—Filings, approvals or other administration requirements of the CSRC, the CAC or other PRC governmental authorities may be required in connection with our future offshore offerings under PRC law." Furthermore, the PRC government authorities are continually strengthening the oversight and law enforcement in recent years, such as enhancing joint supervision of governmental departments, systemically promulgating and implementing new rules, policies, guidelines and interpretations, and taking other comprehensive actions, which may affect our business model, monetization methods, daily operation, acquisition, investment and business development. In addition, implementation of industry-wide regulations may significantly affect the industries in which we operate, which could have material adverse effect in our operations and cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

Filings, approvals or other administration requirements of the CSRC, the CAC or other PRC governmental authorities may be required in connection with our future offshore offerings under PRC law.

The PRC governmental authorities have strengthened oversight over offerings that are conducted overseas and/or foreign investment in overseas-listed China-based issuers like us. Such actions taken by the PRC government authorities may significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. For instance, the PRC governmental authorities promulgated the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. Pursuant to the opinions, the administration and supervision of overseas-listed China-based companies will be strengthened, and the special provisions of the State Council of the PRC on overseas issuance and listing of shares by such companies will be revised, clarifying the responsibilities of domestic industry regulators and regulatory authorities.

On February 17, 2023, the CSRC issued the Overseas Listing Trial Measures, and five supporting guidelines, which became effective on March 31, 2023. Pursuant to the measures, PRC domestic companies that directly or indirectly seek to offer or list their securities on an overseas stock exchange, including a PRC company limited by shares and an offshore company whose main business operations are in mainland China and intends to offer securities or be listed on an overseas stock exchange based on its onshore equities, assets, incomes or other similar interests, are required to file with the CSRC within three business days after submitting their application documents to the regulator in the place of intended listing or offering. Particularly, as for the PRC domestic companies that have directly or indirectly listed securities in overseas markets intend to conduct follow-on offerings in overseas markets, such companies are required to submit the filing with respect to the follow-on offering within three business days after completion of the follow-on offering. Failure to complete the filing under the measures, concealing any material fact or falsifying any major content in its filing documents may subject the company to administrative penalties, such as order to rectify, warnings, fines. Its controlling shareholders, actual controllers, direct officers-in-charge and other direct personnel-in-charge may also be subject to administrative penalties, such as warnings and fines. The measures also provide circumstances under which an overseas offering and listing of a PRC company is prohibited. At the press conference held for the measures, officials from the CSRC confirmed that the companies in mainland China that have been listed overseas before March 31, 2023 are not required to file with the CSRC immediately, but these companies should complete filing with the CSRC for their refinancing activities and future offerings in accordance with the measures. Based on the foregoing, as of the date of this annual report, we are not required to complete filing with the CSRC for our listing on the NYSE and the Hong Kong Stock Exchange, but we may be subject to the filing requirements for our future capital raising activities under the measures. As the measures were relatively new, there remain uncertainties about how the measures will be interpreted or implemented and how they will affect our operations and future overseas offerings. We cannot assure you that we will be able to complete such filing in a timely manner and fully comply with such regulations to maintain the listing status of our ADSs and/or other securities, or to conduct any securities offerings in the future.

On February 24, 2023, the CSRC, jointly with other governmental authorities, issued the Provisions on Strengthening the Confidentiality and Archive Management Work Relating to the Overseas Securities Offering and Listing by Domestic Companies, which became effective on March 31, 2023. These provisions expanded the applicable scope of the regulation to indirect overseas offerings and listings by companies based in mainland China and emphasized the confidentiality and archive management duties of such companies during the process of overseas offerings and listings.

In addition, pursuant to Cybersecurity Review Measures, which were issued on December 28, 2021 and became effective on February 15, 2022, network platform operators holding over one million users' personal information must apply with the Cybersecurity Review Office for a cybersecurity review before any listing on a foreign stock exchange. The cybersecurity review will evaluate, among others, the risk of critical information infrastructure, core data, important data, or a large amount of personal information being affected, controlled or maliciously used by foreign governments and the cyber information security risk in connection with the listing. The measures are subject to ongoing interpretation and their application in practice may evolve over time as new guidance becomes available. There can be no assurance that whether we should apply for cybersecurity review prior to any offshore offering and that we would be able to complete the applicable cybersecurity review procedures in a timely manner, or at all, if we are required to do so. In addition, on September 24, 2024, the CAC published the Measures on Network Data Security Management, which became effective on January 1, 2025. These measures provide that network data processors carrying out network data processing activities that affect or may affect national security shall undergo a national security review in accordance with relevant national regulations. However, there are still uncertainties with respect to the interpretation and implementation of the Measures on Network Data Security Management.

As of the date of this annual report, we have not received any formal inquiry, notice, warning, sanction, or any regulatory objection to any offshore offering from the CSRC, the CAC, or any other PRC regulatory agencies that have jurisdiction over our operations. If it is determined in the future that filings or approvals from the CSRC, the CAC, or other governmental requirements are required for our future offshore offerings, it is uncertain whether we can or how long it will take us to complete such filings or obtain such approvals, and any such approval could be rescinded even obtained. Any failure to complete such filings, or failure to obtain or delay in obtaining such approvals for our offshore offerings, or a rescission of any such approval obtained by us, would subject us to sanctions by the CSRC, the CAC, or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our offshore offerings into China, or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our Class A ordinary shares or ADSs. In addition, if the CSRC, the CAC, or other regulatory agencies later promulgate new rules or explanations requiring filings, approvals, registrations or other kinds of authorizations for offshore offerings, we cannot assure you that we can complete the filings, obtain the approvals, authorizations, or complete required procedures or other requirements in a timely manner, or at all, or obtain any waiver of aforesaid governmental requirements if and when procedures are established to obtain such a waiver. Complying with new laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. Any uncertainties and/or negative publicity regarding such an approval or other requirements could materially and adversely affect the trading price of our Class A ordinary shares or ADSs.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a Cayman Islands holding company and rely on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Furthermore, the PRC tax authorities may require our subsidiaries to adjust their taxable income under the contractual arrangements they currently have in place with the VIEs in a manner that would materially and adversely affect their ability to pay dividends and other distributions to us.

Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under PRC laws, legal documents for corporate transactions are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with a branch of the State Administration for Market Regulation. In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application which will then be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secure locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of any of our subsidiaries or VIEs. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies may delay us from using the proceeds of our offshore offerings to make loans or additional capital contributions to our PRC subsidiaries and to make loans to the VIEs, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, as well as any loans we provide to the VIEs, are subject to approval by or registration with governmental authorities in China. According to the PRC regulations on foreign invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the registration with State Administration for Market Regulation or its local counterpart and registration with a local bank authorized by SAFE. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE or its local branches and (ii) none of our PRC subsidiaries may procure loans which exceed the difference between its total investment amount and registered capital. Alternatively, our PRC subsidiaries can only procure loans subject to the calculation approach and limitation as provided by the People's Bank of China. Additionally, any medium or long-term loans to be provided by us to the VIEs must be registered with the NDRC and SAFE or its local branches. We may not be able to obtain these government approvals or complete such registrations in a timely manner, or at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries or loans by us to the VIEs. If we fail to receive such approvals or complete such registration or filing, our ability to use the proceeds of our offshore offerings may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

Governmental regulation of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

The PRC government imposes regulations on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China requires approval or registration in accordance with regulatory requirements. We receive our revenues primarily in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing foreign exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries and VIEs to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. We cannot guarantee that additional restrictions on the convertibility of the Renminbi into foreign currencies for the current account transactions will not be imposed in the future. If we are unable to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our Class A ordinary shares or ADSs.

We have very limited hedging options to reduce our exposure to exchange rate fluctuations. We selectively use financial instruments to manage the market risks associated with exposure to fluctuations in interest rates and foreign currency rates. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by exchange administration regulations in China that restrict our ability to convert Renminbi into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

China's M&A Rules and certain other PRC regulations establish procedures and requirements for certain acquisitions of PRC companies, which could make it difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations have established procedures and requirements for merger and acquisition activities in China by foreign investors. In addition to the Anti-Monopoly Law itself and ancillary regulations, these include the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009, and the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated in 2011. These laws and regulations impose requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, pursuant to the Measures for the Security Review of Foreign Investment, which became effective on January 18, 2021, foreign investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and internet services and products, key technologies and other important areas with bearing on national security which results in the acquisition of *de facto* control of investee companies, shall be filed with a working mechanism office jointly established by NDRC and the Ministry of Commerce before such investment is carried out. In addition, pursuant to anti-monopoly laws and regulations, the State Administration for Market Regulation should be notified in advance of any concentration of undertaking if certain thresholds are triggered. In light of the evolvement of the interpretation, implementation and enforcement of the anti-monopoly laws and regulations of the PRC, we cannot assure you that the anti-monopoly law enforcement agency will not deem our future acquisitions or investments to have triggered filing requirement for anti-monopoly review. Moreover, the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire *de facto* control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and prohibit any attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. Furthermore, if an overseas-listed China-based issuer like us conducts a follow-on offering for the purpose of purchasing assets in mainland China, the issuer shall also complete filing with the CSRC in accordance with the Overseas Listing Trial Measures. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the regulations to complete such transactions takes time, and any required approval and filing processes, including clearance from the State Administration for Market Regulation, approval from the Ministry of Commerce and NDRC and filing with the CSRC, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37, which requires PRC residents (including PRC individuals and PRC corporate entities) to register with SAFE or its local branches in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future. In addition, such PRC residents must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. According to the Circular on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, which became effective on June 1, 2015, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by PRC residents in the offshore special purpose vehicles by means of acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. If any PRC shareholder of such special purpose vehicles fails to make the required registration or to update the previously filed registration, the subsidiary of such special purpose vehicles in China may be prohibited from distributing theirs profits or the proceeds from any capital reduction, share transfer or liquidation to the special purpose vehicles, and the special purpose vehicles may also be prohibited from making additional capital contributions into their subsidiary in China.

We have notified all individuals or entities who directly or indirectly hold shares in our Cayman Islands holding company and are known to us as PRC residents to complete the foreign exchange registrations. However, we may not be informed of the identities of all the PRC individuals or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with the SAFE registration requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by the SAFE regulations. In addition, concerning the uncertainty of the application of SAFE Circular 37, some of our current beneficial owners who are PRC residents failed to complete or update their SAFE registrations to address the changes of their offshore interest. Failure by such shareholders or beneficial owners to comply with the SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. See "Item 4. Information on the Company—B. Business Overview—Regulations Related to Foreign Exchange and Dividend Distribution— Regulations Related to Stock Incentive Plans." We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been or will be granted incentive shares or options are subject to these regulations. Failure to complete the SAFE registrations may subject us or them to fines and legal sanctions. In addition, laws and regulations and their interpretation may change from time to time and there remains uncertainties with respect to their implementation, which could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with its "*de facto* management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "*de facto* management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the "*de facto* management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "*de facto* management body" text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "*de facto* management body" in China, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and minutes of board and shareholder meetings are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "*de facto* management body." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to PRC enterprise income on our worldwide income at the rate of 25% and we will be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our Class A ordinary shares and ADSs. In addition, gains realized on the sale or other disposition of our ADSs or Class A ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the clauses of any applicable tax treaty), if such gains are deemed to be from the PRC. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Class A ordinary shares or ADSs.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, which may have a material adverse effect on our financial condition and results of operations.

On February 3, 2015, the State Administration of Taxation issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or SAT Circular 7. SAT Circular 7 extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Circular 7 provides certain criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Circular 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. On October 17, 2017, the State Administration of Taxation issued the Circular on Issues of Tax Withholding Regarding Non-PRC Resident Enterprise Income Tax, or SAT Circular 37, which came into effect on December 1, 2017. SAT Circular 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the tax authority. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Circular 7 and/or SAT Circular 37. As a result, we may be required to expend valuable resources to comply with SAT Circular 7 and/or SAT Circular 37, or to establish that we and our non-PRC resident investors should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions against us or our directors and officers named in the annual report based on foreign laws.

We are an exempted company incorporated under the laws of the Cayman Islands, we conduct substantially all of our operations in China, and substantially all of our assets are located in China. A majority of our directors and executive officers are nationals or residents of jurisdictions other than the United States and most of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have been advised by Harney Westwood & Riegels that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the Cayman Islands Grand Court will at common law enforce final and conclusive in personam judgments of state and/or federal courts of the United States of America, or the Foreign Court, of a debt or definite sum of money against the Company (other than a sum of money payable in respect of taxes or other charges of a like nature, a fine or other penalty (which may include a multiple damages judgment in an anti-trust action) or where enforcement would be contrary to public policy). The Grand Court of the Cayman Islands may also at common law enforce final and conclusive in personam judgments of the Foreign Court that are non-monetary against the Company, for example, declaratory judgments ruling upon the true legal owner of shares in a Cayman Islands company. The Grand Court will exercise its discretion in the enforcement of non-money judgments by having regard to the circumstances, such as considering whether the principles of comity apply. To be treated as final and conclusive, any relevant judgment must be regarded as *res judicata* by the Foreign Court. A debt claim on a foreign judgment must be brought within 6 years of the date of the judgment, and arrears of interest on a judgment debt cannot be recovered after six years from the date on which the interest was due. The Cayman Islands courts are unlikely to enforce a judgment obtained from the Foreign Court under civil liability provisions of U.S. federal securities law if such a judgment is found by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Such a determination has not yet been made by the Grand Court of the Cayman Islands. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere. A judgment entered in default of appearance by a defendant who has had notice of the Foreign Court's intention to proceed may be final and conclusive notwithstanding that the Foreign Court has power to set aside its own judgment and despite the fact that it may be subject to an appeal the time-limit for which has not yet expired. The Grand Court may safeguard the defendant's rights by granting a stay of execution pending any such appeal and may also grant interim injunctive relief as appropriate for the purpose of enforcement.

Substantially all of our officers and directors are located in China, and it will be difficult to enforce liabilities and enforce judgments on those individuals. The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other written forms of reciprocity with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. As such, the PRC courts will review and determine the applicability of the reciprocity principle on a case-by-case basis and the length of the procedure is uncertain. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, enforcement of a judgment rendered by a court in the United States is subject to the judgment of PRC courts considering the foregoing factors. In addition to the aforesaid substantial uncertainties, the foreign shareholders seeking the enforcement of a foreign judgment in the PRC courts could incur substantial legal and other costs that may be material to the shareholders. Shareholders could potentially spend a considerable amount of time and other resources to go through the recognition and enforcement procedure, which may be a significant burden for the shareholders, but with no assurance of ultimate success.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

It may be difficult for overseas regulators to conduct investigation or collect evidence within China.

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the Unities States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. The Provisions on Strengthening the Confidentiality and Archive Management Work Relating to the Overseas Securities Offering and Listing by Domestic Companies, which became effective on March 31, 2023, provide that the investigation and evidence collection in relation to the oversea securities offering and listing of the PRC domestic companies by the overseas securities regulatory authorities and other authorities shall be conducted through the cross-border cooperation mechanism for supervision and administration and the domestic companies in mainland China shall obtain the prior consent from the CSRC or other authorities before cooperating with such overseas securities regulatory authorities or authorities in connection with the inspections or investigations or providing documents to such overseas securities regulatory authorities or other authorities. The inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may increase difficulties faced by you in protecting your interests. See also "—Risks Related to Our Shares and ADSs—You may face difficulties in protecting your interests, and your ability to protect your rights through Hong Kong or U.S. courts may be limited, because we are incorporated under Cayman Islands law." for risks associated with investing in us as a Cayman Islands exempted company.

Discontinuation of any of the preferential tax treatments and government subsidies or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

Under the PRC Enterprise Income Tax Law and its implementation rules, the statutory enterprise income tax rate is 25%, but certain "high and new technology enterprises," are qualified for a preferential enterprise income tax rates subject to certain qualification criteria. A "high and new technology enterprise," which is reassessed every three years, is entitled to favorable income tax rate of 15%. Currently, certain PRC subsidiaries of ours are enjoying favorable tax rates as high and new technology enterprises. If any of these entities fails to maintain its qualified status, the income tax rate could increase and our business, financial condition and results of operations would be materially and adversely affected.

Further, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. Although we believe our tax provisions are reasonable, if the PRC tax authorities successfully challenge our position and we are required to pay tax, interest and penalties in excess of our tax provisions, our financial condition and results of operations would be materially and adversely affected.

The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections over our auditor in the past has deprived our investors with the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. As of the date of this annual report, the PCAOB has not issued any new determination that it is unable to inspect or investigate completely registered public accounting firms headquartered in any jurisdiction. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in our ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Pursuant to the HFCAA, as amended by the Consolidated Appropriations Act, 2023, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. On December 29, 2022, the Consolidated Appropriations Act, 2023 was signed into law, which amended the HFCAA (i) to reduce the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two, and (ii) so that any foreign jurisdiction could be the reason why the PCAOB does not have complete access to inspect or investigate a company's auditors. As it was originally enacted, the HFCAA applied only if the PCAOB's inability to inspect or investigate because of a position taken by an authority in the foreign jurisdiction where the relevant public accounting firm is located. As a result of the Consolidated Appropriations Act, 2023, the HFCAA now also applies if the PCAOB's inability to inspect or investigate the relevant accounting firm is due to a position taken by an authority in any foreign jurisdiction. The denying jurisdiction does not need to be where the accounting firm is located. As of the date of this annual report, the PCAOB has not issued any new determination that it is unable to inspect or investigate completely registered public accounting firms headquartered in any jurisdiction. For this reason, we were not identified as a Commission-Identified Issuer under the HFCAA after we filed our annual report on Form 20-F for the fiscal year ended December 31, 2022, 2023 or 2024 and do not expect to be so identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. Although our Class A ordinary shares have been listed on the Hong Kong Stock Exchange and the ADSs and Class A ordinary shares are fully fungible, we cannot assure your that an active trading market for our Class A ordinary shares on the Hong Kong Stock Exchange will be sustained or that the ADSs can be converted and traded with sufficient market recognition and liquidity, if our shares and ADSs are prohibited from trading in the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

The current tensions in international trade and rising international political tensions may adversely affect our business, financial condition, and results of operations.

In recent years, there have been heightened trade and political tensions in international relations, particularly between the United States and China. These tensions have affected both diplomatic and economic ties between the two countries and created uncertainties to the international economy as a whole. Heightened tensions could reduce levels of trade, investments, technological exchanges, and other economic activities between major economies. The existing tensions and any further deterioration in the relationship between the United States and China and between other countries may have a negative impact on the general, economic, political, and social conditions around the globe, United States and China in particular, and thus adversely impact our business, financial condition, and results of operations.

The U.S. government has implemented policies restricting international trade and investment, such as tariffs, export controls, economic or trade sanctions, and foreign investment filing and approval requirements. These actions may materially and adversely affect international trade, global financial markets, and the stability of the global economic condition. In the past, the U.S. government has imposed higher tariffs on certain products imported from China to penalize China for what it characterizes as unfair trade practices. China has responded by imposing higher tariffs on certain products imported from the United States. In 2025, the Trump administration announced and implemented various additional tariffs on most countries, including China, and China responded by imposing an additional tariff on goods imported from the United States. As of the date of this annual report, there is still a high degree of uncertainty surrounding U.S. tariff policy, how it will be implemented, and how other countries will react to it. It also remains uncertain whether increased tariffs and trade tensions will create further disruptions and uncertainties to the international trade and lead to a downturn to the global economy.

Although cross-border business may not be an area of our focus, if we plan to expand our business internationally in the future, any unfavorable government policies restricting international trade and investments may affect the demand for our products and services, impact our competitive position, or prevent us from being able to conduct business in certain countries.

In addition, the U.S. government has taken efforts to limit the outbound U.S. investments to China. On August 9, 2023, the Biden administration of the United States released an executive order directing the Department of Treasury to create an outbound foreign direct investment review program that would require reporting on or (in more narrow circumstances) prohibit investments by U.S. persons involving "covered national security technologies and products." On October 28, 2024, the Department of Treasury issued a final rule to implement the executive order, providing details on technical specifications and other aspects of the operative regulations, which came into effect on January 2, 2025. This is referred to as the Outbound Investment Rule. The Outbound Investment Rule imposes investment prohibitions and notification requirements on U.S. persons for a wide range of investments in entities associated with "countries of concern," currently only China, that are engaged in activities relating to (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. These entities are collectively defined as "Covered Foreign Persons." U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, transactions involving Covered Foreign Persons that are defined as "covered transactions," although the Outbound Investment Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Outbound Investment Rule introduces new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. We do not believe that We do not believe KE Holdings Inc. would be defined as a Covered Foreign Person under the Outbound Investment Rule because we do not engage in a "covered activity" (as defined in the Outbound Investment Rule) or otherwise meet the definition of Covered Foreign Persons provided in the Outbound Investment Rule. However, there is no assurance that the U.S. Department of Treasury will take the same view as ours. If we were to be deemed a "Covered Foreign Person," and if U.S. persons were to engage in a "covered transaction" (as defined under the Outbound Investment Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule. In addition, even though U.S. persons' acquisitions of publicly traded securities (such as our ADSs) will be exempted from the scope of covered transactions under the Outbound Investment Rule, the rule could still limit our ability to raise capital or contingent equity capital from U.S. investors given that the relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a Covered Foreign Person in the future due to different views taken by the U.S. Department of Treasury, potential amendments to the Outbound Investment Rule or the introduction of additional regulations. On February 21, 2025, the White House released President Trump's "America First Investment Policy" memorandum, outlining several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving "foreign adversaries," including China. Among other things, the policy aims to expand the industry sectors covered by the U.S. outbound investment regulations and supplement outbound restrictions through the imposition of sanctions. As of the date of this annual report, the proposed changes under the America First Investment Policy are not implemented, although the proposed restrictions may further deepen the uncertainties for cross-border collaborations, investments, and funding opportunities for China-based issuers including us. In addition, on December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the "COINS Act"), was signed into law. The COINS Act will keep the core of the Outbound Investment Rule while expanding its scope and coverage and clearly including underwriting services as an exception and amending certain key definitions such as "Covered Foreign Person." The COINS Act will not take effect until the Department of Treasury issues new regulations (subject to notice and comment), which it must do by March 13, 2027, providing Department of Treasury with the opportunity to further amend or expand existing prohibitions and restrictions in accordance with the COINS Act. In the meantime, the existing Outbound Investment Rule will remain in effect. The content of the implementation regulations remains uncertain. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects, and our ADSs may significantly decline in value.

Risks Related to Our Shares and ADSs

The trading price of the ADSs and Class A ordinary shares may be volatile, which could result in substantial losses to investors.

The trading price of our ADSs has been volatile since our ADSs started to trade on the New York Stock Exchange on August 13, 2020. The trading price of our ADSs could fluctuate widely due to factors beyond our control. The trading price of our Class A ordinary shares, likewise, can be volatile for similar or different reasons. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States or Hong Kong. In addition to market and industry factors, the price and trading volume for the Class A ordinary shares or ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings, or cash flow;
- fluctuations in operating metrics;

- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors, or failure to complete investments or acquisitions;
- announcements of new services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental negative publicity about us, our competitors or our industry;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- regulatory developments affecting us or our industry and relating to overseas listing;
- potential litigation or regulatory investigations;
- the exclusion or removal of our Class A ordinary shares in the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect programs, which are mutual stock market access mechanisms between mainland China and Hong Kong;
- trends of global and China's economies;
- rising international geopolitical tensions; and
- short selling of securities of China-based companies listed in the United States.

Any of these factors may result in large and sudden changes in the volume and price at which the Class A ordinary shares or ADSs will trade. Furthermore, the stock market in general experiences price and volume fluctuations that are often unrelated or disproportionate to the operating performance of companies like us. These broad market and industry fluctuations may adversely affect the market price of our Class A ordinary shares or ADSs. Volatility or a lack of positive performance in our Class A ordinary shares or ADS price may also adversely affect our ability to retain key employees, most of whom have been granted equity incentives.

Price volatility may cause the average price at which we repurchase our stock in a given period to exceed the stock's price at a given point in time. We believe the price of our stock should reflect expectations of future growth and profitability. We also believe the price of our stock should reflect shareholder returns, including cash dividends and our share repurchase program. We cannot assure you that there will be future dividends, which are subject to declaration by our board of directors, and our share repurchase program does not obligate us to acquire any specific number of shares. If we fail to meet expectations related to future growth, profitability, dividends, share repurchases or other market expectations, the price of our stock may decline significantly, which could have a material adverse impact on investor confidence.

In the past, shareholders of public companies have often brought securities class action suits against companies following periods of instability in the market price of their securities. Based on public records, our company and certain of our directors and officers were named as defendants in a putative securities class action filed in the United States. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings" for more information. When and if we are involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether successful or not, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Our authorized and issued share capital are divided into Class A ordinary shares and Class B ordinary shares. In respect of matters requiring the votes of shareholders, holders of Class A ordinary shares and Class B ordinary shares vote together as a single class except as may otherwise be required by law, and holders of Class A ordinary shares are entitled to one vote per share while holders of Class B ordinary shares are entitled to ten votes per share, subject to Rule 8A.24 of the Hong Kong Listing Rules that requires the reserved matters to be voted on a one vote per share basis. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Subject to the Hong Kong Listing Rules or other applicable laws or regulations, each Class B ordinary share shall be automatically converted into one Class A ordinary share upon the occurrence of any of the events as specified in paragraph 18 of our currently effective memorandum and articles of association. For details, see "Item 10. Additional Information—B. Memorandum and Articles of Association."

As of February 28, 2026, holders of our Class B ordinary shares hold 138,588,377 Class B ordinary shares, representing 29.9% of the aggregate voting power of our total issued and outstanding ordinary shares (excluding the Class A ordinary shares registered in the name of the depositary bank for future issuance of ADSs upon the exercise or vesting of awards granted under our share incentive plans and Class A ordinary shares in the form of ADSs repurchased but not cancelled) due to the disparate voting powers associated with our dual-class voting structure. See "Item 6. Directors, Senior Management and Employees—E. Share Ownership." Holders of our Class B ordinary shares or their proxy have considerable influence over matters requiring shareholder approval, such as electing directors and approving material mergers, acquisitions, or other business combination transactions. This concentration of ownership may discourage, delay, or prevent a change of control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our Class A ordinary shares or ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover, or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding the Class A ordinary shares or the ADSs, the market price for the Class A ordinary shares or the ADSs and trading volume could decline.

The trading market for the Class A ordinary shares or the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the Class A ordinary shares or the ADSs, the market price for the Class A ordinary shares or the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the Class A ordinary shares or the ADSs to decline.

Techniques employed by short sellers may drive down the market price of our Class A ordinary shares or the ADSs.

Short selling is the practice of selling securities that a seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding relevant issuers and their business prospects in order to create negative market momentum and generate profits for themselves after selling securities short.

Public companies listed in the United States that have substantially all of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits or SEC enforcement actions.

On December 16, 2021, Muddy Waters Capital LLC issued a short seller report with allegations against us. On December 17, 2021, we announced that the audit committee of our board of directors commenced an internal review into the key allegations raised in the report with the assistance of third-party professional advisors including an international law firm and forensic accounting experts from a Big-Four accounting firm that is not our auditor. On January 28, 2022, we announced that the internal review was substantially complete and that based on such internal review, the audit committee has concluded that the allegations in the report were not substantiated. Any such allegations may be followed by periods of instability in the market price of our Class A ordinary shares or ADSs and the corresponding negative publicity. If and when become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could be forced to expend a significant amount of resources to investigate such allegations or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable state law, or issues of commercial confidentiality. Such a situation could be costly and time-consuming and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations and shareholders' equity, and any investment in our Class A ordinary shares or the ADSs could be greatly reduced or rendered worthless.

We are subject to risks associated with class action suits, which may be expensive and could divert management attention.

Shareholders of public companies have often brought securities class action suits against companies following periods of instability in the market price of their securities. For example, our company and certain of our directors and officers were named as defendants in a putative securities class action filed in the United States following the issuance of the December 16, 2021 Muddy Waters report. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings" for more information.

We may continue to be the target of securities litigation in the future. Regardless of the outcome, any securities litigation against us, such as a class action lawsuit, could result in substantial costs and divert our management's attention from other business concerns, and, if adversely determined, could have a material adverse effect on our business, financial condition and results of operations.

You should primarily rely on price appreciation of our Class A ordinary shares and/or ADSs for return on your investment.

We currently intend to retain a majority of our available funds and any future earnings to fund the development and growth of our business. Although we distributed dividends in the past, we cannot assure you that dividend will continue at current levels or grow. If we fail to meet expectations related to future dividends, the price of our stock may decline, which could have a material adverse impact on the investors.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. If our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our Class A ordinary shares or ADSs will likely depend largely upon any future price appreciation of our Class A ordinary shares or ADSs. There is no guarantee that our Class A ordinary shares or ADSs will appreciate in value or even maintain the price at which you purchased the securities. You may not realize a return on your investment in our securities and you may even lose your entire investment.

Substantial future sales or perceived potential sales of our Class A ordinary shares or the ADSs in the public market could cause the price of our Class A ordinary shares or the ADSs to decline.

Sales of our Class A ordinary shares or the ADSs in the public market, or the perception that these sales could occur, could cause the market price of our Class A ordinary shares or the ADSs to decline. Shares held by our existing shareholders may be available for sale, subject to volume and other restrictions as applicable provided in Rules 144 and 701 under the Securities Act of 1933, or the Securities Act. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our Class A ordinary shares or the ADSs.

Our currently effective memorandum and articles of association give us power to take certain actions that could discourage a third party from acquiring us, which could limit our shareholders' opportunity to sell their shares, including Class A ordinary shares and ADS, at a premium.

Our currently effective memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Subject to the conditions that: (i) it is in compliance with the Hong Kong Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs; (ii) no new class of shares with voting rights superior to our Class A ordinary shares will be created; and (iii) any variations in the relative rights as between the different classes of our shares will not result in creating a new class of shares with voting rights superior to our Class A ordinary shares, our directors may issue from time to time, out of the authorised share capital of the Company (other than the authorised but unissued ordinary shares), series of preferred shares in their absolute discretion and without approval of our shareholders; provided, however, before any preferred shares of any such series are issued, our directors shall by resolution of directors determine, with respect to any series of preferred shares, the terms and rights of that series. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. Our board of directors may also issue Class A ordinary shares out of the authorised but unissued Class A ordinary shares in their absolute discretion and without approval of our shareholders, subject to the grant of a general mandate for such issuance by our shareholders from time to time. If our board of directors decides to issue preferred shares or additional Class A ordinary shares, the price of our Class A ordinary shares or ADSs may fall and the voting and other rights of the holders of our Class A ordinary shares and ADSs may be materially and adversely affected.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the underlying ordinary shares represented by your ADSs.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights attached to the Class A ordinary shares underlying your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Where any matter is to be put to a vote at a general meeting, then upon receipt of your voting instructions, the depositary will try, as far as is practicable, to vote the underlying Class A ordinary shares represented by your ADSs in accordance with your instructions. You will not be able to directly exercise your right to vote with respect to the underlying Class A ordinary shares unless you cancel and withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting.

When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the Class A ordinary shares represented by your ADSs and become the registered holder of such shares to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our currently effective memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the underlying Class A ordinary shares represented by your ADSs and from becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, upon our instruction the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying Class A ordinary shares represented by your ADSs.

In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the underlying Class A ordinary shares represented by your ADSs are voted and you may have no legal remedy if the underlying Class A ordinary shares represented by your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

Under the deposit agreement, if no voting instruction from you is received, the depositary may give us a discretionary proxy to vote the Class A ordinary shares underlying the ADSs at shareholders' meetings if we have timely provided the depositary with notice of meeting and related voting materials and (i) we have instructed the depositary that we wish a discretionary proxy to be given, (ii) we have informed the depositary that there is no substantial opposition as to a matter to be voted on at the meeting, and (iii) a matter to be voted on at the meeting would not have a material adverse impact on shareholders.

The effect of this discretionary proxy is that you cannot prevent our Class A ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may adversely affect your interests and make it more difficult for ADS holders to influence the management of our company. Holders of our Class A ordinary shares are not subject to this discretionary proxy.

Transfer of our ADSs is subject to limitations.

Our ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time, including without limitation in connection with corporate action events, in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

You may experience dilution of your holdings due to inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

You may face difficulties in protecting your interests, and your ability to protect your rights through Hong Kong or U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our currently effective memorandum and articles of association, the Companies Act (Revised) of the Cayman Islands, which we refer to as the Companies Act, and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in Hong Kong or some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than Hong Kong or the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, with respect to Cayman Islands companies, plaintiffs may face special obstacles, including but not limited to those relating to jurisdiction and standing, in attempting to assert derivative claims in a Hong Kong court or state or federal courts of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (except for our memorandum and articles of association, our register of mortgages and charges and special resolutions of our shareholders) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our currently effective memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have difficulties in protecting their interests in the face of actions taken by management, members of our board of directors or controlling shareholders than they would as public shareholders of a company incorporated in Hong Kong and/or the United States. For a discussion of significant differences between the provisions of the Companies Act and the laws applicable to companies incorporated in the United States and their shareholders, see “Item 10. Additional Information—B. Memorandum and Articles of Association —Differences in Corporate Law.”

Your rights to pursue claims arising under the deposit agreement are limited by the terms of the deposit agreement.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, subject to the right to require a claim to be settled by arbitration, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws, to the fullest extent permitted by law.

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waive the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other owners or holders of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other owners or holders may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any owner or holder of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

The deposit agreement also provides that ADS holders and the depositary have the right to elect to have any claim against us arising out of or relating to our Class A ordinary shares, ADSs, ADRs or the deposit agreement settled by arbitration in New York, New York rather than in a court of law, and to have any judgment rendered by the arbitrators entered in any court having jurisdiction. The arbitral tribunal in any such arbitration would not have the authority to award any consequential, special, or punitive damages or other damages not measured by the prevailing party's actual damages and may not make any ruling, finding or award that does not conform to the provisions of the deposit agreement. The deposit agreement does not give us the right to require that any claim, whether brought by us or against us, be arbitrated. The optional arbitration provision does not apply to claims under federal securities laws or claims other than in connection with our initial public offering or public offering of ADSs in November 2020.

As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE listing standards.

As a Cayman Islands exempted company listed on the NYSE, we are subject to the NYSE listing standards, which require listed companies to have, among other things, a majority of their board members to be independent and independent director oversight of executive compensation and nomination of directors. However, NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE listing standards.

We are permitted to elect to rely on home country practice to be exempted from the corporate governance requirements. Pursuant to the NYSE Listed Company Manual, a company listed on the NYSE must have a majority of independent directors, and a nominating/corporate governance committee composed entirely of independent directors. We currently follow our home country practice in lieu of those requirements. In January 2022, our board of directors approved the 2022 Share Incentive Plan, which became effective in May 2022. We followed our home country practice and did not convene a shareholder meeting to approve the 2022 Share Incentive Plan as required by the NYSE Listed Company Manual. In addition, we followed our home country practice and did not convene a shareholder meeting to approve the issuance of the restricted shares granted to Mr. PENG Yongdong and Mr. SHAN Yigang pursuant to the 2022 Share Incentive Plan as required by the NYSE Listed Company Manual. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they would otherwise enjoy if we complied fully with the NYSE listing standards.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Securities Exchange Act of 1934, or the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to continue to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

There can be no assurance that we will not be a passive foreign investment company for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. holders of the ADSs or our Class A ordinary shares.

A non-U.S. corporation, such as our company will be considered a passive foreign investment company, or PFIC, for any taxable year if either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the value of its assets (generally based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. Although the law in this regard is not entirely clear, we treat the consolidated VIEs and their subsidiaries as being owned by us for U.S. federal income tax purposes because, in accordance with contractual arrangements, we control their management decisions and are entitled to substantially all of the economic benefits associated with them. As a result, we have a "controlling financial interest" in the VIEs (as defined in FASB ASC 810), and we are considered the primary beneficiary of the VIEs for accounting purposes. We therefore consolidate their results of operations in the consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of the consolidated VIEs and their subsidiaries for U.S. federal income tax purposes, we would likely be treated as a PFIC for the current taxable year and any subsequent taxable year.

Assuming that we are the owner of the consolidated VIEs and their subsidiaries for U.S. federal income tax purposes and based on the current and anticipated value of our assets and the composition of our income and assets, including goodwill and unbooked intangibles, we do not believe we were a PFIC for our taxable year ended December 31, 2025. No assurance can be given in this regard because the determination of whether we will be or become a PFIC is a factual determination made annually that will depend, in part, upon the composition of our income and assets and the value of our assets.

Fluctuations in the market price of the Class A ordinary shares or the ADSs may cause us to be or become a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of the Class A ordinary shares or the ADSs from time to time (which may be volatile). The market price of our Class A ordinary shares or the ADSs may continue to fluctuate considerably and, consequently, we cannot assure you of our PFIC status for any taxable year. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming a PFIC may substantially increase. Additionally, it is possible that the Internal Revenue Service may challenge our classification of certain items of income, assets and liabilities, which may result in our company being or becoming a PFIC.

If we are treated as a PFIC for any taxable year during which a U.S. investor held an ADS or a Class A ordinary share, certain adverse U.S. federal income tax consequences could apply to the U.S. Holder. See "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations" and "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules."

Item 4. Information on the Company

A. History and Development of the Company

We commenced operations in 2001 through Beijing Lianjia, which was founded in September 2001 by Mr. ZUO Hui, our founder and permanent chairman emeritus. Beijing Lianjia and its subsidiaries developed various businesses over time and expanded nationwide in China. From November 2016 to January 2017, we restructured Yiju Taihe, which was originally a subsidiary of Beijing Lianjia and operated the financial service business, to mirror the holding structure substantially identical to that of Beijing Lianjia. In November 2017, we incorporated Tianjin Xiaowu to conduct operations related to value-added telecommunication services.

Along with the launch of our *Beike* platform, we incorporated KE Holdings Inc. in the Cayman Islands in July 2018 as our holding company. From July 2018 to June 2019, KE Holdings Inc. established a series of intermediary holding entities which directly or indirectly hold the equity interests in Beike (Tianjin) Investment Co., Ltd., Jinbei (Tianjin) Technology Co., Ltd., Beike Jinke (Tianjin) Technology Co., Ltd., and Shanghai Beike Investment Holdings Group Co., Ltd., all of which are our wholly-owned PRC subsidiaries. Through a series of transactions, most of the original subsidiaries and all of operating branches of Beijing Lianjia have become wholly-owned by the applicable WFOEs and our other PRC subsidiaries.

As part of the reorganization, most of the shareholders of Beijing Lianjia and Yiju Taihe or such shareholders' affiliates subscribed for ordinary shares, Series B and C convertible redeemable preferred shares of KE Holdings Inc., as applicable, substantially in proportion to their respective equity interests in Beijing Lianjia and Yiju Taihe prior to the reorganization. Further, through a series of reorganization transactions and contractual arrangements, KE Holdings Inc. directs activities of Beijing Lianjia, Yiju Taihe and Tianjin Xiaowu that most significantly affect their economic performance, and receive economic benefits from them that could be significant to them.

In July 2020, we effected a 5-for-1 share subdivision, following which each of our issued and unissued ordinary shares and preferred shares was subdivided into five ordinary shares and preferred shares, respectively.

On August 13, 2020, our ADSs commenced trading on the NYSE under the symbol "BEKE." We raised, from our initial public offering and from the underwriters' full exercise of option to purchase additional ADSs, approximately US$2,359 million in net proceeds after deducting underwriting commissions and the offering expenses payable by us.

In November 2020. we completed a registered follow-on public offering of our ADSs, raising approximately US$2,323 million in net proceeds after deducting underwriting commissions and discounts and the offering expenses payable by us, upon the underwriters' full exercise of option to purchase additional ADSs.

In July 2021, we entered into a definitive agreement with Shengdu and all of its existing shareholders and subsidiaries, pursuant to which we agreed to acquire 100% equity interest in Shengdu, subject to a staggered acquisition arrangement and customary closing conditions, including regulatory approvals. In April 2022, we entered into an amended and restated framework purchase agreement with Shengdu and its shareholders, pursuant to which the aggregate consideration for the acquisition is RMB3.92 billion in cash and 44,315,854 of our Class A ordinary shares in equity. The acquisition was closed on April 20, 2022.

On May 11, 2022, our Class A ordinary shares commenced trading, by way of introduction, on the Main Board of the Hong Kong Stock Exchange under the stock code "2423." The Class A ordinary shares listed on the Main Board of the Hong Kong Stock Exchange are fully fungible with the ADSs listed on the NYSE.

Effective from March 10, 2025, our Class A ordinary shares traded on the Hong Kong Stock Exchange were included in the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect programs. Following the inclusion, eligible investors in mainland China have direct access to the trading of our Class A ordinary shares.

Due to the restrictions imposed by PRC laws and regulations on foreign ownership of companies engaged in value-added telecommunication services and certain financial businesses, our WFOEs entered into a series of contractual arrangements, as amended and restated, with the VIEs, through which we direct activities of the VIEs that most significantly affect the economic performance of the VIEs and receive economic benefits from the VIEs that could be significant to the VIEs. As a result, we are regarded as the primary beneficiary of the VIEs and their subsidiaries for accounting purposes, and we have consolidated the financial results of the VIEs and their subsidiaries in our consolidated financial statements in accordance with U.S. GAAP. For more details and risks related to the variable interest entity structure, please see "—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders" and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure."

Our principal executive offices are located at Oriental Electronic Technology Building, No. 2 Chuangye Road, Haidian District, Beijing 100086, People's Republic of China. Our telephone number at this address is +86 10 5810 4689. Our registered office in the Cayman Islands is located at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC on *www.sec.gov.* You can also find information on *investors.ke.com.* The information contained on our website is not a part of this annual report.

B. Business Overview

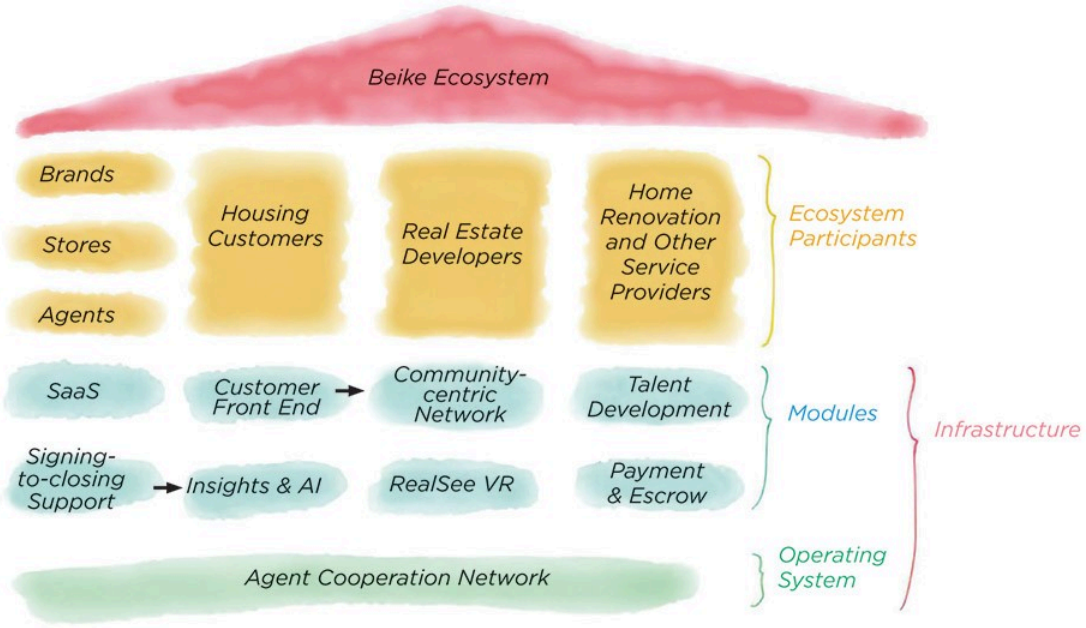
Beike is the leading integrated online and offline platform for housing transactions and services. We are a pioneer in building the infrastructure and standards to reinvent how service providers and customers efficiently navigate and complete housing transactions and services in China, ranging from existing and new home sales, home rentals, to home renovation and furnishing, and other services. We believe our proactive engagement with platform participants both online and offline enables us to know them better and serve them better. In 2025, we facilitated over 5.6 million housing transactions on our platform, and we recorded an aggregate GTV of RMB3,183.3 billion (US$455.2 billion).

We own and operate *Lianjia*, China's leading real estate brokerage brand in respect of service quality and an integral part of our *Beike* platform. We believe the success and proven track record of *Lianjia* pave the way for us to build the industry infrastructure and standards and drive the rapid and sustainable growth of Beike. We have over 24 years of operating experience through *Lianjia* since our inception in 2001. Such extensive industry experience has provided us with distinct insights into markets, business conditions and customer needs, which we believe are critical for us to offer effective solutions, expand market footprint and capture adjacent opportunities.

Our Platform

We launched our *Beike* platform in 2018. Today, Beike is the leading integrated online and offline platform for housing transactions and services. We are a pioneer in building the infrastructure and standards to reinvent how service providers and customers efficiently navigate and complete housing transactions and services in China, ranging from existing and new home sales, home rentals, to home renovation and furnishing, and other services. We believe the success of *Lianjia*, China's leading real estate brokerage brand in respect of service quality which we own and operate on our platform, paves the way for us to build the infrastructure and standards, and support the rapid growth of Beike. We implemented through *Lianjia*'s large network of stores a series of industry "firsts" over the years, including fostering agent collaborations for shared success through our ACN, building a "*Housing Dictionary*," promoting authentic property listings, and leveraging technology to digitalize and standardize processes. These efforts have ultimately resulted in *Lianjia*'s industry-leading service quality and efficiency, making it a trusted household name. More importantly, *Lianjia* has laid the foundation for our infrastructure with ACN, operational know-how, and technology systems that seamlessly integrate our online and offline network that has proven to work at a large scale. We horizontally extended the core competencies of *Lianjia* to the *Beike* platform in 2018 so that we can help hundreds of real estate brokerage brands, including *Lianjia*, and their affiliated stores and agents to succeed. Meanwhile, we created an even more scalable infrastructure by a series of efforts, including digitalizing and standardizing three key components, namely, technology, transaction process and service quality to specifically address the challenges facing our industry.

Below is a diagram illustrating the composition and structure of our platform:



Our *Beike* platform is an open platform for participants in the housing related industry and ecosystem. It enables housing customers, including home buyers, home sellers, landlords and tenants, and those seeking home renovation and furnishing, to enjoy smooth housing transactions and services with high-quality real estate brokerage brands, stores, agents, and home renovation and other service providers. Our platform serves as an innovative sales channel for real estate developers and also enables other ecosystem participants such as home renovation service providers to benefit from our technology and extensive customer and agent base. The foundation of our platform is ACN, through which we streamline the entire housing transaction process by promoting collaborations among brokerage brands, stores and agents, standardizing authentic property listings and applying a series of cooperation rules. We also offer various service modules to our ecosystem participants, which, along with ACN, form the scalable infrastructure applicable and beneficial to the whole industry. These modules include SaaS systems, customer front end, community-centric network, AI-powered technology applications, training and recruiting programs and transaction service centers.

Our service offerings to ecosystem participants mainly include:

- *To housing customers:* As the leading housing transactions and services platform, we provide comprehensive services to satisfy the evolving needs of customers. These services primarily belong to four categories: (1) brokerage services relating to existing home sales and home rentals, and marketing services relating to new home sales; (2) signing-to-closing support that includes contract service, secure payment, escrow, among other things; (3) home renovation and furnishing services; and (4) home rental services. Together with the brokerage brands, stores, agents and other service providers, we provide housing customers with access to the largest authentic property listing inventory in China, while delivering professional and efficient services to handhold our customers throughout various phases of home ownership lifecycle and other residential services.
- *To brokerage brands, stores and agents:* Our infrastructure is open to all real estate brokerage brands, stores and agents joining our platform. We provide primarily two categories of services to the brands, stores and agents on our platform: (1) platform services, to enable the brokerage service providers on our platform to conduct automatic role-based commission allocation and use our infrastructure and its different modules in a collaborative manner, including SaaS, technology, training and recruiting, signing-to-closing service, among other things; and (2) branding services, which allow small brokerage stores to join reputable brokerage brands and benefit from better quality control and lead conversion.

- *To real estate developers:* Leveraging our established infrastructure and a broad base of housing customers, our platform is able to act as a powerful sales channel for new home projects, thereby reconstructing the value chain and transforming the way real estate developers discover and interact with home buyers. We primarily offer comprehensive sales and marketing solutions to real estate developers that include channel marketing, sales planning, reception services, online marketing as well as innovative tools.
- *To home renovation, home rental and other service providers:* Leveraging our digital transformation capability and refined management, we are committed to empowering the service providers on our platform by expanding their business opportunities and enhancing their earning potential. By standardizing work processes and integrating industry best practices into our digital systems, we aim to continuously enable service providers to deliver high-quality residential services to our customers.

We have five main revenue streams, namely existing home transaction services, new home transaction services, home renovation and furnishing, home rental services, and emerging and other services. For existing home transaction services, we generate revenues (i) from our own *Lianjia* brand where we charge commissions for existing home sales and home rental, brokerage services and split of commissions from other brokerage firms that operate brokerage stores on our *Beike* platform in collaboration with *Lianjia* agents to complete transactions, (ii) from brokerage firms which own and operate brokerage stores on our *Beike* platform where we receive platform service fees, and those under our franchise brands such as *Deyou* to which we charge an additional franchise fee, and (iii) by providing other value-added services including transaction closing services, field work assistance such as on-site verification, agent recruiting and training services. For new home transaction services, we recognize revenues from sales commissions charged to real estate developers. For home renovation and furnishing, we generate revenues by providing renovation and furnishing services to customers. For home rental services, we generate revenues by providing rental property management and operation services, leasing agency, and various other rental-related services. In addition, we generate revenues from a variety of other housing-related services, including financial services and other newly developed businesses.

As we become a more trusted platform and the relationship between the agents on our platform and housing customers deepens, we are able to extend to other service verticals that are incidental to home ownership and other ecosystem participants. We endeavor to further expand our service offerings and amplify the network effect of our ecosystem.

Agent Cooperation Network (ACN)

At the core of our infrastructure is ACN, an operating system that not only fosters reciprocity and bonding among various service providers, but also enables them to enhance service efficiency and customer experience through collaborative efforts and commission allocation. We designed our ACN to radically solve the underlying challenges faced by our industry. It serves as the operating system on *Beike* platform that consists of protocols and practices to specify roles in cooperative housing transactions and prescribe agents' rights and obligations through commission allocation mechanism. Through ACN, we standardize authentic property listings, promote efficient cooperation and orderly competition among agents, streamline the whole transaction process, and enable agents to be more specialized in a transaction process and knowledgeable in a particular region. Built on our profound understanding of China's housing related industry and goodwill accumulated throughout our over 24-year operation of *Lianjia,* ACN has transformed the housing transactions and services industry in China through the following three reinventions: (i) fostering information and resource sharing among service providers to demolish the walls among isolated information islands, (ii) assigning cooperative roles of agents to achieve cross-store and cross-brand collaboration, and (iii) creating a professional network for agents, stores, brands and other service providers to get connected and engaged on the platform.

Agent Cooperation and Operational Rules

We actively promote agent cooperation on our platform to enhance efficiency of the housing transactions and services industry. We partition a complete existing home transaction, including existing home sales and rentals, into different steps and allow multiple agents cross-brand and cross-store to cooperate in one transaction and share commissions based on their roles, through which the agents can become more specialized in their roles.

Our ACN encourages connection and collective work in conducting housing transactions by agents from both buy side and sell side on our platform. A home buyer's initiating agent can choose to cooperate with other buy-side agents who have more relevant transaction expertise or resources, and share commissions with the agent who closes the transaction. Under ACN, commission is allocated automatically based on agents' various roles in a housing transaction, and is not based on negotiations among agents.

Through role partition and commission allocation, we make sure that agents are fairly compensated for work they have done to facilitate a successful transaction, and thereby foster a healthy yet competitive working environment. More importantly, agents who are less experienced are incentivized to learn and accumulate expertise by taking relatively easy roles in more transactions and be compensated.

To protect property information and promote healthy competition among sell-side agents, we encourage the agents to foster their insights in the nearby community based on geographic areas and their own strengths so that agents can become experts of the properties in their vicinity. A brokerage store has the right to manage existing home listings in vicinity of the store and act as sell-side agents for those listings. For buy-side agents, if their customers have intentions to buy homes in other regions, they can obtain a portion of the commission on completed transactions by recommending their housing customers to agents in the desired regions.

Platform Governance Mechanisms

We implement detailed rules to incentivize agents to follow our ACN protocols and stick to the high standards of professionalism in service delivery, and offer them privileged access if they perform well. We have implemented platform governance mechanisms to encourage compliance with our ACN protocols such as *Beike score*, which indicates the agent's performance and service quality to encourage more proactive cooperation and behaviors on our platform.

We continue to refine our platform's ecosystem to bolster network collaboration and operational efficiency. By implementing our scientific management systems, including regional co-governance councils and incentive programs, we strive to foster a dynamic environment that encourages both healthy competition for excellence and effective collaboration among participants. As for business conduct governance, we create an integrated online and offline governance mechanism that combines store-owner self-inspection with platform supervision. The mechanism empowers us to effectively identify violations, such as off-platform transactions and customer poaching, and promptly rectify related issues, creating a more secure environment for real estate agents. For new home transaction services, we promote joint promises with new home developers to avoid customer information leakage, customer poaching and other violations, aiming to enhance the sense of security during agents' operations.

Authentic Property Listings

We believe that authentic property listing is the foundation of agent cooperation as effective collaboration among agents require valid and reliable listing information. Authentic property listing encourages information transparency and trust from housing customers, increases agents' operating efficiency, enhances transaction experience, and strengthens our brand image. We monitor and verify the authenticity of property listings on our platform and timely update or delete unqualified listings through customer callback, physical visits and AI.

Modules in Our Infrastructure

Based on our ACN, we have been constantly innovating and building various modules to supplement our infrastructure that serves participants on our platform, such as agents, brokerage stores and brands, housing customers, real estate developers, home renovation, home rental and other service providers. Examples of modules include SaaS systems for agents and store managers, *Beike* front end for housing customers, AI technology and applications as the foundation of our platform, virtual reality technology that benefits agents, housing customers and real estate developers, community-centric network that serves housing customers offline, payment solutions tied to electronic wallets that enable secure online and offline transactions, transaction service centers that streamline the transaction process for agents and housing customers, title clearance and escrow services that effectively help with closing, as well as agent development and recruiting services for agents and store managers. Together with ACN, these modules form integral parts of our infrastructure supporting various phases of housing transactions and services offered on our platform.

SaaS Systems

We provide various SaaS systems to our ecosystem participants. We empower agents and brokerage stores through our SaaS systems, which incorporate the cooperation mechanisms that we envision in ACN and many other tools and functions relating to housing transactions and services. We implement *A+ SaaS system* for connected brokerage stores and agents and *Link SaaS system* for *Lianjia* personnel. *Link SaaS system* includes functional support for our internal operation and is otherwise substantially the same with *A+ SaaS system*. Assisted by the SaaS systems in their day-to-day work, agents and store managers can seamlessly follow our digitalized and standardized housing transaction process. Agents and store managers can access the cloud-based SaaS systems conveniently through desktop application, website, or mobile application. We also provide SaaS systems for home renovation service providers. See "— Home Renovation and Furnishing Services—*Home SaaS* for Renovation and Furnishing."

Beike Customer Front End

Our *Beike* customer front end, including *ke.com* website, *Beike* apps, *Beike* Weixin Mini Programs, offers customers relevant housing transactions and services resources, empowering them to make informed decisions along their journey of housing transactions and residential services.

We believe that the authentic and extensive property listings on our platform form the foundation for high-quality customer services and successful transactions. Housing customers can easily access abundant existing and new home listings and rental listings through our ke.com website, *Beike* apps, and *Beike* Weixin Mini Programs. Furthermore, leveraging our *Housing Dictionary* data, customers can gain insights into community information such as surrounding transportation, education, healthcare, and entertainment resources, among other services.

For existing home listings, customers can view visual presentations including VR or pictures, floor plans, comments from agents on the listing and past transaction history in the same neighborhood. For new home projects, we provide basic project information, VR tours of model units, property value analysis, neighborhood insights, price comparisons with surrounding areas, and authentic user reviews. For rental listings, we also provide visual presentations and specify facilities and furniture. Particularly, customers can view introduction to rental services, service fees, available move-in dates and other information for our *Carefree Rent* business.

Meanwhile, we provide AI-powered home search assistant, advancing our service model from "information retrieval" to "decision support". Through an interactive Q&A format, the AI home search assistant provides customers with specialized services including real estate market analysis, city-wide property searches, regional insights, and property comparisons, as well as preliminary matching for both listings and agents.

Furthermore, we enhance customer interaction through diversified formats to facilitate their decision-making. Through short videos and live streaming, we adapt to the evolution of user content consumption habits, providing a more intuitive presentation of home listings and community environments. To help customers assess the timing of buying and selling, we launched market updates on our customer front end in certain cities. In addition, we provide services such as property valuation, market information, online listings, and asset management for homeowners, strengthening the connection and interactions between the platform and homeowners.

We display information of agents under property listings and customers may initiate inquiries through instant messaging or phone calls with one click. We have built individual profiles for agents so that customers can view the agents' names and titles, employment history, transaction records, awards, and ratings and reviews from past customers. In addition, we display *Beike score* of the agents and percentile on our platform, which generally represents service quality of the agents. Leveraging the large agent base on our platform, and our accumulated expertise in supporting customers' decision-making in housing transactions and residential services, we are able to serve customers in a timely and efficient manner.

For home renovation and furnishing services, we integrate a diverse range of tools on our customer front end, including renovation cost estimation, case matching, and designer selection, to facilitate them in making decisions. Our AI-driven design products also support the one-click generation of multi-style interior renderings, visualizing users' concepts and significantly enhancing communication efficiency between customers and service providers.

Our Community-centric Network

Property transactions are generally high in value and involve high-risk, which requires substantial information analysis and research prior to consummation. Unlike a click-and-buy product, every residential property is unique in various aspects, such as location, property features, conditions and age, resulting in different values. Convenient accessibility and abundant local insights and knowledge on the community often carry heavy weights when housing customers select real estate brokerage agents in housing transactions. Furthermore, as China is a populous country, residential communities with high population density are prevalent in urban areas. Focusing on community outreach and engagement, community-centric network serves as convenient access points for local housing customers and as tangible offline touchpoints of our platform.

Our extensive network allows our platform to amass housing information offline and gain local insights in customer needs and property features. The connections between customers and agents through our online platform allow customers to quickly find stores and agents offline for speedy, efficient and convenient delivery of local service. In addition, the supporting tools available on our platform empower store managers to build and manage larger teams of agents and increase operational efficiency at store level, solidifying our advantages as an integrated online and offline platform. As each store functions as a working unit, where store managers perform managerial functions, we are able to maintain operational efficiency as our scale continues to grow.

In recent years, an increasing number of stores on our platform start to offer complimentary convenience services, such as printing, charging, and internet browsing, to community residents. Through these high-frequency interactions, the agents on our platform are able to build connections with housing customers, which not only generates effective housing transaction leads, but also positions us well for other housing related services.

Our community-centric stores are also becoming an important foundation as we develop our one-stop residential services, including home renovation and furnishing and home rental services. We empower real estate brokerage agents to become "residential" consultants, transforming them from agents only facilitating housing transactions to experts with customer insights to facilitate a wide range of residential services. We are also transforming our physical stores into community service hubs, aiming to cater to diverse customer needs across all scenarios of the entire residential lifecycle.

Professional Development and Support

As we believe the success of our platform substantially hinges on the efficiency and service quality of the agents on our platform, we are fully committed to sharing our accumulated industry know-hows with the agents and home renovation and other service providers on our platform through offline trainings and online courses.

We attach great importance to agent training and adopt a comprehensive learning approach that combines online courses, offline training, hands-on tasks, and passing assessments. This multifaceted approach enhances the competency of agents and motivates them to continue to improve and deliver professional services to the customers.

Store owners and managers are essential to the success of brokerage stores. By establishing *Huaqiao Academy* and providing various digitalized tools, we assist them through enhancing their business operations, and continually improving the system for their professional career development.

We continue to advance the professionalization of our home renovation workforce. By focusing on standardized tools and professional skill enhancement, we work to address the long - standing industry challenges such as low operational efficiency, inconsistent craftsmanship, and excessive construction dust. Through this systematic empowerment, we are driving the transition of laborers toward becoming a highly professional and specialized workforce.

Signing-to-closing Support

We offer comprehensive signing-to-closing transaction support to our housing customers. These services include contract service, secure payment, escrow, among other things.

Online and Offline Transaction Service Centers

A housing transaction is typically a stressful exercise that involves many steps and procedural formalities in China, such as submitting purchase agreement to the housing administration, paying taxes to the taxation authority, conducting title transfer and registration of housing ownership with the municipal housing administration, and completing loan application with a bank and/or guarantee services with a guarantee company. These steps often take weeks and involve tens of visits to different locations. To reduce the hassle for both housing customers and agents, we designed a comprehensive set of standard signing procedures that focus on security, and established *Ji Qian/Lucky Sign* as we improve our hardware infrastructure and create the signing system. *Lucky Sign* helps ensure that transactions comply with our standardized procedures and security requirements, and that the process of transaction service is well-documented and evidence-based. Meanwhile, we operate the NTS, our proprietary comprehensive online transaction support system available on *Beike* platform. Through the NTS, housing customers are able to accomplish many necessary transaction steps, such as signing the contracts online and submitting the contracts to the relevant housing administration. The NTS also makes transaction process visible via our apps and websites, which allows customers and agents to monitor various transaction steps and to provide feedbacks and inputs online.

In addition to the comprehensive online transaction support, we have established offline transaction service centers to facilitate housing transactions, helping housing customers and agents transfer property titles and complete administrative procedures seamlessly and effortlessly. We have opened transaction service centers in cities we entered and collaborate with banks, guarantee companies, real estate appraisers, and government agencies and station their personnel on-site. Our transaction support staff are also available to help with various administrative procedures in the transaction service centers. As a result, housing customers and agents are able to complete most steps necessary to close a transaction in our transaction service centers.

Combining the online NTS and the offline administrative support, we believe that our platform makes transactions much easier, saves time and cost, and leads to elevated customer experience.

We also integrated our home renovation and furnishing services into our offline transaction service centers. At selected centers, we have dedicated sales representatives and designers available, allowing customers with needs for home renovation after a property transaction to engage directly with them for prompt assistance, and easily schedule home measurement appointments. Furthermore, we piloted model showrooms adjacent to these transaction service centers, featuring productized model homes that reflect core customer demands through master designs. This strategic layout allows customers to transition from completing a home transaction to experiencing a tangible, immersive renovation solutions firsthand. This integrated approach helps create a convenient and efficient “one-stop” journey for customer, also laying a foundation for increasing sales conversion in the future.

Payment and Escrow Services

In 2014, we established *eHomePay*, an online payment platform providing digital payment processing services in housing transactions. As a licensed online payment platform, *eHomePay* also creates electronic wallets for participants on our platform. These electronic wallets are instrumental in automated accounting, settlement, and disbursement of funds from customers to real estate brokerage stores and agents.

Also functioning as an escrow service, *eHomePay* solves the trust problem in housing transactions in China where home buyers are concerned with whether the property titles to be received are free of encumbrance after making the payment, and home sellers are unwilling to transfer titles until they receive payment confirmation. The *eHomePay* platform would operate an escrow account to ensure both the buyer and the seller fulfill their obligations. The *eHomePay* platform enhances customer experience and ensures payment security, which in turn strengthens our brand image and attracts more customers to our *Beike* platform. Our *eHomePay* possesses a valid license granted by the People’s Bank of China.

Insights and AI Applications

Our platform generates a significant amount of insights from historical property information, interactions on our platform, and transactions that we facilitate. Moreover, given our scale, we have a holistic view of the market, including supply, demand and pricing trends. These valuable insights help us support customers’ decision-making with customized products and services, match customers with listings and agents that meet their demands, and facilitate transactions and other residential services.

Our Housing Dictionary

We launched *Housing Dictionary* in 2008 and have been building it for over a decade. It encompasses a wide range of housing related information from the neighborhoods, the communities, the buildings, to the floors and rooms. As of December 31, 2025, our *Housing Dictionary* covered approximately 303 million properties. Agents can supply new property information or raise amendment through mobile app, Weixin Mini Programs and other entrances. Through *Housing Dictionary*, we verify the authenticity of property listings, supplement real estate information on our platform and offer property valuation services based on property information and past transaction history.

Artificial Intelligence (AI) Applications

We view AI as a key infrastructure for reshaping value creation in residential services. Through a human-AI collaboration model, we are driving the evolution of our services toward decision-oriented services, enhancing customer experience, improving service provider capabilities, and increasing platform operating efficiency, thereby strengthening our long-term competitiveness.

We continue to strengthen our multi-modal AI technology foundation, developing proprietary language, vision and speech models and optimizing them with our proprietary housing data. These capabilities have been applied across key processes, including customer demand understanding, property matching, design solution generation and operational decision support. We have also built a unified AI application platform to drive operational efficiency. Examples of AI applications on our platform include:

For home transaction services:

We are progressively deploying AI as a decision-support assistant for customers and intelligent aid for service providers, enhancing customer experience, strengthening service provider capabilities and improving overall operational efficiency.

On the customer side: we launched an AI-powered home search assistant that identifies user needs and provides market analysis, property recommendations and comparisons, and agent matching services, advancing our service model from “information retrieval” to “decision support.”

In lead generation and conversion: we built intelligent marketing and customer management tools for agents, leveraging AIGC to automate marketing content production and help agents efficiently build their online presence. Our AI CRM system integrates automated client intake, intelligent property selection, and communication assistance, enhancing agents’ personalized service capabilities and lead conversion efficiency.

In training and development: we use AI to distill high-performing service experience into replicable professional capabilities and employ simulation-based training to improve service providers’ ability to handle complex client interactions, raising overall service quality and efficiency.

In new home transaction services: we deploy AI agents to support business development teams with industry analysis, sales report generation, and negotiation strategy, improving professionalism in developer engagement and project management precision. We also equip property agents with tools that enhance purchase decision support and project matching, lowering the experience threshold for new home transactions and improving sales effectiveness.

For home renovation services:

We apply AI across customer acquisition, design, construction and delivery processes, driving the digitalization and standardization of our operations, enhancing scalable delivery capabilities and improving customer experience.

At the design stage: we built an AI-driven end-to-end integrated design toolchain that significantly improves design efficiency and establishes a scalable, replicable design service capability. The system incorporates an extensive library of floor plan knowledge and modular product catalogs, enabling one-click generation of multi-dimensional visual design proposals, with data integration across design, material selection, and quotation workflows, advancing design standardization. We also provide designers with a one-click AI proposal tool that supports floor plan interpretation, client needs analysis, and proposal presentation, helping customers understand design concepts more intuitively and improving communication efficiency and conversion rates.

At the construction and delivery stage: we built a smart construction site system that enables intelligent closed-loop management across construction progress and inspection milestones, improving delivery efficiency and quality. AI-generated visual construction reports also provide customers with a more transparent service experience.

For home rental services:

In our *Carefree Rent* business, we have built an end-to-end intelligent operations system, progressively embedding AI capabilities across key functions including property sign-up, pricing, leasing, inventory management, and operational decision-making, with the goal of improving operational efficiency and supporting scalable growth:

In operational management: we apply AI-driven data analytics and supply-demand forecasting to transform operational decisions from experience-dependent to system-driven, enabling dynamic inventory monitoring and risk alerts. The system also supports home listing assessment, intelligent pricing, and automated leasing management, improving acquisition and leasing efficiency while reducing marketing costs.

In customer service: the home search experience is supported by intelligent matching, video tours, and Q&A services, improving viewing and transaction efficiency. During the tenancy period, we also provide AI-powered post-tenancy service tools that enhance response efficiency for both landlords and tenants, increasing the rate of online issue resolution.

Other Modules

The modules in our infrastructure also include our virtual reality and other technologies. See "—Our Technology and Research and Development—*RealSee* Virtual Reality."

Real Estate Brokerage Brands on Our Platform

We believe a large and active network of agents, brokerage stores and brokerage brands across China provides a solid foundation for serving a large number of housing customers. As of December 31, 2025, there were over 445,000 active agents and approximately 58,000 community-centric active brokerage stores on our platform, representing 279 real estate brokerage brands. As of December 31, 2025, there were approximately 523,000 agents and approximately 61,000 brokerage stores on our platform. Through the agents, stores and brokerage brands on our platform, we are able to effectively hone local market expertise, generate leads and build relationships with our housing customers.

Lianjia Brand

We started to operate real estate brokerage business under "*Lianjia*" brand in housing transactions and services industry in 2001 and *Lianjia* has been recognized as "China's Famous Brand." Through *Lianjia*, we provide brokerage services to housing customers, offer marketing services to real estate developers for new home sales and extend brokerage business to home rentals. Leveraging our strong online and offline operational capabilities, we implemented through *Lianjia* a series of industry "firsts" and successfully developed rules, operational know-hows, AI and technology systems that resulted in superior service quality and efficiency. For example, *Lianjia* was among the first to propose tripartite agreements in housing transactions, including brokerage service providers as a party to provide full transparency and elevated trust. The *Housing Dictionary* was launched on *Lianjia* in 2008. *Lianjia* pioneered the migration from offline to online through launching *Lianjia*.com in 2010 and building its own Link SaaS system ahead of our peers. *Lianjia* also established the prototype of ACN in 2011, which we tested and refined before rolling out on *Beike*.

Lianjia aims to provide highest quality customer services in China and has strived to provide best customer experience. Taking service quality as its priority, *Lianjia* has been improving its customer services and established a comprehensive set of rules and standards accumulated over the past 24 years. Many ACN rules developed during *Lianjia* business operations, including authentic property listings, were compiled to guide *Lianjia* agents. *Lianjia* also pioneers in adopting protocols on service quality, such as service commitments and customer complaint handbooks, which are now standards and rules we aim to apply throughout the entire *Beike* platform.

We screen and recruit high-quality agents on *Lianjia* and train them to provide efficient and professional services to housing customers. *Lianjia* has built a strong and comprehensive agent development program that encompasses campus recruiting, regular examinations, offline training and online courses.

As of December 31, 2025, *Lianjia* had over 90,000 active agents and approximately 4,900 active offline brokerage stores.

Relationship between Lianjia and Beike

Capitalizing on our unparalleled industry know-hows and scalable infrastructure that we have established during our operation of *Lianjia*, we established *Beike* platform in 2018 to open our solutions to other qualified brokerage brands, stores and agents. Today, *Lianjia* is the most recognized and influential brand on *Beike* platform.

In cities other than Beijing and Shanghai, many other real estate brokerage brands have joined our platform because of *Lianjia*'s proven track record and industry-leading service quality. Today, *Lianjia* serves as the beacon for other brokerage brands on our platform thanks to its high operational efficiency, top-notch customer services and well-trained agents. *Lianjia* complies with qualifications and rules that we consistently implement on *Beike* platform just like other brokerage brands and is subject to a higher standard in many cases, such as the education level of its agents.

Deyou Brand

We own *Deyou* brand, which is offered for connected brokerage stores that seek for the branding effect and access to solutions offered by *Beike* platform. Participating brokerage stores can reduce their operating cost, increase business efficiency and productivity, enhance exposure to updated market news and industry trends, gain access to extensive authentic property listing inventory and gain high-quality customer leads on *Beike* platform. They are able to keep the culture of being a small team while enjoying the full-fledged infrastructure of a tremendous platform and cooperating within our extensive network.

Other Brands

By sharing our deep industry understanding, operational know-hows, and powerful infrastructure, as well as highly efficient online and offline integration, we help other real estate brokerage brands to grow and succeed. As of December 31, 2025, our platform connected 278 real estate brokerage brands other than *Lianjia*, which operated approximately 53,000 active brokerage stores with over 354,000 active agents. In 2025, approximately 68% of the GTV of existing and new home transactions on our platform was generated by connected real estate brokerage stores and the sales channels we specifically procured for new home transactions.

We generally enter into cooperation agreements with other brokerage brands. Under these agreements, we offer the brokerage brands access to the authentic property listing inventory and modules on our platform. The brokerage brands, in return, would commit to following our ACN as well as other protocols and practices on the platform and subscribe to an agreed-upon fee structure depending on the depth of cooperation. The cooperation agreements also specifically allocate responsibilities between the brokerage brands and us so that we are not responsible for the lawsuits and disputes arising from the brokerage brands' business activities.

Cooperation with Real Estate Developers

Leveraging our established infrastructure and trust with housing customers, we are able to act as a powerful sales channel for real estate developers. We are favored and trusted by real estate developers to facilitate a large number of new home sales in China. New home sales through our platform generated an aggregate GTV of RMB890.9 billion (US$127.4 billion) in 2025.

We have various cooperation methods with real estate developers. For example, we enter into strategic cooperation with big real estate developers to facilitate the sales of their new home projects. In particular, we vigorously reach corporate-to-corporate collaborations with selected developers, including state-owned developers, to improve the quality of our sales projects and certainty of commission collection. Leveraging our accumulated knowledge and customer insights, we refine the strategies to market and sell new home projects, accelerating sell-through and enhancing our services for developers. We also have local business development teams that directly cooperate with individual new home projects under various cooperation modes.

We focus on risk control and business conduct governance, as well as efficiency and profitability improvement for our new home transaction services. For new home sales facilitated by us, the real estate developers that meet our certain requirements pays us the commission after the home buyer signs the sales and purchase agreement with the real estate developer and makes the down payment. We also continue with the "Commission in Advance" model. By encouraging developers to pay us in advance so that agents can get their commission earlier, it brings more sense of security to agents and results in faster sell-through for real estate developers, achieving an all-win situation. Thanks to our robust and comprehensive risk assessment measures, our new home receivable turnover days remained healthy at 56 days in 2025, largely stable from 52 days in 2024.

Home Renovation and Furnishing Services

Our home renovation and furnishing services aim to provide a one-stop solution. According to customer needs and preferences, we provide professional services including home design, construction, customized furniture and soft furnishings delivery, as well as post-sales support, to create an ideal and comfortable living space for our customers. The process for our home renovation and furnishing services mainly includes customer acquisition, lead conversion, construction delivery and after-sales maintenance.

We acquire customers through various channels, including offline referrals, online advertising, marketing campaign, and word-of-mouth recommendation from existing clients. The lead conversion process mainly consists of initial communications to understand customer needs, arranging on-site measurements, creating flat design proposals, conducting showroom visits, and finalizing quotations and contract signing. Throughout this process, our designers maintain close communication with customers and conduct multiple showroom visits to ensure the proposed designs and renovation outcomes meet customer expectations.

The construction delivery process comprises basic construction work and main material installation. Basic construction work includes demolition, plumbing and electrical work, masonry and woodworking, and painting. Main material installation mainly includes the fixtures of wooden doors, kitchen cabinets, flooring, switches, sockets, lighting, and bathroom sanitary ware. During this process, project managers, workers, and inspectors collaborate closely to guarantee high-quality delivery. In terms of after-sales maintenance, when customers identify issues and report them during the use of their homes, our after-sales maintenance personnel provide on-site repair services.

Throughout our entire home renovation and furnishing services, we provide assurance to customers in terms of quality, construction period, and safety. Simultaneously, our strict customer complaint management ensures high-quality resolution.

Infrastructure Development

Home renovation and furnishing services entail a long business process chain, involving diverse materials, products, and the coordination of personnel in multiple roles. Infrastructure development plays a crucial role in this process, encompassing digital system construction and supply chain development.

Digital system construction

We establish and continuously iterate a set of online digital systems that features product data on a unified standard, covering the entire business process, and incorporates a personnel management and evaluation system, including core digital platform Home SaaS.

Home SaaS

Home SaaS serves as the core digital platform for our home renovation and furnishing services, comprising several subsystems including the customer sales system, Building Information Modeling, or BIM, system, central control system, construction delivery system and supply chain system. It also includes a Weixin mini-program that provides customers with full-process digitalized services.

Since 2019, the Home SaaS system has undergone continuous iterations and is currently operational nationwide, providing online capabilities for more service providers. In 2025, we significantly enhanced design efficiency and established a scalable, replicable design service capability by prioritizing BIM-centric integrated tools. Through AI-powered BIM system, we facilitate the rapid construction of floor plans and the automated generation of 2D colored plans, bird's-eye views, and 3D schemes, substantially shortening the preparation time for design proposals to customers. Furthermore, the system eliminates data silos across design, material selection, and pricing by establishing a unified full-link toolchain. This enables one-click data synchronization, providing a foundation for design standardization and the accumulation of digital data assets. By driving design productization through BIM and integrated product module libraries, we have further strengthened our ability to deliver standardized services at scale.

Supply chain development

The construction delivery and customized furniture delivery processes in home renovation and furnishing services involve a variety of materials and products, thereby establishing a robust supply chain system that is essential to ensure transportation timeliness. In 2025, we achieved further reductions in material costs by expanding the coverage of our centralized procurement and localized tender-based bidding across main and auxiliary material categories.

Home Rental Services

Our home rental services primarily encompass decentralized and centralized rental property management and operation services, as well as various rental-related services, including traffic monetization businesses and online rental management services. As of the end of 2025, the total number of home units under management in our home rental services exceeded 700,000, compared to over 430,000 units at the end of 2024.

Among these services, *Carefree Rent*, our decentralized rental property management and operation service, represents the largest segment. As of the end of 2025, the total number of home units under *Carefree Rent* exceeded 690,000, compared to over 420,000 units at the end of 2024.

Carefree Rent transforms scattered rental home listings into high-quality, reliable, institutionalized long-term rental properties. By building specialized property management and rental service teams, we ensure peace of mind for homeowners and a worry-free experience for tenants. Specifically, for landlords, we provide one-stop services including efficient leasing, property maintenance, and regular safety inspections. This ensures transparent and stable rental income for the owners, offering a hassle-free experience. For tenants, we offer comprehensive service guarantees, including 24-hour online butler support, hundreds of categories of free repairs, and flexible relocation rights. By addressing traditional rental pain points through a standardized service system, we strive to meet the evolving demand for high-quality living and enhance the overall rental experience.

In 2025, we continued to drive the product model under *Carefree Rent* business toward an asset-light transition, effectively mitigating risks associated with market volatility. Under the new product offering, we provide landlords leasing agency services, leveraging extensive multi-channel resources on *Beike* platform—including agents for our housing transaction services and dedicated sales teams—to facilitate rapid and efficient tenant matching. In addition, we offer lease term management services to both landlords and tenants. Accordingly, under the new model, revenue is recognized based on net service fees derived from two sources, including commissions earned for facilitating the signing of lease agreements between homeowners and tenants and fees for lease term management services rendered throughout the lease period.

In tandem with our model iteration, we remain focused on improving the per-unit economics of *Carefree Rent*. We boost workforce productivity and optimize personnel costs by deconstructing the service chain into standardized actions through a specialized division of labor. For example, property managers are responsible for property acquisition. Offline rental stewards are responsible for pre-move-in property inspections, ensuring standardized home delivery. Meanwhile, online rental service managers provide 24/7 support for tenants powered by AI-driven intelligent response systems, enabling instant assistance and efficient resolution of urgent tenant requests. These initiatives also reflect our unwavering commitment to elevating service quality.

Beyond operational efficiency, we continue to refine our rental safety governance systems by strengthening inspections and management of key risk scenarios. These efforts ensure a safer, more reliable living environment for customers throughout our business expansion.

Additionally, we are progressively embedding AI technology across the entire workflow of Carefree Rent to drive business strategies and enhance operational efficiency. In pilot regions, we leverage AI to optimize service area zoning and personnel allocation, maximizing human resource utilization. Meanwhile, the system provides granular guidance for operations through capabilities such as intelligent inventory management, automated pricing, and smart leasing, effectively driving efficiency while mitigating risks. These advancements provide a robust foundation for the scalable expansion and sustainable profitability of the business.

Beihaojia

Beihaojia business primarily provides C2M (Customer to Manufacturer) product solutions and efficient marketing services that integrate both online and offline channels for real estate developers and other business partners. In 2025, *Beihaojia* advanced the development of the C2M capabilities by providing developers with data-driven decision support – including unit mix optimization and price forecasting – across stages such as land acquisition assessment, product positioning, pricing, and marketing in new home developments. We implemented our capabilities across multiple collaborative projects.

In connection with our earlier efforts to validate our C2M capabilities, we hold two residential land parcels in Chengdu and Shanghai acquired in 2024, which we are managing directly.

Our Technology and Research and Development

We aspire to lead the innovations in the new era of China's housing related industry by leveraging our technologies. Our platform is built on a robust cloud-based technology infrastructure with comprehensive functionalities that support the entire lifecycle of housing transactions and services from initial customer acquisition, agent cooperation, lead referrals to property listing management, transaction workflow management, and further to payment, closing management, and other residential services. We have developed our AI technologies specifically to increase business operational efficiency on our platform and of the agents on our platform. See "—Insights and AI Applications."

Research and Development

We invest substantial resources in research and development to improve our technology, develop new products that are complementary to existing products and find ways to better support agents and other participants on our platform. We spent RMB1,937 million, RMB2,283 million and RMB2,581 million in research and development for the years ended December 31, 2023, 2024 and 2025, respectively.

Our research and development team includes engineers that build and maintain our infrastructure, AI algorithm engineers that conduct modeling and algorithm research, security and risk management engineers that focus on cybersecurity and risk control, infrastructure maintenance engineers that maintain the stability of our platform, platform development engineers that develop and implement products and services on our platform, and virtual reality engineers that specialize on *RealSee* virtual reality products.

Technological Infrastructure

We have developed a secure, efficient and cost-effective cloud-based core system to operate our business. Cloud-based technology allows us to process large amount of complex data in-house, which significantly reduces cost and improves operational efficiency. We currently rely on our six data center rooms, as well as third-party cloud services such as Tencent Cloud, for our computing, storage, bandwidth, content delivery network, backup and other services. The robust technology infrastructure supports instant scaling with great flexibility to support traffic spikes. We have the capability to operate and serve during outbreaks related to servers, cables and power in data center scale or city scale. Even in the extreme hypothetical situation where all core data are deleted, we are able to restore to full service with our multi-layer backup system. As of the date of this annual report, we have not experienced any service outbreak that materially affected our business operation.

RealSee Virtual Reality

We introduce VR experience to the housing transactions and services industry in China. We started to research on VR technology from as early as 2015 and built our VR lab in early 2016. We believe that the power of VR technology can help agents on our platform grow their business, get more housing customers, and deliver top-level services, especially when a growing number of housing customers start their housing transaction journeys by searching properties online. In addition, interactions between agents and housing customers during VR property showing sessions are digitalized and recorded, which can be used for agents' personalized training and skill improvement in a timely manner. At the same time, we are committed to enhancing spatial understanding of properties through multimodal AI models. This enables us to improve user experience in information retrieval and accelerate the efficiency of property matching.

We believe that our *RealSee* VR technology has already been transforming the way the housing transactions and services industry functions. Typically, customers physically visit multiple properties before deciding on the one they want, which is inconvenient, expensive and time consuming. *RealSee* VR technology allows home buyers to virtually visit properties without leaving their couches and move within the properties by clicking on special hotspots in the interface. We offer our housing customers three-dimensional walkthroughs of properties along with on-demand real time explanation from the agents on our platform using *Beike* customer front end.

Technology for Financial Solutions

We have developed cutting-edge technology to power the financial services on our platform. The core of our financial technology lies in our electronic wallets built in *eHomePay*. Capable of handling money transactions with high frequencies and value on our ecosystem, the electronic wallet is essentially a robust system that digitally transfers, clears and settles money in a stringent financial accounting manner.

Our Environmental, Social and Governance (ESG) Initiatives

We believe our continued growth depends on our integration of ESG values into our corporate strategies and operations. With the unprecedented challenges regarding climate change, we have become more active in taking on social responsibilities and we will continue to bring innovations to better serve everyone in our society. We are committed to operating on an ethical and compliant basis and elevating service experience through technological innovation. We will continue to promote a diverse and inclusive environment for talents and pursue environmentally friendly operations following the principles of low-carbon economy, thereby contributing to public welfare and helping build a wonderful community.

In April 2026, we released our 2025 ESG report, providing updates on our efforts in facilitating the transformation of China's housing-related industry, helping service providers gain dignity, and bringing customers joyful living experiences, through sound governance and technological innovation. The report details our ESG performance in 2025 in key areas including corporate governance, business ethics, service quality, talent development, low-carbon operations and community engagement. We acknowledge ourselves as a contributor to the society instead of solely an enterprise. While capturing commercial value, we are committed to long-term benefits and doing the right thing even if it's difficult. While providing customers with high-quality services ranging from existing and new home sales, home rentals, to home renovation and furnishing to satisfy customers' increasing demand for a better living, we hope to solidify our underlying capabilities and work together with all parties to promote the sustainable development of the industry. The information contained in our 2025 ESG report is not incorporated by reference into and should not be considered a part of this annual report.

Environmental Sustainability Initiatives

With an understanding of the impact of climate change on our long-term development, we actively promote environmental sustainability and have put forward a "*Green, Intelligent, Community+*" development strategy. Through technological innovations, we aspire to promote the digitalized economic development following the principles of low-carbon economy, tackle the challenges of climate change, and make contributions to global carbon neutrality. Our innovative technologies, such as VR initiatives, help reduce the hassle for offline commutes, and contribute to the reduction of greenhouse gas emissions associated with transportation. We advocate for green office practices to reduce our carbon footprint and constantly raise the awareness of environmental protection among our employees. For example, we have implemented digital and paperless processes across office operations as well as the core procedures of our business. For housing transaction services, key procedures - including contract signing, property appraisal, loan issuance, property handover, and fund escrow - have been fully processed online, effectively reducing paper consumption and commuting-related carbon emissions. In office operations, we further advanced the development of a digital electronic invoice system in 2025, enabling intelligent invoice issuance and significantly reducing paper procurement. In 2025, our various paperless service initiatives saved more than 350 million sheets of paper and reduced carbon emissions by approximately 3,000 tonnes.

We actively promote green building practices by highlighting certified sustainable properties on the *Beike* app. New home projects with two-star or three-star ratings under the Assessment Standard for Green Building (GB/T 50378-2019) are marked with a "Green Building" label, helping homebuyers identify healthier and more eco-friendly living options. As of now, the app provides full coverage, 100% labeling for all eligible two-star and three-star certified new residential projects across cities nationwide.

In 2023, the Beijing Lianjia Alfa Community Store achieved LEED Gold Certification for its outstanding performance in resource conservation and environmental management at the store level. In 2025, we continued to implement the green store standard and expanded its application to housing transaction contract signing centers. Based on the international LEED green building assessment framework, we carried out standardized management of store renovation and operations across areas, including green building materials, material recycling, high-efficiency equipment, intelligent electricity use, indoor environmental quality, waste management, and community engagement. In 2025, 100% of *Lianjia* stores following the latest design standards had fully met the *Lianjia* Green Store Standard. Moving forward, we will continue evaluating stores based on the *Lianjia* Green Store Standard, with a goal to complete assessments of all new and renovated stores by 2030 to further strengthen their environmental performance. In addition, we have established management measures for *Lianjia* stores to respond to extreme weather events, enhancing emergency response, strengthening operational resilience, and improving business continuity and service stability.

We are committed to creating safe, comfortable living spaces while continuously improving environmental practices to support sustainable development in home renovation and furnishing services. We implement green principles across key areas, including material selection, packaging, warehousing, and logistics. By using eco-friendly materials that meet national standards, and exploring technologies, we aim to raise the bar in environmental performance. We also promote the recycling of packaging materials, enabling efficient warehousing, and eco-friendly transportation. Meanwhile, we are actively exploring clean energy solutions such as photovoltaic systems and supporting appliance trade-in programs, along with kitchen and bathroom upgrade campaigns. These efforts contribute to the wider push for green, future-ready homes.

We actively promote environmental principles in our home rental services by encouraging shared responsibility between *Beike* and tenants to build greener, low-carbon living environments. To support this, we introduced the Sustainable Apartment Agreement, an add-on to the standard tenant contract. It includes practical initiatives such as saving energy and water, waste sorting and recycling, and encouraging green commuting. The agreement invites tenants to take part in everyday environmental actions, fostering a more sustainable and energy-efficient lifestyle. Since September 2024, we have been signing the Sustainable Apartment Agreement with new tenants as part of our ongoing commitment to promoting green living.

In 2025, we further advanced the digitalization of carbon management by building an integrated carbon management system with a 95% digitalization rate, which supports accurate accounting of greenhouse gas (GHG) emissions. We integrated core operational data including electricity and water consumption, business travel mileage, and newly purchased assets, and will gradually integrate carbon footprint data from suppliers, forming a comprehensive digital management system for carbon emissions. The system features core functions such as standardized emission sources management, activity data input, and automatic system-based accounting, and fully supports our annual calculation needs for GHG emissions. We aim to achieve carbon neutrality in our own operations (Scope 1 and Scope 2) by 2030, and to reduce value chain carbon emissions intensity (Scope 3) by 30% by 2030 from 2024 as the base year.

We regard climate change response as a core pillar of our sustainable development strategy. We proactively identify and systematically assess the potential impacts of climate-related risks and opportunities on our business, and remain committed to working with all stakeholders to advance the sustainable development of society and the environment, while actively addressing and mitigating climate-related challenges. This year, in alignment with the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), we conducted comprehensive assessments and analyses of climate-related risks and opportunities, taking financial impacts into consideration to further clarify the material impacts of climate change on our business operations.

Social Responsibility Initiatives

Taking into account multiple business scenarios including housing transactions, home renovation and furnishing, and home rental, we have built a sound quality assurance system and provided consumers with high-quality service experiences. At the same time, we have been committed to building a healthier industry ecosystem and working with industry partners to provide quality services. Together, we aim to improve the scientific management of our business, meet the housing needs of social groups, and jointly contribute to the healthy development of the housing industry. We introduced the “3+3” platform-level service commitments, further enhancing consumer protection and increasing the operational security of platform service providers. On this basis, we have established a compensation fund of RMB100 million to safeguard consumer rights, provide security for service providers, and promote positive interactions among the platform, the brand, and consumers. This ensures a virtuous cycle of quality services, driving the sustainable and healthy growth of the industry.

We continuously strengthen our information security and privacy protection systems. Our data and privacy protection framework applies to all business lines and branches and extends to Board members, consultants, full-time and part-time employees, as well as contractors providing services to us. We always adhere to the principles of legality, minimum necessary requirements, transparency, and security, laying a solid foundation for safeguarding consumer privacy. We conduct annual internal investigations on management effectiveness of our information security and privacy management systems. Meanwhile, we carry out annual third-party follow-up audits to ensure the validation of our ISO certifications. Our apps for consumer-end users (the *Beike* app, *Lianjia* app, *Beike Rental* app, *Beiwoo* Decoration Mini Program, and *Shengdu* Mini Program) have obtained authoritative information security certifications from China or international organizations, such as CCRC, ISO 27001, and ISO 27701, achieving 100% certification coverage. In 2025, Beike recorded zero material violations in the fields of information security and privacy protection.

As the cornerstone of the residential service industry, the professional skills and career development of service providers are crucial. We support their growth through systematic training and professional certification, significantly enhancing service quality. We continue to strengthen partnerships between schools and enterprises, and bridge vocational education with industry demands to build a talent cultivation ecosystem. We remain dedicated to empowering industry professionals, enabling them to thrive and excel in their careers, while initiating industry progress together. Since 2011, we have been conducting the "Erudite" examinations to solidify the effectiveness of our vocational training for agents, inspiring them to continuously enhance their professional capabilities and ultimately promoting improvements in service quality and efficiency. By the end of 2025, the Erudite examinations had been rolled out across 300 brokerage brands, including *Lianjia,* spanning over 90 cities nationwide, with approximately 3.63 million cumulative participants.

We believe that by integrating industrial advantages with community welfare, we are on the right path to promote efficient and sustainable community development. As the leading platform for housing transaction and services, we are able to support our communities through diversified interaction mechanisms and charity activities to meet community needs. In 2025, we launched the "Beike Rider Station" initiative. Targeting new workforce groups such as food delivery riders, parcel delivery couriers, ride-hailing drivers, and freight drivers, the stations provide essential convenience services including rest areas, restroom access, drinking water, charging ports, and Internet connectivity. By the end of 2025, we had established more than 2,000 Beike Rider Stations in 19 cities including Beijing, Shanghai, Guangzhou and Shenzhen, serving over 1.15 million workers in new workforce groups in total.

Elder Care Service. We initiated an ongoing elder care program where our agents teach seniors in the community to use smartphones through regular workshops and free Q&A sessions. As of December 31, 2025, the program had been established in 130 cities nationwide, serving around 1.67 million elderly participants.

Rural Development. We are committed to providing charitable contributions to the underserved communities in China, many of which are in rural areas. We hope to leverage the power of our platform to address the living needs of these communities and offer localized and effective solutions. As of December 31, 2025, we had provided more than RMB26 million to support the education of students in rural areas in China. By the end of 2025, we had provided professional sports equipment, including basketball stands, table tennis tables, and combined volleyball and badminton posts, to a total of 70 rural primary and secondary schools in Jingyuan County and surrounding areas. In parallel, we have built 14 new plastic playgrounds and four basketball courts for local schools, addressing the challenges of hardened and non-standard sports venues. Since 2021, we have carried out a series of Beike Station projects, investing funds in eligible villages to support rural revitalization. The investment has been used for renovation, construction, and hardcover of Beike Station, to improve the appearance of villages, promote the development of rural tourism, and drive local employment and income. In 2025, we implemented the Beike Lanshanju project in Shangyou, Jiangxi, which created more than 20 local job opportunities and increased villagers' annual per capita income by about RMB50,000.

Corporate Governance

We have built a sound corporate governance structure to ensure the effectiveness of our management. The board of directors authorized the corporate governance committee to oversee ESG-related issues and perform ESG governance responsibilities on behalf of the board. Following the framework of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) framework, we have built a risk management structure consisting of three lines of defense to identify and analyze financial and non-financial risks during operations and established effective risk prevention and control mechanisms to achieve long-term operational stability.

We integrate our corporate strategy with our sustainable development strategy by incorporating key performance indicators (KPIs) related to sustainability into the annual performance evaluations of our executive directors and senior management. These KPIs encompass service quality, customer complaints, data compliance, employee relations, and operational health. Starting from 2025, performance metrics including climate change-related indicators are linked to the remuneration of our chairman, co-founder, chief financial officer, and the heads of key emission-intensive business units. We oversee progress toward these targets, evaluate the effectiveness of our initiatives, and review milestone reports. Based on our progress and development status, we review and update these indicators to effectively incentivize the governance and management teams to advance our sustainability agenda.

Marketing and Branding

In 2025, we continued to deepen our brand identity centered on service value. Through a series of promotional and marketing initiatives, we further solidified the brand image as a one-stop residential services platform. In the second half of 2025, we held the "*Beike* Real Guarantee and Fund Security Launch Event" in Tianjin and concurrently rolled out the "*Beike* Real Guarantee" branding campaign across major cities nationwide, consistently communicating the platform's protection value and service commitments in the residential services sector. For our home renovation and furnishing business, *Beiwoo* and *Shengdu* focused on product upgrades and brand communication around the "Master Showroom" series, strengthening brand perception for delivering both high-quality design and cost-effectiveness. Furthermore, we pioneered the industry's first funds escrow service, leveraging a comprehensive media matrix to reinforce our brand's differentiated advantage in service security. Additionally, we executed integrated marketing campaigns across social media, our proprietary digital platforms, and various offline formats, including outdoor advertising and community-based events.

We believe that our high-quality services lead to strong word-of-mouth referrals, which drive customer awareness of our brands. As we gain trust from customers through facilitating housing transactions and services, including home renovation and rentals, they often refer us to their families, friends and social acquaintance, or return to our platform for their evolving living demands.

Intellectual Property

We regard our patents, trademarks, copyrights, domain names, know-hows, proprietary technologies, and similar intellectual property as critical to our success. As of December 31, 2025, we had 2,121 issued patents and 1,385 pending patent applications. We also owned 9,193 registered trademarks, 833 pending trademark applications, copyrights to 822 software programs developed by us relating to various aspects of our operations, and 175 registered domain names, including *ke.com* and *lianjia.com*, as of December 31, 2025.

We seek to protect our technology and associated intellectual property rights through a combination of patent, copyright and trademark laws, as well as license agreements and other contractual protections. In addition, we enter into employment agreements with confidentiality arrangements with our employees, and cooperation agreements with confidentiality arrangements with brokerage brands and business partners to protect our proprietary rights. The agreements we enter into with our employees also provide that all patents, software, inventions, developments, works of authorship and trade secrets created by them during the course of their employment with us are our property.

We intend to protect our technology and proprietary rights vigorously. We have employed internal policies, confidentiality agreements, encryptions and data security measures to protect our proprietary rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our failure to protect our intellectual property rights may undermine our competitive position, and external infringements of our intellectual property rights may adversely affect our business" and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have been and may be subject to intellectual property infringement claims or other allegations, which may materially and adversely affect our business, financial condition and prospects."

Seasonality

See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our results of operations are subject to seasonal fluctuations" for details.

Competition

The housing related industry in China is rapidly evolving and increasingly competitive. We face competition from players in different segments of the housing transactions and services industry. We compete with other online housing transaction platforms for property listings and housing transactions, as well as traffic-focused platforms for customer traffic. For our new home sales business, we also compete with numerous new home marketing services providers. In addition to these platforms and companies at the national level, we compete with offline traditional real estate brokerage stores and brands for agents and housing customers locally. We also compete with other companies for housing-related services, including providers of home renovation and furnishing services and home rental services, where competition is primarily based on service quality, operational efficiency, pricing and the ability to meet diverse customer needs.

We believe that we are strategically positioned in China's housing transactions and services industry and we compete with others primarily on the following factors: (i) the ability to build and expand our integrated online and offline platform for housing transactions and services; (ii) the amount and authenticity of property listings on our platform; (iii) the ability to further develop platform infrastructure to enhance operational efficiency and provide comprehensive services around the residential life-cycle; (iv) the superior service quality provided by our platform and service providers, as well as our ability to offer decision-making support and long-term companionship in residential services for our customers; (v) our brand recognition and reputation; and (vi) our ability to develop and apply advanced technologies, including AI, and leverage such technologies in housing transactions and services to achieve deep empowerment of service providers, thereby enabling the output of high-quality services at scale. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Key Components of Results of Operations" for a breakdown of total revenues for the last three financial years.

Insurance

In addition to providing social security insurance for our employees as required by PRC law, we also provide supplemental commercial medical insurance for our employees. Consistent with customary industry practice in China, we do not maintain business interruption or product transportation insurance, nor do we maintain key-man insurance. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have limited insurance coverage, which could expose us to significant costs and business disruption."

Regulation

Regulations Related to Foreign Investment

The establishment, operation and management of companies in China are governed by the PRC Company Law, the latest amendment took effect on July 1, 2024. The PRC Company Law applies to both PRC domestic companies and foreign-invested companies. The direct or indirect investment activities of a foreign investor shall be governed by the PRC Foreign Investment Law and its implementation rules. The PRC Foreign Investment Law is promulgated by the National People's Congress of the PRC on March 15, 2019 and took effect on January 1, 2020. This law implements the administrative system of pre-entry national treatment along with a negative list for foreign investments, and establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition.

Pursuant to this law, "foreign investments" refer to any direct or indirect investment activities conducted by any foreign individual, enterprise, or organization, or collectively referred to as "foreign investors" in the PRC, which includes any of the following circumstances: (i) foreign investors establishing foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors acquiring shares, equity interests, property portions or other similar rights and interests thereof within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) other forms of investments as defined by laws, regulations, or as otherwise stipulated by the State Council of the PRC. According to this law, the State Council of the PRC shall promulgate or approve a list of special administrative measures for access of foreign investments. This law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the negative list promulgated and amended by the NDRC and the Ministry of Commerce from time to time. This law provides that foreign investors shall not invest in the "prohibited" industries, and shall meet certain requirements as stipulated under the negative list for making investment in "restricted" industries.

In addition, this law also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriation or requisition of the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; and the capital contributions, profits, capital gains, proceeds out of asset disposal, licensing fees of intellectual property rights, indemnity or compensation legally obtained, or proceeds received upon settlement by foreign investors within China, may be freely remitted inward and outward in RMB or a foreign currency. Also, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements.

On December 26, 2019, the State Council of the PRC issued the Regulations on Implementing the PRC Foreign Investment Law, which came into effect on January 1, 2020. The regulations restate certain principles of the PRC Foreign Investment Law and further provides that, among others, (i) if a foreign-invested enterprise established prior to the effective date of the PRC Foreign Investment Law fails to adjust its legal form or governance structure to comply with the provisions of the Companies Act of the PRC or the Partnership Enterprises Law of the PRC, as applicable, and complete amendment registration before January 1, 2025, the enterprise registration authority will not process other registration matters of the foreign-invested enterprise and may publicize such non-compliance thereafter; and (ii) the provisions regarding equity interest transfer and distribution of profits and remaining assets as stipulated in the contracts among the joint venture parties of a foreign-invested enterprise established before the effective date of the PRC Foreign Investment Law may, after adjustment of the legal form and governing structure of such foreign-invested enterprise, remain binding upon the parties during the joint venture term of the enterprise.

On September 6, 2024, the NDRC and the Ministry of Commerce promulgated the Special Entry Management Measures (Negative List) for the Access of Foreign Investment (2024 version), or the 2024 Negative List, which took into effect on November 1, 2024. In addition, the NDRC and the Ministry of Commerce promulgated the Encouraged Industry Catalogue for Foreign Investment (2025 version), which was promulgated on December 15, 2025 and took into effect on February 1, 2026. Industries not listed in the 2024 Negative List or this catalogue are generally open for foreign investments unless specifically restricted by other PRC laws. Establishment of wholly foreign-owned enterprises is generally allowed in encouraged and permitted industries. Some restricted industries are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold the majority equity interests in such joint ventures. In addition, foreign investment in restricted category projects is subject to government approvals. Foreign investors are not allowed to invest in industries in the prohibited category.

The Ministry of Commerce and the State Administration for Market Regulation jointly approved the Foreign Investment Information Report Measures on December 19, 2019, which took effect on January 1, 2020. According to these measures, foreign investors or foreign invested enterprises shall report their investment related information to the competent local counterpart of the Ministry of Commerce through Enterprise Registration System and National Enterprise Credit Information Notification System.

The NDRC and the Ministry of Commerce jointly promulgated the Measures for the Security Review of Foreign Investment on December 19, 2020, which came into effect on January 18, 2021. Pursuant to these measures, the NDRC and the Ministry of Commerce will establish a working mechanism office in charge of the security review of foreign investment, and any foreign investment which has or would possibly have an impact on the national security shall be subject to security review by such working mechanism office. These measures define foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. The measures also require that foreign investors or their domestic affiliates to apply for clearance of national security review with the working mechanism office before they conduct any investment into any of the following fields: (i) investment in the military industry or military-related industry, and investment in areas in proximity of defense facilities or military establishment; and (ii) investment in any important agricultural product, important energy and resources, critical equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technologies and internet products and services, important financial services, critical technologies and other important fields which concern the national security where actual control over the invested enterprise is obtained.

Regulations Related to Real Estate Brokerage Business and Real Estate Agency Enterprises

Pursuant to the PRC Urban Real Estate Administration Law, the real-estate agencies include real-estate brokerage agencies. Real estate agencies are required to have: (a) their own names and entities; (b) fixed premises to offer services; (c) necessary property and fund for operation; (d) adequate number of professionals; and (e) other conditions stipulated by laws and administrative regulations. To establish a real estate brokerage agency, one shall apply for incorporation registration of such real estate brokerage agency with the competent local counterpart of State Administration for Market Regulation to obtain its business license before opening its business operation.

Specifically, the real estate brokerage business in China is primarily governed by the Real Estate Brokerage Administrative Measures, which were jointly promulgated by the Ministry of Housing and Urban-Rural Development, the NDRC and the Ministry of Human Resources and Social Security on January 20, 2011 and amended on April 1, 2016. Pursuant to the measures, the real estate brokerage business refers to the activities of providing intermediary and agency services to and collecting commissions from clients by real estate brokerage institutions and real estate brokers for purpose of promoting real estate transactions. To qualify as a real estate brokerage institution, an entity and its branches shall have a sufficient number of qualified real estate brokers and file with the local counterpart of the Ministry of Housing and Urban-Rural Development within 30 days after obtaining its business license. The real estate brokerage services shall be uniformly undertaken by real estate brokerage institution, with the service remunerations collected by the agencies collectively. Branches shall undertake businesses in the name of the parental real-estate agencies. Individual real estate brokers are not allowed to undertake real estate brokerage services in his/her own behalf. In addition, real estate brokerage entity which provide real estate brokerage services such as providing real estate information, on-site house viewing, and contract drafting shall enter into written real estate brokerage service agreements with their clients. Real estate brokerage agencies shall not charge any fee that is not published to the public and shall not use false or misleading price contents and other pricing technique to cheat on clients. Furthermore, real estate brokerage institutions and brokers must not: (a) counterfeit and disseminate the pricing information, or collude with real-estate developers or operators to reserve premises for higher price and manipulate the market price; (b) conceal the real housing transaction information from the interested parties, and earn price discrepancies between lower buy-in price and higher sell-out (rent) price; (c) solicit business through improper means such as concealing, fraud, coercing or bribing, or lure/force real estate buyers into transaction; (d) disclose or improperly use the personal information/business secret of real estate buyers to seek unjust profits; (e) for illegal purposes such as evasion of property transaction tax, sign contracts of different prices for the same house; (f) change the internal structure of the house and divide them for rental; (g) embezzle and misappropriate the property transaction capital; (h) buy or rent his/her own agented house; (i) offer brokerage services with respect to indemnificatory houses that are not permitted to be sold or prohibited-for-sales houses; and (j) conduct other behaviors prohibited by laws and regulations.

According to the Opinions on Strengthening the Management over Real-Estate Agencies to Promote Healthier Development of the Industry, jointly promulgated and implemented on July 29, 2016 by the Ministry of Housing and Urban-Rural Development, NDRC, Ministry of Industry and Information Technology, People's Bank of China, State Administration of Taxation, State Administration for Industry and Commerce and China Banking Regulatory Commission, governmental departments undertake enhanced regulation of real estate brokerage institutions. Real estate brokerage institutions are required to check the ownership information of the property and the identification for the client before publication of the property information. Upon approval of the client, the agency shall verify the ownership information in the competent real-estate department and prepare specification of the house conditions. The property information published shall be authentic, comprehensive and accurate. The agency shall not publish the information of the properties without the prior written authorization of owner and shall not conceal the mortgage status of the property or other information of the transaction. The real estate agency shall not in any form force the client to take service of any financial institution it appoints. Property information shall be removed within 2 working days upon its sale or rental.

According to the Circular on Preventing Operating Loans from being Illegally Flowed into Real Estate Sector as jointly issued by the Ministry of Housing and Urban-Rural Development, the People's Bank of China and the China Banking and Insurance Regulatory Commission (which has been replaced by the National Financial Regulatory Administration) on March 26, 2021, banking financial institutions are required to formulate a "White List" of intermediary agencies and shall not cooperate with any intermediary agency which assists any borrower to illegally obtain operating loans. In addition, this circular also prohibits real estate agencies from providing any consultations or services related to financial products of operating loans which are guaranteed by the buyer's real estate and inducing any buyer to illegally use the funds from operating loans. When providing the real estate brokerage services, real estate agencies shall request home buyers to undertake in writing that they do not misuse operating loans to fund the housing transactions. The local branches of the Ministry of Housing and Urban-Rural Development will also establish a "Black List" to record the offending real estate agencies and real estate brokers, and will regularly disclose cases of violations.

On July 13, 2021, the Ministry of Housing and Urban-Rural Development and other seven PRC regulatory agencies issued the Notice on Continuous Improvement and Regulation of the Real Estate Market Order, which aimed to strengthen the rectification of improper or illegal behaviors in real estate development, sales and leasing of properties, and property services by ways including, among others, rectifications of publishing false information of properties and illegal advertisements.

On October 23, 2021, the National People's Congress of the PRC authorized the State Council of the PRC to launch a five-year pilot property tax reform program in selected regions where the owners of residential and non-residential properties (excluding rural households) will be required to pay property tax. The State Council of the PRC has the discretion in deciding where and how the property tax will be implemented and administrated.

On April 27, 2023, the Ministry of Housing and Urban-Rural Development and the State Administration for Market Regulation jointly promulgated the Opinions on Regulating Real Estate Brokerage Services, which aim to standardize real estate brokerage services and strengthen the management of the real estate brokerage industry. The opinions emphasize that entities engaging in real estate brokerage services shall file with the local housing and urban-rural development department. The opinions provide that brokerage service fees should be determined through negotiations by all parties involved in the transaction, taking into account various factors, such as scope of services, quality of service and market supply-demand dynamics. Real estate agencies should reasonably reduce the service fees of housing sales and rental brokerage and could lower such fees reasonably based on the principle of "the higher the transaction amount, the lower the commission rate." The opinions propose to guide both sellers and buyers of transactions to share the brokerage service fees. Real estate agencies are refrained from exploiting a dominant market position to charge unfairly high services fees for brokerage services. The price for each service item should be transparent and confirmed by parties concerned. The opinions also provide specific requirements on the protection of personal information. Real estate agencies and their employees shall not illegally collect, use, process and transmit or illegally trade, provide and disclose personal information. Real estate agencies are required to establish and improve their internal management systems for protecting the personal information of their clients and take effective measures to prevent the leakage or illegal use of the personal information. Real estate agencies are not allowed to collect personal information or information about the property, nor are they allowed to send messages or make calls for advertisements.

Regulations Related to Home Rentals

Pursuant to the Law on Administration of Urban Real Estate of the People's Republic of China promulgated by the Standing Committee of the National People's Congress of China on July 5, 1994, amended on August 30, 2007 and August 27, 2009, and took effect on August 27, 2009 (which was further amended on August 26, 2019 and became effective on January 1, 2020), when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing provisions such as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties.

According to the PRC Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. Where the lessor knows or should know about the sublease of the lessee but fails to raise any objection within six months, it shall be deemed that the lessor agrees to the sublease. In addition, if the lessor transfers the premises, the lease contract between the lessee and the lessor will remain valid.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures for Leasing of Commodity Housing, which became effective on February 1, 2011. According to such measures, landlords and tenants are required to enter into lease contracts which should generally contain specified provisions, and lease contracts should be registered with the construction (real estate) authorities at municipal or county level where the leased property located within 30 days after its conclusion. If the landlords and tenants fail to go through the registration procedures, both landlords and tenants may be subject to fines. Also, according to such measures, a house shall not be leased under any of the following circumstances: (i) being an illegal construction; (ii) failing to meet the compulsory standards for engineering construction in terms of safety, disaster prevention, etc.; (iii) changing the nature of use of the house which violates provisions; or (iv) other circumstances under which the house is prohibited to be leased as prescribed by laws and regulations. Where the provisions of these measures are violated, the competent construction (real estate) departments of the people's governments of the municipalities directly under the central government, cities and counties shall order the violators to make corrections within a specified time limit. Where there is no illegal income, a fine of not more than RMB5,000 may be imposed; where there is illegal income, a fine of not less than one time but not more than three times the illegal income, but not more than RMB30,000, may be imposed.

On January 6, 2015, the Ministry of Housing and Urban-Rural Development released the Guidelines on the Accelerating the Cultivation and Development of Residential Tenancy Market, which encourage the establishment of residential tenancy organizations. Residential tenancy organizations are encouraged to purchase or lease housing for long-term and re-decorate the housing before renting out to the public. The municipal and county level real estate departments are required to build a governmental home rental information service platform to provide efficient, accurate and convenient information services for all parties in the house leasing market.

On May 17, 2016, the State Council issued the Opinions of the General Office of the State Council on Accelerating the Cultivation and Development of Home-Rental Market, which require the local housing authorities to strengthen the administration of the home-rental market participants, including residential tenancy enterprises, intermediary agencies and professionals, in coordination with certain departments, and keep credit records of relevant market participants.

On July 18, 2017, the Ministry of Housing and Urban-Rural Development, the NDRC, the Ministry of Public Security and other PRC regulatory agencies jointly released the Notice of Accelerating the Development of Residential Tenancy Industry in Large to Medium Sized Cities with Positive Population Influx. Pursuant to the Notice, (i) housing developers, realtors and property management enterprises are encouraged to expand its business into residential tenancy industry; and (ii) housing authorities are required to establish an online lease recordation system and regulate and supervise the rental process in the residential tenancy industry, including ensuring the truthfulness of residential tenancy advertisements and standardizing the residential tenancy process.

The Notice on Continuous Improvement and Regulation of the Real Estate Market Order issued on July 13, 2021 by the Ministry of Housing and Urban-Rural Development and other seven PRC regulatory agencies provides for strengthening the supervision and rectification of: (i) conducting business without submitting a business commencement report; (ii) failure to submit the rental information truthfully and completely pursuant to the regulations; (iii) failure to perform the obligations to inspect the qualifications of information publishers; (iv) withholding rent deposits; (v) evicting tenants through violence, threats or other coercive measures; (vi) operating house leasing loan business which violates the regulations; (vii) high-risk business activities such as “high in and low out (paying high rents to house owners but charging low rent from tenants),” “long in and short out (collecting rents of a long period of time from tenants but paying rents of a short period of time to house owners);” and (viii) failure to have rents supervised as required.

On July 16, 2025, the State Council issued the Measures on Residential Tenancy, which became effective on September 15, 2025. Pursuant to the Measures, real estate brokerage firms and housing rental agencies are required to verify the landlord’s identity and title to the property prior to listing, conduct on - site inspections of the premises, and prepare a written description of the property’s condition before offering it for lease. Housing rental agencies must report the commencement of their operations to the competent local governmental authorities within 30 days after obtaining their business licenses, and the regulatory authorities are required to make such information publicly available. Housing rental agencies engaging in subleasing business must open a bank account for rent and use such account exclusively for the receipt and payment of rent and related deposits. In addition, brokerage institutions must clearly disclose and publicly display their service fees and are prohibited from charging any undisclosed or hidden fees. Where a housing lease is concluded through a brokerage institution, the brokerage institution must complete the relevant lease filing procedures. Internet platform operators that provide publishing services for housing rental information are required to verify the identity of the entities posting such information and are prohibited from collecting or disbursing rent or security deposits. The Measures further provide that municipal governments shall establish mechanisms to monitor local rental markets and regularly publish information on prevailing rent levels across different regions and housing types within their jurisdictions. In addition, the maximum occupancy per room and the minimum per capita living area must comply with the standards prescribed by the relevant local governments.

Regulation Related to Home Renovation and Furnishing

Regulations on Qualifications of Construction Enterprises

The PRC government implements qualification management for construction enterprises. Pursuant to the Administrative Provisions on the Qualifications of Construction Enterprises issued by the Ministry of Housing and Urban-Rural Development in October 1995 and amended in December 2018 and the Grade Standards for Construction Enterprises Qualification issued by the Ministry of Housing and Urban-Rural Development on November 6, 2014 and amended in October 2016, the qualification of contractors engaging in interior construction is categorized into two grades, namely, Grade A and Grade B. Interior construction contractors can only undertake interior construction projects approved within the scope of its grade, in terms of its single contract value. Interior construction contractors with Grade A qualification may undertake interior construction project without project scale limitation, whereas those with Grade B qualification can only undertake interior construction project the single contract value of which is under RMB20 million.

Each of Shengdu Home Renovation Co., Ltd., Beike Shengdu (Zhejiang) Construction Decoration Engineering Co., Ltd., Beike Shengdu Home Furnishing Engineering (Zhejiang) Co., Ltd., Beijing Beiwoo Decoration Co., Ltd. and Beimeizhuang (Beijing) Construction Decoration Engineering Co., Ltd. has obtained the qualification certificate of construction enterprise issued by the local branch of the Ministry of Housing and Urban-Rural Development.

Regulations on Work Safety

Pursuant to the Work Safety Law of the PRC, which was issued by the Standing Committee of the National People's Congress on June 29, 2002 and amended on June 10, 2021, a production entity must meet the legal standard or industrial standard on work safety and provide work conditions set out in laws, administrative rules and national or industry standards. An entity that cannot meet required work conditions shall not engage in production and business operation activities.

Pursuant to the Regulations on Work Safety License issued by the State Council on January 13, 2004 and amended on July 29, 2014 and the Administrative Provisions on the Work Safety License of Construction Enterprises issued by the Ministry of Construction (the predecessor of the Ministry of Housing and Urban-Rural Development) effective on July 5, 2004 and amended on January 22, 2015, a construction entity is not allowed to engage in construction activities without a work safety license.

On June 7, 2023, the Ministry of Housing and Urban-Rural Development released the Notice on Further Strengthening the Safety Management of Urban Housing Interior Decoration and Renovation, which requires that interior construction contractors to strictly follow the mandatory construction standards and other technical standards, take necessary safety protection measures according to regulations to ensure the safety of operators and the building, and ensure the quality of decoration and renovation when undertaking the interior decoration and renovation construction business. For the construction projects with clear qualification requirements, interior construction contractors must possess corresponding qualifications and cannot undertake beyond the qualification level. If interior construction contractors exceed their qualification level to undertake business or carry out unauthorized construction changes to the building body and load-bearing structure, they may be subject to fines, suspension of their business for rectification, lowered the level of their qualifications, revocation of their qualification certificates or other administrative penalties. Such illegal acts will be recorded in the enterprise's credit file.

Each of Shengdu Home Renovation Co., Ltd., Beike Shengdu (Zhejiang) Construction Decoration Engineering Co., Ltd., Beike Shengdu Home Furnishing Engineering (Zhejiang) Co., Ltd., Beijing Beiwoo Decoration Co., Ltd. and Beimeizhuang (Beijing) Construction Decoration Engineering Co., Ltd. has obtained the safety production license (building construction) issued by the local branch of the Ministry of Housing and Urban-Rural Development.

Regulations on Qualifications of Construction Engineering Design

Pursuant to the Administrative Provisions on the Qualifications of Survey and Design of Construction Engineering issued by the Ministry of Housing and Urban-Rural Development in September 2016 and amended in December 2018, a construction engineering design entity shall obtain a qualification certificate of construction project design to conduct construction engineering design activities. According to the Grade Standards for Construction Engineering Design Qualification which was issued by the Ministry of Housing and Urban-Rural Development on March 29, 2007 and amended in March 2017, the qualification of contractors engaging in design of construction decoration projects is categorized into three grades, namely, Grade A, Grade B and Grade C. The contractors with Grade A qualification may undertake design of construction decoration project without project scale limitation, whereas those with Grade B qualification can only undertake design of construction decoration project the single contract value of which is under RMB12 million and those with Grade C qualification can only undertake design of construction decoration project the single contract value of which is under RMB3 million.

Each of Shengdu Home Renovation Co., Ltd., Beike Shengdu (Zhejiang) Construction Decoration Engineering Co., Ltd. and Beike Shengdu Home Furnishing Engineering (Zhejiang) Co., Ltd. has obtained the qualification certificate of construction project design issued by Zhejiang Commission of Urban-rural Development.

Regulations Related to Value-Added Telecommunications Services

Regulations on Value-Added Telecommunications Services

The PRC Telecommunications Regulations, promulgated on September 25, 2000 by the State Council of the PRC and most recently amended in February 2016, are the primary regulations governing telecommunications services. Under these regulations, a telecommunications service provider is required to procure operating licenses from the Ministry of Industry and Information Technology or its provincial counterparts, prior to the commencement of its operations, otherwise such operator might be subject to sanctions including corrective orders and warnings from the competent administration authority, fines and confiscation of illegal gains. In case of serious violations, the operator's websites may be ordered to be closed.

The PRC Telecommunications Regulations categorize all telecommunication services in China as either basic telecommunications services or value-added telecommunications services, and value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures. The Administrative Measures for Telecommunications Business Operating License promulgated by the Ministry of Industry and Information Technology in 2009 and most recently amended in July 2017, set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining the licenses and the administration and supervision of these licenses. Pursuant to these measures, a commercial operator of value-added telecommunication services must first obtain an operating license for value-added telecommunication business. These measures also provide that an operator providing value-added services in multiple provinces is required to obtain a cross-region license, whereas an operator providing value-added services in one province is required to obtain an intra-provincial license. Pursuant to these measures, any telecommunication services operator must conduct telecommunication business pursuant to the type and within the scope of business as specified in its license.

Pursuant to the Catalog of Telecommunications Services, which was promulgated by the Ministry of Information Industry of the PRC (the predecessor of the Ministry of Industry and Information Technology) on February 21, 2003 and last amended by the Ministry of Industry and Information Technology on June 6, 2019, both online data processing and transaction processing services and internet information services fall within Class 2 value-added telecommunication services. The "online data processing and transaction processing services" mean the online data processing and transaction/affair processing services provided for users through public communication networks or the internet, using various kinds of data and affair/transaction processing application platforms connected to various kinds of public communication networks or the internet. A telecommunication services operator engaged in online data processing and transaction processing services shall obtain a license for online data processing and transaction processing services. The "information services" refer to the information services provided for users via the public communication network or the internet and by the information collection, development, processing and construction of information platforms. The Administrative Measures on Internet Information Services, which were promulgated by the State Council of the PRC on September 25, 2000 and most recently amended on January 20, 2025, set out guidelines on the provision of internet information services. These measures classify internet information services into commercial internet information services and non-commercial internet information services. Pursuant to these measures, commercial internet information services refer to the provision with charge of payment of information or website production or other service activities to online users via the internet, and non-commercial internet information services refer to the provision with free of charge of information that is in the public domain and openly accessible to online users via the internet. These measures require that a provider of commercial internet information services shall obtain a license for internet information services. These measures also require that a provider of non-commercial internet information services shall carry out record-filing procedures with the provincial level counterparts of the Ministry of Industry and Information Technology.

Regulations Related to Foreign Investment Restriction on Value-Added Telecommunications Services

According to the 2024 Negative List, the equity ratio of foreign investment in the value-added telecommunications enterprises is subject to the cap of 50% except for the investment in the e-commerce operation business, a domestic multi-party communication business, an information storage and re-transmission business and a call center business.

Specifically, foreign direct investment in telecommunications companies in China is governed by the Administrative Regulations on Foreign-Invested Telecommunications Enterprises, which was promulgated by the State Council of the PRC on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. The regulations require that foreign-invested value-added telecommunications enterprises must be in the form of a Sino-foreign equity joint venture, and the ultimate capital contribution percentage by foreign investor(s) in a foreign-invested value-added telecommunications enterprise must not exceed 50%, other than certain exceptions. In addition, the main foreign investor who invests in a foreign-invested value-added telecommunications enterprises operating the value-added telecommunications business in China must satisfy a number of stringent performance and operational experience requirements, including demonstrating a good track record and experience in operating value-added telecommunication business overseas. Foreign investors that meet these requirements shall obtain approvals from the Ministry of Industry and Information Technology, which retain the discretion in granting such approval. On April 7, 2022, the State Council issued the Decision to Amend and Abolish Certain Administrative Regulations, which makes amendments to the Administrative Regulations on Foreign-Invested Telecommunications Enterprises. The amendments include, among others, removing the performance and operational requirements for main foreign investors that invest in PRC companies conducting value-added telecommunication business as set out in the Administrative Regulations on Foreign-Invested Telecommunications Enterprises. The amended Administrative Regulations on Foreign-Invested Telecommunications Enterprises took effect on May 1, 2022.

On April 8, 2024, the MIIT issued the Circular on Implementing the Pilot Programs Work to Expand the Opening-up of the Value-Added Telecommunications Services. The circular states that the MIIT will launch pilot programs to expand the opening-up of value-added telecommunications services, and the pilot programs will be initially launched in several regions, including Beijing, Shanghai, Hainan and Shenzhen. In the regions approved to launch pilot programs, foreign ownership restrictions in certain value-added telecommunications business will be removed, including internet data centers services, content delivery networks services, internet access services, online data processing and transaction processing services, information publishing platforms and delivery services (excluding internet news information, online publishing, online audiovisual, and internet cultural operations) and information protection and processing services. Foreign invested enterprises conducting these services in approved pilot regions are required to obtain approval from the MIIT in accordance with applicable law and regulations. The circular also indicates that based on the implementation of the pilot programs, the scope of the pilot regions may be expanded.

In 2006, the predecessor to the Ministry of Industry and Information Technology issued the Circular of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Business, according to which a foreign investor in the telecommunications service industry of China must establish a foreign invested enterprise and apply for a telecommunications businesses operation license. This circular also requires that: (i) PRC domestic telecommunications business enterprises must not lease, transfer or sell a telecommunications businesses operation license to a foreign investor through any form of transaction or provide resources, offices and working places, facilities or other assistance to support the illegal telecommunications services operations of a foreign investor; (ii) value-added telecommunications enterprises or their shareholders must directly own the domain names and trademarks used by such enterprises in their daily operations; (iii) each value-added telecommunications enterprise must have the necessary facilities for its approved business operations and maintain such facilities in the regions covered by its license; and (iv) all providers of value-added telecommunications services are required to maintain network and internet security in accordance with the standards set forth in PRC regulations. If a license holder fails to comply with the requirements in the circular and cure such non-compliance, the Ministry of Industry and Information Technology or its local counterparts have the discretion to take measures against such license holder, including revoking its license for value-added telecommunications business.

Regulations Related to Mobile Internet Applications

In June 2016, the CAC promulgated the Administrative Provisions on Mobile Internet Application Programs Information Services, which were most recently amended on June 14, 2022 and became effective on August 1, 2022. Pursuant to these provisions, a mobile internet application refers to an application software that runs on mobile smart devices providing information services after being pre-installed, downloaded or embedded through other means. Mobile internet application providers refer to the owners or operators of mobile internet application. Internet application stores refer to platforms which provide services related to online browsing, searching and downloading of application software and releasing of development tools and products through the internet.

Pursuant to these provisions, internet application providers shall comply with provisions on the scope of necessary personal information when engaging in personal information processing activities and shall not compel users to agree to non-essential personal information collection or ban users from their basic functional services due to their refusal of providing unnecessary personal information. Internet application providers shall not provide the services to the users who fail to submit real identity information or use fraudulent identity information of other organizations or persons for fake registration. Internet application providers shall also establish sound information content review and management mechanism, take sound management measures such as user registration, account management, information review, daily inspection and emergency disposal, and be staffed with professionals and technical ability appropriate to the service scale. Furthermore, internet application providers who launch new technologies, applications or functions with the attribute of public opinion or the capability of social mobilization shall conduct security assessment in accordance with the applicable laws and regulations. If an internet application provider violates these regulations, internet application distribution platforms may issue warnings, suspend the release of its applications, or terminate the sale of its applications, and/or report the violations to governmental authorities, and the application provider may be imposed administrative penalty by the CAC and competent authorities in accordance with laws and regulations.

On February 6, 2023, the Ministry of Industry and Information Technology released the Notice on Further Raising the Service Capabilities of Mobile Internet Application Programs, which reiterates the importance of service capabilities of mobile internet application programs and service providers, and imposes a series of requirements for applications developers, application programs service providers and applications platform services providers, including but not limited to providing appropriate services related to downloading and uninstalling mobile internet application programs with users, using automatic renewal services only upon the users' consent and offering convenient options to cancel automatic renewal services to users.

On July 21, 2023, the Ministry of Industry and Information Technology promulgated the Notice on the Record-filing of Mobile Internet Applications, which requires the filing of mobile internet applications programs with the authorities by the operators of such mobile internet applications programs in China. Operator of mobile internet applications programs shall not engage in any internet information service if it fails to complete the filing. The operator of mobile internet applications programs shall indicate the filing number in a prominent position of the mobile internet applications program and link the URL of the filing system for public inquiry and verification. Operators of existing mobile internet applications programs must complete filing procedures through an Internet service provider or a mobile internet applications program distribution platform between September 2023 and March 2024. New mobile internet applications programs cannot be put into use unless and until the filing procedures have been completed.

Regulations Related to Advertising Services

On April 24, 2015, the Standing Committee of the National People's Congress of the PRC enacted the revised Advertising Law of the PRC effective on September 1, 2015 which was most recently amended in April, 2021. This law increases the potential legal liability of advertising services providers and strengthens regulations of false advertising. This law sets forth certain content requirements for advertisements including, among other things, prohibitions on false or misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest.

In February 2023, the State Administration for Market Regulation promulgated the Administrative Measures on Internet Advertising, which became effective on May 1, 2023. Pursuant to the measures, internet advertisements are defined as any commercial advertising that directly or indirectly promotes goods or services through internet media in the form of texts, images, audio, video or other forms. An adverting distributor must examine, verify and record identity information of its advertisers, such as the advertiser's name, address and contact information, and maintain an updated verification of such information on a regular basis. Moreover, it must examine the supporting documentation provided by the advertisers and adverting operators. Where a special government review is required for specific categories of advertisements before posting, the adverting distributor must confirm that the review has been performed and approval has been obtained, and no edits or changes to the advertisements are allowed unless they are re-approved by the authority. If the content of the advertisement is inconsistent with the supporting documentation, or the supporting documentation is incomplete, the advertisement cannot be published. As for pop-up advertisements, advertising distributors shall clearly indicate the closure button for the advertisements, and shall not engage in any activities that may hinder the users from closing the pop-up advertisements with one button click, such as lacking a closure button, containing a countdown timer for closure, providing false or unidentifiable marks for the closure button, requiring more than one click to close, and allowing the advertisement to pop up again after closure on the same page or file, etc. In addition, the measures require paid-for search results to be distinguished from natural search results so that consumers will not be misled as to the nature of these search results. Furthermore, the measures specify additional compliance requirements for internet advertising businesses. For example, any promotion in the name of knowledge or experience sharing or consumer review but containing links to purchase relevant products and services are also classified as a form of advertisement and thus shall be clearly indicated as "advertisements." Internet advertisements shall not deceive or mislead users into clicking or viewing the advertisements with false or fabricated system or software update reminders or notifications or offer of rewards. If an advertisement contains any link directing to another advertisement, the advertisers, advertising operators and distributors of primary advertisements are responsible for verifying the advertisement contents to which the link is directed and are relevant to the primary advertisement. Internet distributors shall also establish and maintain an archive for the advertisers and advertisements and keep the record for at least three years after end of the advertisement. As for live-streaming, if a seller or service provider promotes goods or services via live-streaming and thus constitutes advertisements, such seller or service provider shall bear the obligations and responsibilities of an advertiser. If the operator of a live-streaming room is engaged to provide advertising design, production, agency, or publishing services, it shall bear the obligations and responsibilities of an advertising agent or advertising publisher, as applicable.

On August 22, 2024, the State Administration for Market Regulation promulgated the Guideline on Regulatory Enforcement concerning the Identifiability of Internet Advertising. The guideline provides specific criteria and requirements regarding the identifiability of internet advertisements. According to the guideline, the identifiability of internet advertisements refers to their clear distinction from other non-advertising content, allowing consumers to easily recognize them as advertisements. Advertising distributors can enhance the identifiability of such advertisements by using text annotations or voice prompts. If text annotations are used, the word "advertisement" must be prominently displayed. Similarly, if voice prompts are employed, the content must be clearly identified as an "advertisement" through clear and distinct voice narration. Furthermore, if the products or services being advertised—particularly those ranked through bidding for priority placement—are not clearly marked or indicated as "advertisement," the relevant governmental authorities are authorized to investigate and impose penalties for such non-compliance.

Regulations Related to Financing

Regulations Related to Online Payment

On December 28, 2015, the People's Bank of China issued the Administrative Measures for Internet Payment Services of Non-Bank Payment Institutions. Pursuant to the measures, online payment services shall mean activities where a payor or payee initiates a remote payment instruction via public network information system from its computer, mobile terminal or other electronic devices and, without interaction between the electronic device of the payer and the exclusive device of the receiver, and where the payment institution provides money transfer services between the payee and the payor. A payment institution shall obtain an online payment service permit before engaging in the online payment business. Payment institutions licensed for Internet payment services may, open a payment account for the client as requested at his or her own discretion. Payment institutions only licensed for providing mobile payment, landline payment or digital television payment services shall not open payment accounts for clients. Payment institutions shall fully warn their clients about the potential risk of online payments and provide necessary safety education and risk warning before processing the online payment services. Payment institutions shall establish and perfect their risk reserve procedures and a transaction compensation procedure, and shall protect the legitimate rights and interests of their clients by compensating in full amount of the losses of their clients if such losses cannot be effectively proved to be caused by the clients. In addition, a payment institution shall also provide transaction record search service for their clients for free through websites with legal and independent domain names and uniform service hotline for clients to search transaction records of at least the last year.

On January 19, 2021, the People's Bank of China issued the Measures for Deposit and Management of Clients' Reserves of Non-Bank Payment Institution. Pursuant to the measures, clients' reserves mean the cash that payment institution received from its clients to be paid to the payee. Non-bank payment institutions are required to open a deposit account at the People's Bank of China to deposit such reserves. The reserve received by non-bank institutions shall be fully deposit to the special reserve account opened at the People's Bank of China or the qualified bank. The reserve can only be used for the payment business requested by the clients and any entity, individual cannot use, misappropriate, or borrow such reserve or use it as a guarantee.

On December 9, 2023, the State Council issued the Regulation on Supervision and Administration of Non-bank Payment Institutions, which took effect on May 1, 2024. Pursuant to the regulation, "non-bank payment institutions" are non-bank entities that have obtained a payment business permit to engage in payment businesses such as the transfer of monetary funds based on electronic payment instructions submitted by payees or payers. To engage in payment business, the entity shall obtain the approval of the People's Bank of China and obtain a payment business permit, and the name of the non-bank payment institution shall include the word "payment." There are some requirements for the establishment of a non-bank payment institution. For example, the minimum registered capital for such entity shall be 100 million yuan in the form of paid-in monetary capital, and the principal shareholders and actual controllers of a non-bank payment institution shall have sound financial status and credit records and have no records of any major violation of laws or regulations in the latest three years. This regulation regulates that non-bank payment business shall be divided into two types, namely, stored-value account operation and payment transaction processing, depending on whether the payer's prepaid funds can be received. The specific method for classification of stored-value account operation business and payment transaction processing business and the rules for supervision and administration thereof shall be formulated by the People's Bank of China. To carry out non-bank payment business, a non-bank payment institution shall establish, improve and implement business management systems and compliance management systems and equip necessary and independent business systems, facilities and technologies to ensure the continuity, security and traceability of payment business. This regulation also stipulates the requirements for protecting the rights and interests of users, such as a non-bank payment institution shall (i) enter into a payment service agreement with its users and the terms of such agreement shall be fair and displayed in the business place, official website, and mobile Internet applications; (ii) ensure the security of user funds and information, and do not entrust core businesses and technical services to third parties for processing; and (iii) properly preserve user information and transaction records, establish an effective due diligence system, and strengthen risk management. Besides, a non-bank payment institution shall take effective measures to ensure the security of payment accounts and prevent them from being used for illegal fundraising, telecommunications fraud, money laundering, gambling and other criminal activities.

On July 9, 2024, the People's Bank of China issued the Implementation Regulations of the Regulation on Supervision and Administration of Non-bank Payment Institutions, which provides detailed guidelines for overseeing non-bank payment institutions. Under the regulation, the directors, supervisors, and senior executives of non-bank payment institutions must meet specific qualifications, including being well-versed in the rules and documents related to payment business. They must hold at least a bachelor's degree and have a minimum of two years of experience in payment settlement, finance, or information processing, or three years in accounting, economics, information technology, or legal work. Additionally, these individuals must have a good integrity record and must not have committed any major violations of laws or regulations in the past three years. The regulation further classifies the operation of stored-value accounts and payment transactions into two categories: Class I and Class II. It also stipulates minimum net asset requirements for non-bank payment institutions. These requirements are calculated based on the daily average balance of funds for pending payments and are determined according to progressive rates: (i) for the portion of the daily average balance of funds for pending payments not exceeding RMB50 billion, the rate is 5%, (ii) for the portion of the daily average balance of funds for pending payments exceeding RMB50 billion up to RMB200 billion, the rate is 4%, (iii) for the portion of the daily average balance of funds for pending payments exceeding RMB200 billion up to RMB500 billion, the rate is 3%, (iv) for the portion of the daily average balance of funds for pending payments exceeding RMB500 billion up to RMB1,000 billion, the rate is 2%, and (v) for the portion of the daily average balance of funds for pending payments exceeding RMB1,000 billion, the rate is 1%.

Beijing Ehomepay Technologies Co., Ltd., one of the subsidiaries of the VIEs, has obtained the license for non-financial institution payment service covering online payment service.

Regulations Related to Micro Credit Business

According to the Guiding Opinion on the Pilot Operation of Micro Credit Companies, which was promulgated by the China Banking and Insurance Regulatory Commission and the People's Bank of China on May 4, 2008, a micro credit company is a company that specializes in operating a micro-loan business with investments from natural persons, legal entities or other social organizations, and which does not accept public deposits. The establishment of a micro credit company is subject to the approval of the competent government authority at the provincial level. The provincial governments may launch the pilot operation of micro credit companies within their prefectural regions if they could designate a competent department, financial affairs office or other institutions to be responsible for the supervision and administration of micro credit companies and willing to take responsibility for handling the micro credit companies' risks.

Based on this opinion, many provincial governments, including that of Beijing, promulgated local implementing rules on the administration of micro credit companies. In November 2023, Beijing Financial Regulatory Administration issued the Measures for the Supervision and Administration of Micro Credit Companies of Beijing, which specifies the requirement for establishment and operation of micro credit companies in Beijing. According to these measures, the establishment of a micro credit company in Beijing is subject to the prior approval of the finance regulatory authority of the municipality, and the words "micro credit" shall be marked in the name of the micro credit companies. In addition, micro credit companies are required to adhere to the principles of small-amount and dispersed lending when granting loans. Specifically, the loan balance to any single borrower must not exceed 10% of the micro credit company's net assets as audited and recognized at the end of the previous fiscal year. Furthermore, the combined loan balance to a borrower and their related parties must not exceed 15% of the company's net assets as audited and recognized at the end of the previous fiscal year.

On December 31, 2024, the National Financial Regulatory Administration issued the Interim Measures for the Supervision and Administration of Micro Credit Companies, which outlines the scope of operations for microcredit companies. According to these measures, microcredit companies are permitted to engage in the business of granting microloans, accepting and discounting commercial bills, and other activities authorized by laws, administrative regulations, and approved by the National Financial Regulatory Administration. However, microcredit companies are prohibited from issuing or acting as agents for the sale of financial products such as wealth management products, trusts, or funds, as well as from purchasing financial products other than fixed-income securities. In addition, the measures stipulate that microcredit companies are not allowed to conduct business across provinces, autonomous regions, or municipalities directly under the central government.

On November 21, 2017, the Internet Financing Risk Special Rectification Work Leading Team Office issued a Circular on Immediate Suspension on Approval of the establishment of Online Micro Credit Enterprises, which stated that effective from November 21, 2017, no local governmental authorities shall approve any newly established online micro credit enterprises or approve any new cross-province small loan lending business for existing micro credit enterprises.

Beijing Beike Small Loan Co., Ltd., one of the subsidiaries of the VIEs, has obtained the approval for its establishment as a micro credit company in Beijing.

Regulations Related to Financing Guarantee

In March 2010, seven governmental authorities including the predecessor of the China Banking and Insurance Regulatory Commission, the Ministry of Commerce and the Ministry of Finance, promulgated the Interim Administrative Measures for Financing Guarantee Companies, which require an entity or individual to obtain prior approval from the governmental authority before engaging in the financing guarantee business. A financing guarantee is defined as an activity whereby the guarantor and the creditor, such as a financial institution in the banking sector, agree that the guarantor shall bear the guarantee obligations in the event that the borrower fails to meet its repayment obligations.

On August 2, 2017, the PRC State Council of the PRC promulgated the Regulations on the Supervision and Administration of Financing Guarantee Companies, which became effective on October 1, 2017. These regulations define "financing guarantee" as a guarantee provided for the debt financing, including but not limited to the extension of loans or issuance of bonds, and set out that the establishment of a financing guarantee company or engagement in the financing guarantee business without approval may result in administrative penalties and even criminal liabilities. These regulations on financing guarantee also set forth that the outstanding guarantee liabilities of a financing guarantee company shall not exceed ten times of its net assets, and that the balance amount of outstanding guarantee liabilities of a financing guarantee company for the same guaranteed party shall not exceed 10% of its net assets, while the outstanding guarantee liabilities of a financing guarantee company shall not exceed 15% of its net assets. On April 2, 2018, the seven governmental authorities issued four supplementary administrative measures for implementing the Regulations on the Supervision and Administration of Financing Guarantee Companies, which provide guidance on the application for and management of financing guarantee business license, the calculation of the outstanding guarantee liabilities of the financing guarantee companies, the administration of the asset ratio of financing guarantee companies, and the business cooperation between financing banks and financing guarantee companies.

On October 9, 2019, nine governmental authorities including the China Banking and Insurance Regulatory Commission, the NDRC, the Ministry of Commerce and the Ministry of Finance jointly issued the Circular on the Issuance of the Supplementary Provisions on Supervision and Administration of Financing Guarantee Companies, which clarified that residential real estate guarantee companies (centers) shall be regulated under the financing guarantee regulations and shall acquire a financing guarantee business license before June 2020. In addition, a financing guarantee company shall include the words "financing guarantee" in its company name. This circular also amended one of the Four Supplementary Measures by including the outstanding liabilities of residential real estate guarantee business as a factor in calculating the overall outstanding guarantee liabilities of a financing guarantee company.

Beijing Zhongrongxin Financing Guarantee Co., Ltd., one of the subsidiaries of the VIEs, and Shenzhen Beike Financing Guarantee Co., Ltd., one of our PRC subsidiaries, have obtained the license for financing guarantee business.

Regulations Related to Insurance Brokerage

On February 1, 2018, the China Insurance Regulatory Commission, the predecessor of China Banking and Insurance Regulatory Commission, promulgated the Provisions on the Regulation of Insurance Brokers, which became effective on May 1, 2018. Pursuant to these provisions, the establishment and operation of an insurance broker must meet the qualification requirements specified by the China Insurance Regulatory Commission, obtain the approval from the China Insurance Regulatory Commission and be licensed by the China Insurance Regulatory Commission. Specifically, the paid-in registered capital of a cross-province insurance brokerage company must be at least RMB50 million and that for an intra-province insurance brokerage company (the one only operates within the province in which it is registered) must be at least RMB10 million.

On April 27, 2018, the China Banking and Insurance Regulatory Commission promulgated the Notice on Relaxing Restrictions on the Business Scope of Foreign-Funded Insurance Brokerage Companies, which became effective on April 27, 2018. Pursuant to this notice, the foreign-funded insurance brokerage institutions that obtain insurance brokerage business permits upon approval by the insurance regulatory authority of the State Council of the PRC may engage in the following insurance brokerage business within the territory of the People's Republic of China: (i) drafting insurance application proposals, selecting insurers, and undergoing the insurance application formalities for insurance applicants; (ii) assisting the insured parties or beneficiaries in claiming compensation; (iii) reinsurance brokerage business; (iv) providing disaster or loss prevention or risk evaluation and management advisory services; (v) other business approved by the China Banking and Insurance Regulatory Commission.

On December 3, 2021, the General Office of the China Banking and Insurance Regulatory Commission issued the Circular on Clarifying Relevant Measures on Open up of Insurance Agency Markets, which provides that qualified foreign insurance brokerage companies with actual operation experience are allowed to set up insurance brokerage companies in China to conduct insurance brokerage business, and the following qualification requirements for the foreign investor of an insurance brokerage company are abolished: (i) the foreign investor shall have engaged in insurance brokerage business for more than thirty years within the territories of World Trade Organization members; (ii) the foreign investor shall have established its representative office in China for two consecutive years; and (iii) the total assets of the foreign investor shall be no less than US$200 million as of the end of the year prior to its application.

Beijing Anli Insurance Brokerage Co., Ltd., one of the subsidiaries the VIEs, has obtained the license for insurance brokerage business.

Regulations Related to Commercial Factoring

On June 27, 2012, the Ministry of Commerce promulgated the Notice on Pilot Scheme for Commercial Factoring, along with other circulars to launch the pilot scheme for commercial factoring in Shanghai Pudong New District, Tianjin Binhai New District and certain other areas. According to the local implementation rules, a commercial factoring enterprise may be established upon approval by the local counterparts of the Ministry of Commerce or other competent authorities (e.g. local financial work offices) in the said regions. The business scope of a commercial factoring company may cover trade financing services, management of sales ledgers, customer credit investigation and evaluation, management and collection of accounts receivable and credit risk guarantee. On May 8, 2018, the Ministry of Commerce announced that the regulatory authority of commercial factoring industry was transferred from the Ministry of Commerce to the China Banking and Insurance Regulatory Commission on April 20, 2018. On October 18, 2019, the China Banking and Insurance Regulatory Commission announced the Circular on Enhancing the Supervision and Management of Commercial Factoring Enterprises, which emphasized that commercial factoring enterprises shall not engage in, among others, the following businesses: (i) absorbing public funds either directly or in disguise; (ii) lending or borrowing money from other commercial factoring enterprises, directly or in disguise; or (iii) facilitating loans or entrusted by another person to facilitate loan.

Zhongjia Guotai Commercial Factoring (Shenzhen) Co., Ltd., one of our PRC subsidiaries, is approved by the competent authorities in Shenzhen to provide commercial factoring services.

Regulations Related to Real Estate Development

Pursuant to the Law of Administration of Urban Real Estate in the PRC, or the Urban Real Estate Law, promulgated by the Standing Committee of the National People's Congress on July 5, 1994, effective on January 1, 1995, and last amended on August 26, 2019, a real estate developer is defined as an enterprise engaged in the development and sale of real estate for profit. Pursuant to the Regulations on Administration of Development of Urban Real Estate promulgated by the State Council on July 20, 1998 and last amended on November 29, 2020, an enterprise seeking to engage in development of real estate must meet the following requirements: (i) its registered capital shall be no less than RMB1,000,000; and (ii) it must have at least four full-time professional real estate or construction technicians and at least two full-time accounting officers, each of whom must hold the relevant qualification certificate. Under the Regulations on Administration of Development of Urban Real Estate, local governments at the provincial, autonomous regional, and municipal levels may impose more stringent requirements on the registered capital and professional personnel of a real estate developer, depending on local conditions.

Pursuant to the Provisions on Administration of Qualifications of Real Estate Developers, or the Provisions on Administration of Qualifications enacted by the Ministry of Housing and Urban-Rural Development and came to force on March 2, 2022, a real estate developer must apply for registration of its qualifications in accordance with these provisions. Enterprises are prohibited from engaging in real estate development and operations without obtaining a qualification classification certificate. According to the Provisions on Administration of Qualifications, qualifications of real estate development enterprises are classified into two classes: Class 1 and Class 2. Each qualification class is subject to review and approval by the relevant authorities: (i) Class 1 qualifications require a preliminary review by the construction authority at the provincial level, followed by final approval from the construction authority under the State Council, and (ii) procedures for assessing Class 2 qualifications are determined by the construction authority of the respective province, autonomous region, or municipality directly under the central government. A developer that successfully passes the qualification examination will be issued a qualification certificate for the relevant class by the competent assessment authority. In addition, a real estate developer may only engage in activities within its approved scope of business. A Class 1 real estate developer is authorized to undertake real estate development projects nationwide with no restrictions on project scale. A Class 2 real estate developer may undertake projects with a gross floor area not exceeding 250,000 square meters. Each of Beihaojia (Beijing) Real Estate Development Co., Ltd., Beihaojia (Chengdu) Real Estate Development Co., Ltd., Beihaojia (Guangzhou) Real Estate Development Co., Ltd., Beihaojia (Shanghai) Real Estate Development Co., Ltd., Beihaojia (Xi'an) Real Estate Development Co., Ltd. and Chengdu Beihaojia Rongjin Real Estate Development Co., Ltd. has obtained the qualification of real estate development enterprises (Class 2).

The Provisional Regulations on the Granting and Transfer of Right to Use State-owned Land in Urban Areas of the People's Republic of China, promulgated by the State Council on May 19, 1990 and last amended on November 29, 2020, establishes a system for granting and transferring the right to use state-owned land. Under these regulations, a land user must pay a premium to the State as consideration for the grant of state-owned land use rights for a specified term, and the land user may transfer, lease, mortgage or otherwise commercially use the state-owned land use right within the term of validity. The land administration authority under the local government of the relevant city or county shall enter into a contract with the land user for the grant of state-owned land use rights. The land user must pay the premium as stipulated in the contract. Upon payment of the premium, the land user shall register with the land administration authority and obtain a State-owned Land Use Rights Certificate, thereby acquiring the state-owned land use right.

Regulations Related to Internet Security and Privacy Protection

Regulations Related to Internet Security

The Decision in Relation to Protection of Internet Security enacted by the Standing Committee of the National People's Congress of the PRC on December 28, 2000, as amended in August 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime under PRC laws, are subject to criminal punishment: (i) hacking into a computer or system of strategic importance; (ii) intentionally inventing and spreading destructive programs such as computer viruses to attack the computer system and the communications network, thus damaging the computer system and the communications networks; (iii) in violation of national regulations, discontinuing the computer network or the communications service without authorization; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through internet.

The Provisions on Technological Measures for Internet Security Protection, promulgated on December 13, 2005 by the Ministry of Public Security require internet service providers and organizations that use interconnection implementing technical measures for internet security protection, such as technical measures for preventing any matter or act that may endanger network security, for example, computer viruses, invasion or attacks to or destruction of the network. All internet access service providers are required to take measures to keep a record of and preserve user registration information. Under these measures, value-added telecommunications services license holders must regularly update information security and content control systems for their websites and must also report any public dissemination of prohibited content to local public security authorities. If a value-added telecommunications services license holder violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

On July 1, 2015, the Standing Committee of the National People's Congress issued the PRC National Security Law, which came into effect on the same day. The National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact national security of China.

On November 7, 2016, the Standing Committee of the National People's Congress of the PRC promulgated the PRC Cybersecurity Law, which was subsequently amended on October 28, 2025 and became effective on January 1, 2026, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. The Cybersecurity Law defines "networks" as systems that are composed of computers or other information terminals and facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with certain rules and procedures. "Network operators," who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations, including: (i) complying with security protection obligations in accordance with tiered cybersecurity system's protection requirements, which include formulating internal security management rules and manuals, appointing cybersecurity responsible personnel, adopting technical measures to prevent computer viruses and cybersecurity endangering activities, adopting technical measures to monitor and record network operation status and cybersecurity events; (ii) formulating cybersecurity emergency response plans, timely handling security risks, initiating emergency response plans, taking appropriate remedial measures and reporting to regulatory authorities; and (iii) providing technical assistance and support for public security and national security authorities for protection of national security and criminal investigations in accordance with the law. Network service providers who do not comply with the Cybersecurity Law may be subject to fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses.

On December 28, 2021, the CAC, the NDRC, the Ministry of Industry and Information Technology, and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures, which became effective on February 15, 2022. Pursuant to Cybersecurity Review Measures, critical information infrastructure operators that purchase network products and services and network platform operators engaging in data processing activities are subject to cybersecurity review under the Cybersecurity Review Measures if such activities affect or may affect national security. According to the Cybersecurity Review Measures, before purchasing any network products or services, a critical information infrastructure operator shall assess potential national security risks that may arise from the launch or use of such products or services, and apply for a cybersecurity review with the cybersecurity review office of CAC if national security will or may be affected. In addition, network platform operators who possess personal information of more than one million users, and intend to be listed on a foreign stock exchange must be subject to the cybersecurity review.

To apply for a cybersecurity review, the applicant shall submit (i) an application letter, (ii) a report to analyze the impact or the potential impact on national security, (iii) purchase documents, agreements, the draft contracts or application documents for initial public offering or other listing application documents to be submitted to the stock exchange regulators, and (iv) other necessary materials for conducting cybersecurity review. The Cybersecurity Review Measures elaborate the factors to be considered when assessing the national security risks of the activities, including, among others: (i) the risk of any critical information infrastructure being illegally controlled, interfered, or sabotaged; (ii) the harm to the business continuity of any critical information infrastructure caused by the disruption of supply of these products and services; (iii) the security, openness, transparency and variety of sources of these products or services, the reliability of supply channels, as well as risks of supply interruptions due to factors such as politics, diplomacy and trade; (iv) the level of compliance with PRC laws and regulations of the product and service providers; (v) the risk of core data, important data, or a large amount of personal information being stolen, leaked, destroyed, and illegally used or cross-border transferred; (vi) the risk of critical information infrastructure, core data, important data, or a large amount of personal information being affected, controlled, or maliciously used by foreign governments and the cyber information security risk in connection with listing; and (vii) other factors that may adversely affect the security of critical information infrastructures, cyber security or data security.

If the cybersecurity review office of CAC deems it necessary to conduct a cybersecurity review, it should complete a preliminary review (including reaching a review conclusion suggestion and sending the review conclusion suggestion to the implementing body for the cybersecurity review mechanism and the authorities for their comments) within 30 business days from the issuance of a written notice to the operator, or 45 business days for complicated cases. Upon the receipt of a review conclusion suggestion, the implementing body for the cybersecurity review mechanism and the authorities shall respond with their opinions in writing within 15 business days. If the cybersecurity review office of CAC and these authorities reach a consensus, then the cybersecurity review office of CAC shall inform the operator in writing, otherwise, the case will go through a special review procedure. The special review procedure should be completed within 90 business days, or longer for complicated cases.

On June 10, 2021, the Standing Committee of the National People's Congress of the PRC promulgated the PRC Data Security Law, which became effective in September 2021. The Data Security Law requires data processing, which includes the collection, storage, use, processing, transmission, provision and publication of data, to be conducted in a legitimate and proper manner. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data processing activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it may cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data is required to designate the personnel and the management body responsible for data security, carry out risk assessments of its data processing activities and file the risk assessment reports with the competent authorities. State core data, i.e. data having a bearing on national security, the lifelines of national economy, people's key livelihood and major public interests, shall be subject to stricter management system. Moreover, the Data Security Law provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information. In addition, the Data Security Law provides that the PRC authorities shall, in accordance with laws and international treaties and agreements concluded or participated in by the PRC, or in accordance with the principle of equality and reciprocity, handle requests from foreign judicial or law enforcement agencies for the provision of data and any organization or individual within the territory of the PRC shall not provide any foreign judicial or law enforcement agencies with any data without the approval of the competent PRC government authorities. Violation of Data Security Law may subject the entities or individuals to warning, fines, and business suspension, revocation of permits or business licenses, or even criminal liabilities.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council of the PRC jointly issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law, which request improvement on the laws and regulations related to data security, cross-border data transfer and the management of confidential information, strengthening principal responsibility for the information security of overseas listed companies, strengthening standardized mechanisms for providing cross-border information, and improvement of cross-border audit regulatory cooperation in accordance with the law and the principle of reciprocity.

On August 17, 2021, the State Council of the PRC promulgated the Regulations on Protection of Security of Critical Information Infrastructure, which took effect on September 1, 2021, and pursuant to which, "critical information infrastructures" refer to critical network facilities and information systems involved in important industries and sectors, such as public communication and information services, energy, transportation, water conservancy, finance, public services, governmental digital services, science and technology related to national defense industry, as well as those which may seriously endanger national security, national economy and citizen's livelihood or public interests if damaged or malfunctioned, or if any leakage of data in relation thereto occurs. Pursuant to these regulations, the governmental authorities are responsible for stipulating rules for the identification of critical information infrastructures with reference to several factors set forth in the regulations, and identify the critical information infrastructure operators in the related industries in accordance with such rules. The authorities shall also notify operators identified as the critical information infrastructure operators.

On December 8, 2022, the Ministry of Industry and Information Technology issued the Measures for the Administration of Data Security in the Field of Industry and Information Technology (for Trial Implementation), which became effective on January 1, 2023. The measures are aimed to regulate the processing activities of data in the field of industry and information technology field conducted by relevant data processors in China. The measures apply to industrial enterprises, software and information technology service companies, and companies holding licenses for operation of telecommunication services that independently determine the purposes and methods of data processing in the course of data processing activities. Data processing activities include, among others, the collection, storage, use, processing, transmission, provision, and disclosure of data. Pursuant to the measures, data in the field of industry and information technology include industrial data, telecommunication data, and radio data generated and collected during the operation of relevant services. The measures provide for the classification of data in the field of industry and information technology as general, important, or core data, and provide specific requirements for the management of data classifications and data protection measures, including, among other things, data collection, storage, processing, transmission, disclosure, and destruction for data processors in the field of industry and information technology. In particular, data processors processing important data and core data are required to complete filing with authorities for the catalogue of important data and core data. The filing information includes basic information on the data, such as category, classification, quantity, processing purposes and methods of data processing, scope of use, liable entities, data sharing, cross-border transfer of data, and data security protection measures. If over 30% of the quantity (i.e., number of data items or amount of data stored) of important and core data changes or there is any material change to other filing information, data processors must update the filing information with the authorities within three months after such change. Furthermore, the measures provide data security requirements for cross-border and data transfers for data processors. If a data processor needs to transfer data in cases of merger, restructuring, or bankruptcy, it shall make data transfer plan and notify users affected. In addition, the measures indicate that the legal representative or principal of the data processor should be the primary person held accountable for data security and the person in charge of data security should take direct responsibility for the security of data processing activities.

On September 24, 2024, the CAC published the Measures on Network Data Security Management, which became effective on January 1, 2025. The measures provide that network data processors carrying out network data processing activities that affect or may affect national security shall undergo a national security review in accordance with relevant national regulations. In addition, network data processors processing personal information of over ten million individuals shall fulfill certain requirements for processing important data and take certain precautionary measures, such as identifying important data and conducting annual risk assessment. Furthermore, the measures allow network data processors to provide personal information overseas only if they strictly meet certain conditions. The measures also impose obligations on network platform service providers, requiring them to offer users features such as the ability to opt out of receiving targeted information and to delete tags based on their personal characteristics.

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Cross-border Data Transfer, which became effective on September 1, 2022. These measures require the data processor providing data overseas to apply for the security assessment of cross-border transfer of data with the local provincial-level counterparts of the national cybersecurity authority under any of the following circumstances: (i) where the data processor intends to provide important data overseas; (ii) where a critical information infrastructure operator and a data processor who has processed personal information of more than 1,000,000 individuals intends to provide personal information overseas; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the last year intends to provide personal information overseas; or (iv) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC. Furthermore, the data processor shall conduct a self-assessment on the risk of data cross-border transfer prior to applying for the foregoing security assessment, under which the data processor shall consider certain factors including, among other things, (i) the purpose, scope and manner of the cross-border data transfer and the overseas data recipient processing data and the legality, legitimacy and necessity thereof, (ii) the scale, scope, type and sensitivity of the transferred data, the risks to national security, public interests and the legitimate rights and interests of individuals or organizations arising from the cross-border data transfer, (iii) the overseas data recipient's commitment to assume responsibility and obligations, the management and technical measures to fulfill the responsibilities and obligations, and the ability to ensure the security of the transferred data, (iv) the risk of data being tampered with, destroyed, leaked, lost, transferred, or illegally obtained or illegally used during and after the cross-border transfer, and the existence of channels for safeguarding the rights and interests of personal information, and (v) adequate compliance of data transfer-related contracts or other legally binding documents between the data processor and the overseas recipient with the data security protection responsibilities and obligations. The data processors that in violation of such measures are required to rectify such non-compliance within six months of the effectiveness date thereof.

On February 22, 2023, the CAC promulgated the Measures on the Standard Contract for the Outbound Cross-Border Transfer of Personal Information, which became effective on June 1, 2023. The personal information processors in mainland China shall meet all of the conditions below to provide the personal information abroad by using the Standard Contract: (a) it is not a critical information infrastructure operator; (b) it processes the personal information of less than 1 million individuals; (c) it has cumulatively transferred abroad the personal information of less than 100,000 individuals since January 1 of the previous year; and (d) it has cumulatively transferred abroad the sensitive personal information of less than 10,000 individuals since January 1 of the previous year. Before providing personal information to offshore recipients, personal information processors shall conduct assessment for the personal information protection impacts. The personal information processor shall file with the provincial cyberspace authority within 10 working days from the effective date of a Standard Contract executed. The processors shall remediate the non-compliance of personal information cross-border activities within six months from the date that the Measures on the Standard Contract for the Outbound Cross-Border Transfer of Personal Information became effective.

On March 22, 2024, the CAC released the Provisions on Regulating and Facilitating Cross-border Data Flow, which became effective on the same day. These provisions specify the situations in which a declaration for security assessment, conclusion of a standard contract, and personal information protection certification are not required. For example, the following circumstances are exempt from data export security assessment, entering into a standard contract for the export of personal information, or passing the personal information protection certification: (i) where cross-border transfer of personal information is necessary for the execution and performance of a contract to which such individual is a party, such as cross-border shopping, cross-border delivery, cross-border remittances and payment, air ticket and hotel reservations, visa applications, and examination services; (ii) where employee personal information must be provided overseas in conjunction with a collective contract and the implementation of human resources management; (iii) where cross-border transfer of personal information is necessary for the purpose of protecting the life, health, and safety of natural persons in an emergency; or (iv) where data processors other than critical information infrastructure operators provide personal information (excluding sensitive personal information) of less than 100,000 individuals cumulatively to offshore recipients since January 1 of the current year. If the personal information of between 10,000 and one million individuals or the sensitive personal information of less than 10,000 individuals is expected to be provided overseas within one year, the data processor (other than critical information infrastructure operators) shall conclude a standard contract for the cross-border transfer of such personal information and or pass the personal information protection certification.

On October 14, 2025, the CAC promulgated the Measures for the Certification of Cross-Border Provision of Personal Information, which became effective on January 1, 2026. Pursuant to these measures, prior to applying for certification for the cross-border provision of personal information, personal information processors are required to fulfill statutory obligations, including providing notice to individuals, obtaining their separate consent and conducting personal information protection impact assessments in accordance with applicable laws and administrative regulations.

On September 11, 2025, the CAC issued the Administrative Measures on Cybersecurity Incident Reporting, which became effective on November 1, 2025. The measures set out the regulatory framework governing the identification, reporting, and handling of cybersecurity incidents in China and require network operators to assess incidents in accordance with the applicable grading guidelines. Under such guidelines, a cybersecurity incident involving the leakage of more than one million individuals' personal information may constitute a "relatively serious" cybersecurity incident, the leakage of more than 10 million individuals' personal information may constitute a "major" cybersecurity incident, and the leakage of more than 100 million individuals' personal information may constitute an "especially major" cybersecurity incident. Where a reportable cybersecurity incident occurs, network operators are required to report such incident to the competent authorities within the prescribed time limits, provide updates if material developments arise, and submit a summary report after the incident-handling process is completed.

Regulations Related to Privacy Protection

On December 29, 2011, the Ministry of Industry and Information Technology issued the Several Provisions on Regulating the Market Order of Internet Information Services, pursuant to which an internet information service provider may not collect any user personal information or provide any such information to third parties without the consent of a user. In addition, an internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. An internet information service provider is also required to properly maintain the user personal information, and in case of any leak or likely leak of the user personal information, online lending service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

Pursuant to the Decision on Strengthening the Protection of Online Information, issued by the Standing Committee of the National People's Congress of the PRC on December 28, 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information, issued by the Ministry of Industry and Information Technology on July 16, 2013, any collection and use of a user's personal information must be subject to the consent of the user, be legal, reasonable and necessary and be limited to specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is prohibited from divulging, tampering with or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps, which was issued on January 23, 2019, app operators should collect and use personal information in compliance with the Cybersecurity Law and should be responsible for the security of personal information obtained from users and take effective measures to strengthen the personal information protection. Furthermore, app operators must not force their users to make authorization by means of bundling, suspending installation or in other default forms and should not collect personal information in violation of laws, regulations or breach of user agreements. Such regulatory requirements were emphasized by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests, which was issued by Ministry of Industry and Information Technology on October 31, 2019. On November 28, 2019, the CAC, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information. This regulation also illustrates certain commonly-seen illegal practices of apps operators in terms of personal information protection, including "failure to publicize rules for collecting and using personal information," "failure to expressly state the purpose, manner and scope of collecting and using personal information," "collection and use of personal information without consent of users of such App," "collecting personal information irrelevant to the services provided by such app in violation of the principle of necessity," "provision of personal information to others without users' consent," "failure to provide the function of deleting or correcting personal information as required by laws" and "failure to publish information such as methods for complaints and reporting." Among others, any of the following acts of an app operator will constitute "collection and use of personal information without consent of users": (i) collecting an user's personal information or activating the permission for collecting any user's personal information without obtaining such user's consent; (ii) collecting personal information or activating the permission for collecting the personal information of any user who explicitly refuses such collection, or repeatedly seeking for user's consent such that the user's normal use of such app is disturbed; (iii) any user's personal information which has been actually collected by the app operator or the permission for collecting any user's personal information activated by the app operator is beyond the scope of personal information which such user authorizes such app operator to collect; (iv) seeking for any user's consent in a non-explicit manner; (v) modifying any user's settings for activating the permission for collecting any personal information without such user's consent; (vi) using users' personal information and any algorithms to directionally push any information, without providing the option of non-directed pushing such information; (vii) misleading users to permit collecting their personal information or activating the permission for collecting such users' personal information by improper methods such as fraud and deception; (viii) failing to provide users with the means and methods to withdraw their permission of collecting personal information; and (ix) collecting and using personal information in violation of the rules for collecting and using personal information promulgated by such app operator.

Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens, issued on April 23, 2013, and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens, which was issued on May 8, 2017 and took effect on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

Pursuant to the PRC Civil Code, effective on January 1, 2021, the information processor shall take technical measures and other necessary measures to protect the personal information collected and stored by it and to prevent any information from being leaked, falsified and lost. In the event that any personal information is or may be leaked, falsified or lost, the information processor shall take immediate remedial measures, inform the natural person concerned and escalate such situation to the competent department as required.

On August 20, 2021, the Standing Committee of the National People's Congress of the PRC promulgated the Personal Information Protection Law of the PRC, which became effective on November 1, 2021. This law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities handling personal information bear responsibilities for their personal information handling activities, and shall adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, the entities handling personal information could be ordered to correct, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties. The Personal Information Protection Law of the PRC further provides that the PRC authorities shall, in accordance with laws and international treaties and agreements concluded or participated in by the PRC, or in accordance with the principle of equality and reciprocity, handle requests from foreign judicial or law enforcement agencies for the provision of personal information stored in China and personal information processors shall not provide any personal information stored in the PRC to foreign justice or enforcement agencies without the approval of PRC government authorities.

On February 12, 2025, the CAC promulgated the Measures for the Administration of Personal Information Protection Compliance Audits, or the Personal Information Protection Audits Measures, which became effective on May 1, 2025. The Personal Information Protection Audits Measures provide that where personal information processors conduct their own compliance audits for personal information protection, such audits must be carried out periodically by their internal compliance teams or designated external professional organizations to assess compliance with applicable laws and administrative regulations governing personal information processing. The measures further require personal information processors that process the personal information of more than 10 million individuals to conduct a personal information protection compliance audit at least once every two years. In addition, the CAC and other relevant authorities responsible for personal information protection may require personal information processors to engage external professional organizations to conduct compliance audits of their personal information processing activities in the following circumstances: (i) where material risks are identified in personal information processing activities that may seriously affect individuals' rights and interests or reveal serious deficiencies in security measures; (ii) where the processing activities may infringe upon the rights and interests of a large number of individuals; or (iii) where a personal information security incident results in the leakage, tampering with, loss, or destruction of the personal information of more than one million individuals or the sensitive personal information of more than 100,000 individuals.

Regulation Related to Artificial Intelligence

On September 17, 2021, the CAC and other eight government authorities jointly issued the Guiding Opinions on Strengthening the Comprehensive Governance of Network Information Service Algorithms, with the aim to, within three years, gradually establish a comprehensive governance pattern for algorithm security with a complete governance mechanism, a refined regulatory system and a standardized algorithm ecosystem. According to the opinions, enterprises shall establish an algorithm security accountability system and a system for the review of scientific and technological ethics, enhance the organizational structure for algorithm security, intensify efforts in the prevention of risks and the handling of hidden dangers, and increase the capacity and level in handling algorithm security emergencies. Enterprises shall raise their awareness of responsibility and assume primary responsibilities for outcomes caused by the application of algorithms.

On December 31, 2021, the CAC, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of State Security promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation, which became effective on March 1, 2022. These provisions implement classification and hierarchical management for algorithm recommendation service providers based on varies criteria. Moreover, the provisions require algorithmic recommendation service providers to provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. If the users choose to cancel the algorithm recommendation service, the algorithm recommendation service provider shall immediately stop providing relevant services. Algorithmic recommendation service providers shall also provide users with the function to select, modify or delete user labels which are used for algorithmic recommendation services.

On July 10, 2023, the CAC and six other regulatory authorities in the Chinese mainland promulgated the Interim Measures for Generative Artificial Intelligence Services, which took effect on August 15, 2023. The measures impose compliance requirements for providers of generative artificial intelligence services to the general public within the Chinese mainland. The measures stipulate that providers of generative artificial intelligence services related to text, image, audio, video and other content to the general public within the Chinese mainland will be responsible as "producers of Internet information content" and "personal information processors," with the responsibilities specified in the Personal Information Protection Law of the PRC, the PRC Data Security Law, the Cyber Security Law, and other PRC laws and regulations related to cybersecurity and personal information protection. Providers of generative artificial intelligence services are required to enter into service agreements with their users. In addition, providers of generative artificial intelligence services that have the potential to influence public opinion or provoke social agitation are required to conduct security assessments and complete filings in accordance with the Administrative Provisions on Internet Information Service Algorithm Recommendation.

Regulation Related to Fire Control

Pursuant to the PRC Fire Safety Law, which was promulgated by the Standing Committee of the National People's Congress and most recently amended on April 29, 2021, and the Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Project promulgated by the Ministry of Housing and Urban-Rural Development, which took effect on June 1, 2020 and were most recently amended on August 21, 2023 the construction entity of a large-scale crowded venue (including the construction of a manufacturing plant whose size is over 2,500 square meters) and other special construction projects must apply for fire prevention design review with fire control authorities, and complete fire assessment inspection and acceptance procedures after the construction project is completed. The construction entity of other construction projects must complete the filing for fire prevention design and the fire safety completion inspection and acceptance procedures within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such venue is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to (i) orders to suspend the construction of projects, the use of such projects, or the operation of the business, and (ii) a fine between RMB30,000 and RMB300,000.

Regulation Related to Intellectual Property

Patent

Patents in the PRC are principally protected under the Patent Law of the PRC. The Chinese patent system adopts a first-to-file principle. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. A patent is valid for twenty years in the case of an invention, ten years in the case of utility models and fifteen years in the case of designs.

Copyright

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of the PRC and related rules and regulations. Under the Copyright Law, the term of protection for copyrighted software is 50 years. The Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks, as most recently amended on January 30, 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and internet service providers.

The Computer Software Copyright Registration Measures, promulgated by the National Copyright Administration on April 6, 1992 and amended on May 26, 2000 and February 20, 2002, regulates registrations of software copyright, exclusive licensing contracts for software copyright and assignment agreements. The National Copyright Administration administers software copyright registration and the Copyright Protection Center of China, is designated as the software registration authority. The Copyright Protection Center of China shall grant registration certificates to the Computer Software Copyrights applicants which meet the requirements of both the Computer Software Copyright Registration Measures and the Computer Software Protection Regulations (Revised in 2013).

Trademark

Registered trademarks are protected under the Trademark Law of the PRC and related rules and regulations. Trademarks are registered with the Trademark office of National Intellectual Property Administration. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and effective as of November 1, 2017. Domain name registrations are handled through domain name service agencies established under the regulations, and applicants become domain name holders upon successful registration.

Regulations Related to Employment and Social Welfare

Labor Contract Law

The PRC Labor Contract Law, which became effective on January 1, 2008 and amended on December 28, 2012, primarily aims at regulating rights and obligations of employer and employee relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the PRC Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

Social Insurance

As required under the Regulation of Insurance for Labor Injury implemented on January 1, 2004 and amended on December 20, 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council of the PRC issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council of the PRC promulgated on December 14, 1998, the Unemployment Insurance Measures promulgated on January 22, 1999, and the PRC Social Insurance Law implemented on July 1, 2011 and amended on December 29, 2018, employers are required to provide their employees in China with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, and medical insurance. These payments are made to local administrative authorities. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue. On July 20, 2018, the General Office of the State Council of the PRC and the General Office of the Central Committee of the Communist Party of China issued the Plan for Reforming the State and Local Tax Collection and Administration Systems, which stipulated that the tax authorities are solely responsible for collecting social insurance premiums from January 1, 2019.

Housing Fund

In accordance with the Regulations on the Administration of Housing Funds, which was promulgated by the State Council of the PRC in 1999 and amended in 2002 and 2019, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employers and employees are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

Labor Dispatch

Pursuant to the Labor Law of the PRC and Interim Provisions on Labor Dispatch, which were promulgated on 24 January 2014 and became effective on 1 March 2014, labor dispatch employment is a supplemental form which can only be adopted for temporary, auxiliary or alternative job positions. Temporary positions are positions subsisting for no more than nine months; auxiliary positions are positions of non-major business serving for major businesses; and alternative positions are positions that can be held by dispatched laborers for a certain period of time during which the former laborers are temporarily out of their positions for reasons. An employer is required to strictly control the number of dispatched laborers not to exceed 10% of the total number of its labor force.

Regulations Related to Foreign Exchange and Dividend Distribution

Regulations Related to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, which was promulgated by the State Council of the PRC on January 29, 1996, and most recently amended in 2008. Under PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

In 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, as amended in May 2015, which substantially amends and simplifies the foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

The PRC governmental authorities have gradually relaxed restrictions on the settlement of the foreign exchange capitals of foreign-invested enterprises in recent years. In March 2015, SAFE promulgated the Circular of General Affairs Department of SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise, or SAFE Circular 19, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. SAFE Circular 19 allows all foreign-invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments and removes certain other restrictions. However, SAFE Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective June 2016, which reiterates some of the rules set forth in SAFE Circular 19. SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). On October 23, 2019, SAFE issued Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, or SAFE Circular 28, which took effect on the same day. SAFE Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China as long as such investments do not violate the negative list and the target investment projects are genuine and in compliance with laws. In addition, SAFE Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments without providing authenticity certifications to the banks in advance for those domestic payments.

Pursuant to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business promulgated and effective on April 10, 2020 by SAFE, the reform of facilitating the payments of incomes under the capital accounts will be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt, and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

On December 4, 2023, SAFE issued the Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment, which releases new foreign exchange management policies and revises some rules under SAFE Circular 16 and SAFE Circular 28. According to the previous notice, qualified small and medium-sized high-tech enterprises, enterprises that specialize in niche sectors, command a high market share and have strong innovative capacity and core technologies and technology-based enterprises may independently borrow foreign debts within the limit of the equivalent of US$5 million or 10 million (depend on its jurisdiction).

On September 12, 2025, SAFE promulgated the Circular on Deepening the Reform of Foreign Exchange Management concerning Cross-border Investment and Financing, which permits foreign-invested enterprises to use lawfully generated foreign exchange profits for domestic reinvestment in China and relaxes certain restrictions under the negative list governing the use of capital account income. In particular, foreign-invested enterprises may transfer the relevant foreign exchange funds for domestic reinvestment into the capital account of the investee enterprise or that of the equity transferor for the purpose of capital transactions.

Regulations Related to Dividend Distribution

The principal regulations governing distribution of dividends of foreign-invested enterprises are included in the PRC Company Law. Under these laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with China accounting standards and regulations. In addition, a PRC company, including a foreign-invested enterprise in China, is required to allocate at least 10% of its accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprise. A PRC company may, at its discretion, allocate a portion of its after-tax profits based on China accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

Regulations Related to Foreign Exchange Registration of Overseas Investment by PRC Residents

In 2014, SAFE issued Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37. SAFE Circular 37 regulates foreign exchange matters in relation to the use of special purpose vehicles by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under SAFE Circular 37, a "special purpose vehicle" refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investment in China by PRC residents or entities through special purpose vehicles, namely, establishing foreign-invested enterprises to obtain ownership, control rights and management rights. SAFE Circular 37 provides that, before making a contribution into a special purpose vehicle, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch.

In 2015, SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, which has amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. PRC residents or entities who had contributed legitimate onshore or offshore interests or assets to special purpose vehicles but had not registered as required before the implementation of SAFE Circular 37 must register their ownership interests or control in the special purpose vehicles with qualified banks. An amendment to the registration is required if there is a material change with respect to the special purpose vehicle registered, such as any change of basic information (including change of the PRC residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, and mergers or divisions. Failure to comply with the registration procedures set forth in SAFE Circular 37 and the subsequent notice, or making misrepresentations or failing to disclose the control of the foreign- invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of the foreign-invested enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject PRC residents or entities to penalties under PRC foreign exchange administration regulations.

Regulations Related to Stock Incentive Plans

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company. Under the notice and other rules and regulations, domestic individuals, which means the PRC residents and non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures.

Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before exercising rights.

Regulations Related to Tax

Enterprise Income Tax

Under the Enterprise Income Tax Law of the PRC, which became effective on January 1, 2008 and was subsequently amended on February 24, 2017 and December 29, 2018, and its implementing rules, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%. An enterprise established outside of the PRC with its "*de facto* management bodies" located within the PRC is considered a "resident enterprise," meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The implementing rules of this law define a *de facto* management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. Enterprises qualified as "High and New Technology Enterprises" are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its "High and New Technology Enterprise" status.

Value-added Tax and Business Tax

On December 25, 2024, the Standing Committee of the National People's Congress published the PRC Value-Added Tax Law, which came into effect on January 1, 2026. The new law reaffirms the provisions of the PRC Interim Regulations on Value-Added Tax and make changes in the areas of taxable acts, tax jurisdiction, deemed sales, non-taxable items, simplified taxation, withholding agents, input taxes, non-creditable input taxes, mixed sales, and input credit carry-forward and refund. On December 25, 2025, the State Council issued the Regulations for the Implementation of the Value-Added Tax Law of the PRC, which became effective on January 1, 2026. Pursuant to the PRC Value-Added Tax Law, value-added tax rates are generally set at 13% for the sale of goods and certain services, 9% for transportation, construction, real estate and certain specified goods, and 6% for services and intangible assets, with a zero rate applicable to exports of goods and certain cross-border services and intangible assets, subject to applicable regulations.

Dividend Withholding Tax

The Enterprise Income Tax Law and its implementing rules provide that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors that do not have an establishment or place of business in China, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within China.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have met the conditions and requirements under this arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009, if the PRC tax authorities determine, in their discretions, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Pursuant to the Circular on Several Questions regarding the "Beneficial Owner" in Tax Treaties, which was issued on February 3, 2018 by the State Administration of Taxation and became effective on April 1, 2018, when determining the applicant's status as the "beneficial owner" regarding tax treatments in connection with dividends, interests, or royalties in the tax treaties, several factors, including, without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant any tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and such factors will be analyzed according to the actual circumstances of the specific cases. This circular also provides that an applicant who intends to prove his or her status as the "beneficial owner" must submit the documents to the tax bureau pursuant to the Announcement on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Agreements.

Tax on Indirect Transfer

On February 3, 2015, the State Administration of Taxation issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or SAT Circular 7. Pursuant to SAT Circular 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a 'reasonable commercial purpose' in the transaction arrangement, features to be taken into consideration include, *inter alia*, whether the main value of the equity interest of the offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the offshore enterprise mainly consists of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have a real commercial nature which is evidenced by their actual function and risk exposure. Pursuant to SAT Circular 7, where the payer fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. SAT Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange. On October 17, 2017, the State Administration of Taxation issued the Circular on Issues of Tax Withholding Regarding Non-PRC Resident Enterprise Income Tax, or SAT Circular 37, which was amended by the Announcement of the State Administration of Taxation on Revising Certain Taxation Normative Documents issued on June 15, 2018 by the State Administration of Taxation. SAT Circular 37 also elaborates the implemental rules regarding the calculation, reporting, and payment obligations of the withholding tax by the non-resident enterprises. Nonetheless, there remain uncertainties as to the interpretation and application of SAT Circular 7. SAT Circular 7 may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved.

Regulations Related to Anti-Monopoly and Anti-Unfair Competition

The PRC Anti-Monopoly Law, which was promulgated on August 1, 2008 and most recently amended on June 24, 2022 by the Standing Committee of the National People's Congress of the PRC provides the regulatory framework for the PRC anti-monopoly. Under this law, the prohibited monopolistic acts include monopolistic agreements, abuse of a dominant market position and concentration of businesses that may have the effect to eliminate or restrict competition.

Pursuant to this law, a business operator that possesses a dominant market position is prohibited from abusing its dominant market position, including conducting the following acts: (i) selling commodities at unfairly high prices or buying commodities at unfairly low prices; (ii) without justifiable reasons, selling commodities at prices below cost; (iii) without justifiable reasons, refusing to enter into transactions with their trading counterparts; (iv) without justifiable reasons, allowing trading counterparts to make transactions exclusively with itself or with the business operators designated by it; (v) without justifiable reasons, tying commodities or imposing unreasonable trading conditions to transactions; (vi) without justifiable reasons, applying differential prices and other transaction terms among their trading counterparts who are on an equal footing; and (vii) other acts determined as abuse of dominant market position by the governmental authorities. "Concentration of undertakings" means any of the following: (i) merger of undertakings; (ii) acquisition of control over another undertaking by acquiring equity or assets; or (iii) acquisition of control over, or exercising decisive influence on, another undertaking by contract or by any other means. In addition, pursuant to the PRC Anti-Monopoly Law and regulations, entering into monopolistic agreements, which means agreements or concerted practices to eliminate or restrict competition, are prohibited, unless such agreements satisfy the specific exemptions prescribed therein, such as improving technologies or increasing the efficiency and competitiveness of small and medium-sized undertakings.

The PRC Anti-Monopoly Law, which was amended in June 2022 and became effective on August 1, 2022, increases the fines for illegal concentration of business operators to no more than ten percent of its last year's sales revenue if the concentration of business operator has or may have an effect of excluding or limiting competitions, or a fine of up to RMB5 million if the concentration of business operator does not have an effect of excluding or limiting competition. It also provides that the authorities shall investigate a transaction where there is any evidence that the concentration has or may have the effect of eliminating or restricting competitions, even if such concentration does not reach the filing threshold. In addition, the amended law introduces a "stop-clock mechanism" which may prolong the review process for the concentration.

If business operators fail to comply with this law or other regulations, the anti-monopoly agency is empowered to cease the activities, unwind the transactions, and confiscate illegal gains and fines.

In February 2021, the Anti-Monopoly Committee of the State Council of the PRC published the Anti-Monopoly Guidelines for the Platform Economy Sector. The Anti-Monopoly Guidelines for the Platform Economy Sector are consistent with the Anti-Monopoly Law and prohibit monopolistic conduct such as entering into monopoly agreements, abusing market dominance and concentration of undertakings that may have the effect to eliminate or restrict competition in the field of platform economy. More specifically, the Anti-Monopoly Guidelines for the Platform Economy Sector outline certain practices that may, if without justifiable reasons, constitute abuse of a dominant position, including without limitation, discriminating customers in terms of pricing and other transactional conditions by virtue of big data and analytics, coercing counterparties into monopolistic arrangements, using technological means to block competitors' interface, using bundled services to sell services or products, and compulsory collection of users' unnecessary data. Besides, the Anti-Monopoly Guidelines for the Platform Economy Sector expressly state that concentration involving variable interest entity will also be subject to antitrust filing requirements, and therefore will also fall within the scope of the antitrust review.

On November 15, 2021, the State Administration for Market Regulation published the Overseas Anti-Monopoly Compliance Guidelines for Enterprises, which are aimed at helping PRC companies establish and strengthen overseas anti-monopoly compliance systems to reduce overseas anti-monopoly compliance risks. The guidelines apply to both PRC enterprises that conduct business and operation overseas and PRC enterprises that conduct business and operations in the PRC and may have certain impacts on overseas markets, in particular for those that conduct import and export trade, overseas investments, acquisition, transfer or license of intellectual properties and tendering and bidding activities.

In December 2021, the NDRC and other eight governmental authorities jointly issued the Opinions on Promoting the Standardized, Healthy and Sustainable Development of the Platform Economy, which provide guidelines on regulating various aspects of online platform businesses in China, including, among other, anti-monopoly, unfair competition, platform-related price behaviors, investments in financial institutions and user data issues in the internet platform economy, to promote the industry's sound and sustained development.

On March 10, 2023, the State Administration for Market Regulation issued the Provisions on the Review of Concentrations of Undertakings, which became effective on April 15, 2023. Pursuant to these provisions, when determining a business operator's acquisition of the control over other business operators or its decisive influence on other operators by virtue of contract or any other means, factors such as the purpose of transactions, the ownership structure of other operators, voting matters and voting mechanisms of other business operators' general meetings, composition and voting mechanism of other business operators' board of directors shall be taken into consideration. The business operators involved in the concentration of undertakings shall report to the State Administration for Market Regulation in advance where such concentration of undertakings concludes the thresholds of declaration, and such concentration of undertakings shall not be implemented without such declaration and approval.

On January 22, 2024, the State Council issued the Provisions of the State Council on the Threshold for the Filing of Concentration of Undertakings, which became effective on the same day. The provisions significantly increased the turnover thresholds to trigger merger control filings in mainland China. Specifically, a transaction that satisfies one of the following conditions must be notified to the State Administration for Market Regulation: (i) the aggregate turnover of all business operators concerned in the concentration exceeds RMB12 billion on a global basis (increased from the previous threshold of RMB10 billion) in the preceding financial year and each of at least two of them generated turnover in mainland China exceeds RMB800 million (increased from the previous threshold of RMB400 million) in the preceding financial year; or (ii) the aggregate turnover in mainland China of all the business operators concerned in the concentration exceeds RMB4 billion (increased from the previous threshold of RMB2 billion) in the preceding financial year and each of at least two of them generated turnover in mainland China exceeds RMB800 million (increased from the previous threshold of RMB400 million) in the preceding financial year. In addition, the provisions also provide that a transaction must be reported to anti-monopoly authority if there is evidence indicating that the concentration of business operator has or may have an effect of excluding or limiting competition, the anti-monopoly authority may order the operators to file for clearance, regardless of the threshold standard.

On April 25, 2024, the Anti-Monopoly Committee of the State Council of the PRC issued the Anti-Monopoly Compliance Guideline (2024 Version) for Operators, which provides general guidance on compliance management system, compliance risk focus, compliance risk management, and compliance management guarantee on the basis of this law to encourage the operators prevent the compliance risk of this law.

On January 28, 2026, the State Administration for Market Regulation issued the Anti-monopoly Compliance Guidelines for Internet Platforms, which became effective on the same date. Under this Guidelines, platform operators are required to strengthen anti-monopoly compliance management to maintain fair market competition and promote the healthy development of the platform economy. Platform operators shall not use data, algorithms, technology, capital advantages, platform rules or other means to engage in monopolistic conduct prohibited by the PRC Anti-Monopoly Law. The guidelines also provide that platform operators shall avoid engaging in monopolistic agreements and abusing a dominant market position, and shall not organize or provide substantial assistance to other operators to reach monopolistic agreements. Furthermore, platforms with significant market share or market power are encouraged to periodically assess whether they may be deemed to hold a dominant market position. Operators with a dominant market position are prohibited from engaging in abusive practices, including unfair pricing, selling below cost without justifiable grounds, refusal to deal, restricting transactions, tying or imposing unreasonable conditions and applying discriminatory treatment.

On May 6, 2024, the State Administration for Market Regulation issued the Interim Provisions Against Unfair Competition in Cyberspace, which took effect on September 1, 2024. Under these provisions, a platform operator with competitive advantages is prohibited from using technical means to exploit its advantages in transaction data, traffic, and other background information or management rules, unless justified. Such practices, such as impeding or disrupting the normal operation of legally provided goods or services by other business operators, shielding a third party's operating information, or unjustifiably interfering with the display order of goods—are considered anti-competitive and disrupt the fair competition order of the market. In addition, platform operators are prohibited from using service agreements, transaction rules, or other methods to impose unreasonable restrictions or attach unfair conditions on the transactions of business operators using the platform. This includes restrictions on transaction pricing or on the ability to conduct transactions with other business operators.

On June 27, 2025, the Standing Committee of the National People's Congress issued the revised PRC Anti-Unfair Competition Law, which became effective on October 15, 2025. The revised law imposes additional obligations on platform operators. For example, it prohibits platform operators from using data, algorithms or technology to disrupt or interfere with the normal business operations of other operators. It also requires platform operators to set out fair competition rules in their platform service agreements and transaction rules, establish mechanisms for reporting, complaints and dispute resolution relating to unfair competition, and guide and regulate business operators using the platform to compete fairly in accordance with applicable laws. Upon discovering unfair competition by business operators using the platform, a platform operator is required to promptly take necessary measures in accordance with law, preserve relevant records and report to the competent regulatory authorities.

Regulations on M&A Rules and Overseas Listings

On August 8, 2006, six PRC regulatory agencies, including the CSRC, adopted the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. However, the PRC Foreign Investment Law has partly replaced the M&A Rules in terms of its rules on equity or assets acquisition of a non-related domestic company by a foreign investor. As for equity/assets acquisition of a related domestic company by a foreign investor, such activity shall still be subject to the M&A Rules.

On July 6, 2021, the General Office of the State Council of the PRC and General Office of the Central Committee of the Communist Party of China issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by mainland China-based companies and proposed to take effective measures, such as promoting the construction of regulatory systems to deal with the risks and incidents faced by mainland China-based overseas-listed companies.

On February 17, 2023, the CSRC issued the Overseas Listing Trial Measures and five supporting guidelines, which became effective on March 31, 2023. Pursuant to the measures, PRC domestic companies that directly or indirectly seek to offer or list their securities on an overseas stock exchange, including a PRC company limited by shares and an offshore company whose main business operations are in mainland China and intends to offer securities or be listed on an overseas stock exchange based on its onshore equities, assets, incomes or similar interests, are required to file with the CSRC within three business days after submitting their application documents to the regulator in the place of intended listing or offering. Particularly, as for the PRC domestic companies that have directly or indirectly listed securities in overseas markets intend to conduct follow-on offerings in overseas markets, such companies are required to submit the filing with respect to the follow-on offering within three business days after completion of the follow-on offering. Failure to complete the filing under the measures, concealing any material fact or falsifying any major content in its filing documents may subject the company to administrative penalties, such as order to rectify, warnings, fines. Its controlling shareholders, actual controllers, direct officers-in-charge and other direct personnel-in-charge may also be subject to administrative penalties, such as warnings and fines. On February 17, 2023, the CSRC also issued the Notice on Administration of the Filing of Overseas Offering and Listing by Domestic Companies and held a press conference for the release of the measures, which, among others, clarified that the companies in mainland China that have been listed overseas before March 31, 2023 are not required to file with the CSRC immediately, but these companies should complete filing with the CSRC for their refinancing activities and future offerings in accordance with the measures. Based on the foregoing, we are not required to complete filing with the CSRC for our prior overseas offerings at this stage, but we may be subject to the filing requirements for our future capital raising activities under the measures.

Pursuant to the measures, when determining whether an offering and listing shall be deemed as "an indirect overseas offering and listing by a Chinese company," the principle of "substance over form" shall be followed, and if the issuer meets the following conditions simultaneously, its offering and listing shall be determined as an "indirect overseas offering and listing by a Chinese company" and is therefore subject to the filing requirement: (a) the revenues, profits, total assets or net assets of the domestic companies in mainland China in the most recent financial year accounts for more than 50% of the corresponding financial indicators in the issuer's audited consolidated financial statements for the same period; and (b) the main business activities or operations are conducted in mainland China or its principal places of business are located in mainland China, or the majority of senior management in charge of business operation are Chinese citizens or domiciled in mainland China. The measures also require subsequent report to the CSRC on material events, such as material change in principal business and change of control.

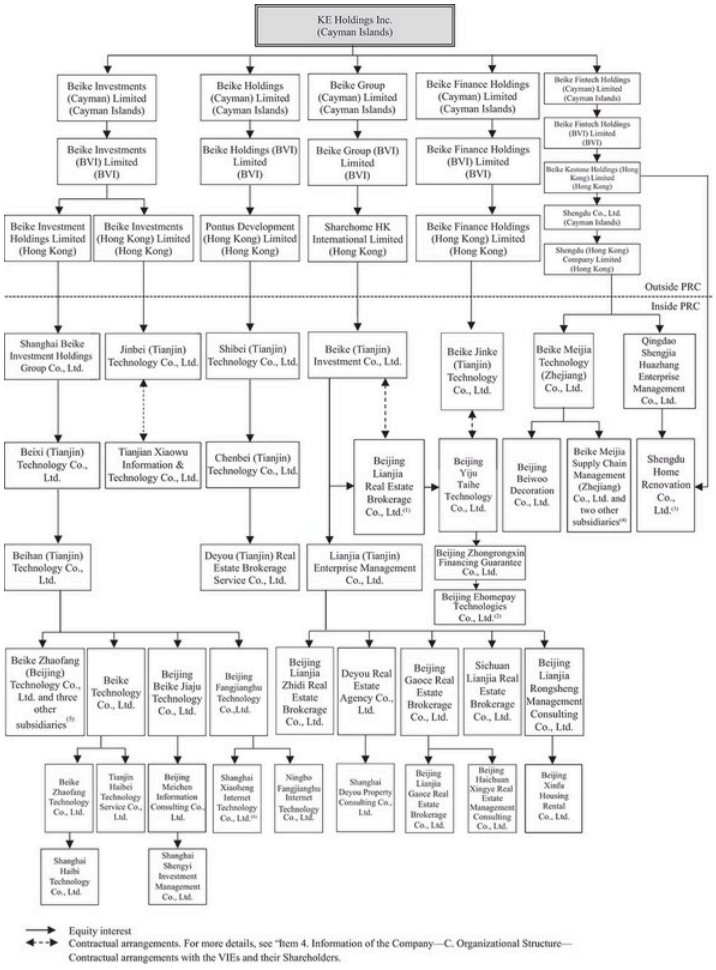
In addition, pursuant to the measures, enterprises in mainland China is prohibited from overseas offering and listing under any of the following circumstances, if (i) the overseas offering and listing is explicitly prohibited by PRC laws; (ii) the overseas offering and listing may constitute a threat to or endanger national security as determined by PRC authorities; (iii) the domestic enterprises and their controlling shareholders and actual controllers have committed certain criminal offenses (such as corruption, bribery, embezzlement, misappropriation of property or other criminal offenses undermining the order of the socialist market economy) in the past three years; (iv) the domestic enterprises are currently under investigations in connection with suspicion of having committed criminal offences or material violations of applicable laws and regulations and there is still no explicit conclusion; or (v) there is material ownership disputes over the shareholdings held by the controlling shareholder or the shareholder under the control of the controlling shareholder or the actual controllers.

On February 24, 2023, the CSRC, jointly with other governmental authorities, published issued the Provisions on Strengthening the Confidentiality and Archive Management Work Relating to the Overseas Securities Offering and Listing by Domestic Companies, which became effective on March 31, 2023. Pursuant to these provisions, mainland China-based companies that offer and list securities in overseas markets shall establish confidentiality and archives system. The "mainland China-based companies" refer to companies in mainland China limited by shares which are directly listed in the overseas capital market and the domestic operation entities of an offshore company being indirectly listed in a foreign stock exchange. The mainland China-based companies shall obtain approval from the authorities and file with the confidential administration department at the same level when providing or publicly disclosing documents and materials related to state secrets or secrets of the government authorities to the securities companies, securities service agencies or the offshore regulatory authorities, or providing or publicly disclosing such documents and materials through its offshore listing entity. In addition, the mainland China-based companies shall complete corresponding procedures when (i) providing or publicly disclosing documents and materials which may adversely affect national security and public interest to the securities companies, securities service agencies or the offshore regulatory authorities; (ii) providing or publicly disclosing such documents and materials through its offshore listing entity; or (iii) providing accounting files or copies to security companies, security service institutions, overseas regulators and individuals. The mainland China-based companies are also required to provide written statements on the implementation of the aforementioned rules to the securities companies and securities service agencies. If a mainland China-based company finds that the documents and materials related to state secrets or secrets of the government authorities or other materials which may adversely affect national security and public interest have been leaked or are going to be leaked, it should take remedial measures immediately and report to the authorities.

For other details of our business, please also refer to the section headed "Business Review and Outlook" in our Annual Results Announcement for the year ended December 31, 2025 as furnished with the SEC on Form 6-K on March 18, 2026.

C. Organizational Structure

The following diagram illustrates our corporate structure, including our principal subsidiaries, principal VIEs and their principal subsidiaries, and other entities that are material to our business, as of the date of this annual report:



Notes:

(1) The registered shareholders of Beijing Lianjia are (i) Mrs. ZUO, Mr. SHAN Yigang, Mr. XU Wangang and entities controlled by Mr. PENG Yongdong or Mr. SHAN Yigang, holding 57% equity interests in aggregate; (ii) Beike (Tianjin) Investment Co., Ltd., holding 30% equity interests; and (iii) several other individuals and entities associated with us, holding 13% equity interests in aggregate. Mrs. ZUO is the spouse of Mr. ZUO Hui, our founder and permanent chairman emeritus, and a principal shareholder of us. Each of Mr. PENG Yongdong, Mr. SHAN Yigang and Mr. XU Wangang is our director. The registered shareholders of Tianjin Xiaowu are Mrs. ZUO and Mr. SHAN Yigang, holding 94% and 6% equity interests, respectively. The registered shareholders of Yiju Taihe are (i) Beijing Lianjia, holding 80% equity interests; (ii) Mrs. ZUO, Mr. SHAN Yigang, Mr. XU Wangang and entities controlled by Mrs. ZUO or Mr. SHAN Yigang, holding 17% equity interests in aggregate; and (iii) several other individuals and entities associated with us, holding 3% equity interests in aggregate. The registered shareholders of Beijing Beijia Commercial Consultancy Co., Ltd. are (i) Mr. PENG Yongdong and Mr. XU Tao, holding 50% equity interests in aggregate; and (ii) several other individuals associated with us, holding 50% equity interests in aggregate. The registered shareholders of Beijing Beihao Commercial Consultancy Co., Ltd. are (i) Mr. XU Wangang, holding 4% equity interests; and (ii) several other individuals affiliated with us, holding 96% equity interests in aggregate.

(2) Beijing Zhongrongxin Financing Guarantee Co., Ltd. owns 95% of the total equity interest, and Beijing Zhonghetai Investment Consulting Co., Ltd., a wholly-owned subsidiary of Yiju Taihe, owns the remaining 5%.

(3) Qingdao Shengjia Huazhang Enterprise Management Co., Ltd. owns 94% of the total equity interest, and Beike Kestone Holdings (Hong Kong) Limited owns the remaining 6%.

(4) Beike Meijia Zhijia Technology (Zhejiang) Co., Ltd. and Beike Shengdu (Zhejiang) Architectural Decoration Engineering Co., Ltd.

(5) Shanghai Chenhaibei Internet Technology Co., Ltd., Tianjin Haibei Information Technology Co., Ltd. and Shanghai Huibeiju Technology Co., Ltd.

(6) Beijing Fangjianghu Technology Co., Ltd. owns 99% of the total equity interest, and Shanghai Deyou Property Consulting Co., Ltd. owns the remaining 1%.

Contractual Arrangements with the VIEs and Their Shareholders

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in value-added telecommunication services and certain financial services. We are an exempted company incorporated in the Cayman Islands. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Foreign Investment." Our WFOEs are considered as foreign-invested enterprises. The following is a summary of the currently effective contractual arrangements by and among our WFOEs, the VIEs and their respective shareholders. Terms contained in each set of contractual arrangements with the VIEs and their respective shareholders are substantially similar. These contractual arrangements enable us to (i) direct activities of the VIEs that most significantly affect the economic performance of the VIEs; (ii) receive economic benefits from the VIEs that could be significant to the VIEs; (iii) have the pledge right over the equity interests in the VIEs as the pledgee; and (iv) have an exclusive option to purchase all or part of the equity interests in and assets of the VIEs when and to the extent permitted by PRC law.

Arrangements that make us the primary beneficiary of the VIEs

Power of Attorney Agreements. Pursuant to the power of attorney agreements among our WFOEs, the VIEs and their respective shareholders, each shareholder of the VIEs (other than the shareholder being WFOE itself) irrevocably undertakes to appoint the WFOE, or a PRC citizen designated by the WFOE (including but not limited to directors and their successors and liquidators replacing the directors but excluding those non-independent or who may give rise to conflict of interests) as his/its attorney-in-fact to exercise all of his/its rights as a shareholder of the VIEs, including, but not limited to, the right to convene and attend shareholders' meeting, file documents with the competent authorities, vote on any resolution that requires a shareholder vote, sign minutes, approve amendments to the articles of association, nominate or appoint the legal representatives, directors, supervisors, general manager and other senior management of the VIEs, and other voting rights pursuant to the articles of association (subject to the amendments) of the VIEs. Each power of attorney agreement is irrevocable and remains in effect as long as the shareholder continues to be a shareholder of the VIEs.

Equity Pledge Agreements. Pursuant to the equity pledge agreements among our WFOEs, the VIEs and their respective shareholders, shareholders of the VIEs pledged all of their respective equity interests in the VIEs (other than the shareholder being WFOE itself) to our WFOEs as security for performance of the obligations of the VIEs and their shareholders under the exclusive business cooperation agreements, the power of attorney agreements, the exclusive option agreements and the equity pledge agreements. As of the date of this annual report, we have registered all such equity pledges in the VIEs with the local branch of the State Administration for Market Regulation in accordance with PRC laws to perfect their respective equity pledges. After the completion of the equity pledge registrations, in the event of a breach by the VIEs or their shareholders of contractual obligations under these agreements, our WFOEs, as pledgee, will have the right to request for enforcement of the pledge and have the priority right to receive the proceeds from auction or sale of the pledged equity interests in the VIEs. The shareholders of the VIEs also undertake that, during the term of the equity pledge agreements, unless otherwise approved by our WFOEs in writing, they will not transfer the pledged equity interests or create or allow any new pledge or other encumbrance on the pledged equity interests. The pledges of equity interests under the equity pledge agreements take effect upon the completion of registration with the local branch of the State Administration for Market Regulation in accordance with PRC laws and shall remain valid until (i) after all the contractual obligations of the VIEs and their shareholders under the contractual arrangements have been fully performed and all the outstanding debts of the VIEs and their shareholders under the contractual arrangements have been fully paid, or (ii) all the equity interests in the VIEs have been transferred to our WFOEs to the extent permitted by the PRC laws and regulations (where applicable).

Spousal Consent Letters. Pursuant to the spousal consent letters, each of the spouses of the applicable individual shareholders of the VIEs acknowledges and confirms the execution of the exclusive business cooperation agreement, equity pledge agreement, exclusive option agreement and power of attorney agreement, and unconditionally and irrevocably agrees that the equity interest in the VIEs held by and registered in the name of his or her respective spouse will be disposed of pursuant to these agreements. In addition, each of them agrees not to assert any rights over the equity interest in the VIEs held by his or her respective spouses. In addition, in the event that any of them obtains any equity interest in the VIEs held by their respective spouses for any reason, such spouses agree to be bound by similar obligations and agree to enter into similar contractual arrangements.

Agreements that allow us to receive economic benefits from the VIEs

Exclusive Business Cooperation Agreements. Pursuant to the exclusive cooperation agreements among our WFOEs and the VIEs, respectively, our WFOEs have the exclusive right to provide the VIEs with services related to, among other things, comprehensive technical support and consulting services. Without prior written consent of our WFOEs, the VIEs agree not to directly or indirectly accept the same or any similar services provided by any others and shall not establish similar corporation relationship with any others regarding the matters ascribed by the exclusive business cooperation agreements. The VIEs agree to pay our WFOEs services fees, the amount of which will be 100% of the total consolidated profit of the VIEs, after the deduction of any accumulated deficit of the VIEs in respect of the preceding financial years, operating costs, expenses and taxes or any other amount determined by our WFOEs, with reference to the working capital needs of the VIEs. Our WFOEs have the exclusive ownership of intellectual property rights created as a result of the performance of the agreements. The agreements will remain effective unless terminated in accordance with the provisions of the exclusive cooperation agreements or terminated in writing by the WFOEs. Unless otherwise required by applicable PRC laws, the VIEs shall not have any right to terminate the exclusive cooperation agreements unilaterally in any event.

Agreements that provide us with the option to purchase the equity interests in the VIEs

***Exclusive Option Agreements*.** Pursuant to the exclusive option agreements among our WFOEs, the VIEs and their respective shareholders, the shareholders of each of the VIEs (other than the shareholder being WFOE itself) irrevocably grant the respective WFOE an exclusive option to purchase, or have its designated person to purchase, at its discretion, to the extent permitted under PRC law, all or part of their equity interests in the VIEs. The purchase price with respect to the equity interests in the VIEs shall be the amount of paid-in capital or the lowest price permitted by applicable PRC law. The shareholders of the VIEs also undertake that subject to the PRC laws, they will return to our WFOEs or their designated person any consideration they receive in the event that any of the WFOEs exercises the options under the exclusive option agreements to acquire the equity interests in the VIEs. The shareholders of the VIEs also undertake to pay to our WFOEs any dividends and other distributions they receive in relation to the equity interests they held in the VIEs, to the extent permitted by PRC law. The shareholders of the VIEs undertake that, without prior written consent of our WFOEs, they will not create any pledge or encumbrance on their equity interests in the VIEs, approve any transfer or in any manner disposal of their equity interests, or any disposition of any assets of the VIEs (other than limited exceptions). The shareholders of each of the VIEs agree, among other things, without prior written consent of our WFOEs, not to cause the VIEs to merge with any other entities, increase or decrease its registered capital, declare or distribute dividends, amend its articles of association, enter into any material contract (other than those occurring in the ordinary course of business), be liquidated or dissolved (unless mandated by PRC laws), incur any debts (except for payables incurred in the ordinary course of business other than through loans), or undertake any actions that may adversely affect the VIEs' operating status and asset value. The shareholders of the VIEs also agree to appoint the directors and senior management designated by our WFOEs. These agreements will remain effective till all of the equity interests of the VIEs have been transferred to our WFOEs and/or their designated persons, or the parties to such agreements agree to terminate the agreement. Unless otherwise required by applicable PRC laws, the VIEs and their respective shareholders shall not have any right to terminate these agreements unilaterally in any event.

In the opinions of Han Kun Law Offices, our PRC legal counsel:

- the current ownership structures of our WFOEs and the VIEs do not violate applicable PRC laws or regulations currently in effect; and

- each of the agreements under the contractual arrangements among our WFOEs, the VIEs and their respective shareholders governed by PRC law currently is valid and binding, and do not violate applicable PRC laws or regulations currently in effect.

However, we have been further advised by our PRC legal counsel that the interpretation and application of current and future PRC laws, regulations and rules are still evolving. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to or otherwise different from the above opinions of our PRC legal counsel. If the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC government restrictions on foreign investment in our businesses, we could be subject to severe penalties including being prohibited from continuing operations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations." and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC legal system is evolving, which leads to uncertainties that could materially and adversely affect us."

D. Property, Plant and Equipment

We are headquartered in Beijing where we leased an aggregate area of approximately 65,500 square meters as of December 31, 2025 for office space. We leased approximately 7,100 facilities as of December 31, 2025 primarily for real estate brokerage stores we operate under *Lianjia* brand across 26 cities in China and home renovation and furnishing service stores we operate across 39 cities in China. We owned a facility of approximately 55,210 square meters as of December 31, 2025 as our training center, *Huaqiao Academy*, in Kunshan, Jiangsu Province, China. We also owned a facility of approximately 120,300 square meters as of December 31, 2025 in Jinhua, Zhejiang Province, China as our home renovation and furnishing factory and its ancillary rooms.

Additionally, we have plans for the development of the Shengdu headquarter on a land area of approximately 13,377 square meters for office space in Hangzhou, Zhejiang Province, China. The property was acquired for RMB309 million. The development project commenced in May 2024 and is ongoing.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties about our business and operations. Our actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those we describe under "Item 3. Key Information—D. Risk Factors" and elsewhere in this annual report on Form 20-F.

A. Operating Results

Overview

Beike is the leading integrated online and offline platform for housing transactions and services. We are a pioneer in building the industry infrastructure and standards to reinvent how service providers and customers efficiently navigate and complete housing transactions and services in China, ranging from existing and new home sales, home rentals, to home renovation and furnishing, and other services. We believe our proactive engagement with platform participants both online and offline enables us to know them better and serve them better. In 2025, we facilitated approximately 5.6 million housing transactions on our platform with an aggregate GTV of RMB3,183.3 billion (US$455.2 billion).

We have five main revenue streams, namely existing home transaction services, new home transaction services, home renovation and furnishing, home rental services, and emerging and other services. For existing home transaction services, we generate revenues (i) from our own *Lianjia* brand where we charge commissions for existing home sales and home rentals, and split of commissions from other brokerage firms that operate brokerage stores on our *Beike* platform in collaboration with *Lianjia* agents to complete transactions, (ii) from brokerage firms which own and operate brokerage stores on our *Beike* platform where we receive platform service fees, and those under our franchise brands such as *Deyou* to which we charge an additional franchise fee, and (iii) by providing other value-added services including transaction closing services, field work assistance such as on-site verification, agent recruiting and training services. For new home transaction services, we recognize revenues from sales commissions charged to real estate developers. For home renovation and furnishing, we generate revenues by providing renovation and furnishing services to customers. For home rental services, we generate revenues by providing rental property management, leasing agency and operation services as well as various other rental-related services. In addition, we generate revenues from a variety of other housing related services, including financial services and other newly developed businesses.

Our total revenues increased by 20.2% from RMB77.8 billion in 2023 to RMB93.5 billion in 2024, and further increased by 1.2% to RMB94.6 billion (US$13.5 billion) in 2025. We recorded net incomes of RMB5,890 million, RMB4,078 million and RMB2,991 million (US$428 million) in 2023, 2024 and 2025, respectively.

General Factors Affecting Our Results of Operations

We primarily engage in the housing related industry and are building an infrastructure for all industry participants in China. Activity level on our platform is greatly influenced, temporarily or in the long term, by the overall growth and prosperity of the housing related industry, which in turn is affected by many factors, including:

- China's overall economic growth,
- the increase in per capita disposable income,
- the change in price, supply and demand dynamics in different geographic regions,
- the urbanization trend and demographic changes, and
- regulatory environment for China's housing related industry and the financial condition of the industry players.

In particular, the evolving regulations have significantly affected the growth of China's housing related industry. The resulting fluctuations have affected the demand for housing transaction and services. We expect the development of China's housing related industry to continue to have significant impacts on our results of operations in the foreseeable future.

Specific Factors Affecting Our Results of Operations

While our business is exposed to general factors affecting the housing related industry in China, we believe our results of operations are primarily and more directly affected by the following specific factors:

Our ability to attract housing customers and enhance customer experience

Our ability to attract housing customers through facilitating housing transaction and providing home renovation and furnishing, and home rental services to customers affects our net revenues. Home ownership involves difficult decisions by most housing customers. Therefore, they tend to choose brokerage stores and agents that are most reliable and efficient in locating the ideal property and completing the transaction, and can provide high service quality and transparency. Our deep understanding of China's housing market and goodwill accumulated through our 24 years of operation have helped us gain trust from housing customers. We have also expanded into home renovation and furnishing and home rental services, addressing long-standing industry pain points such as fragmented service quality and lack of transparency. By providing standardized and professional renovation and rental services, we are allowed to serve customers' broader residential needs beyond housing transactions. In addition to facilitating housing transactions, we have also expanded into home renovation and furnishing and home rental services, addressing long-standing industry pain points such as fragmented service quality and lack of transparency. By providing standardized and professional renovation and rental services, we are allowed to serve customers across a broader range of housing-related needs, which enhances customer engagement and lifetime value. In 2023, 2024 and 2025, we facilitated 4.4, 5.0 and 5.6 million housing transactions on our platform, respectively, and recorded a GTV of RMB3,142.9 billion, RMB3,349.4 billion and RMB3,183.3 billion (US$455.2 billion) in aggregate, respectively.

We believe we are able to attract customers mainly through our online and offline touch points, extensive and authentic property listings, and high-quality services. We aim to enhance customer experience by improving service quality, introducing AI-powered technologies, and upgrading our platform infrastructure. As we gain trust through our integrated services, customers often refer us to their contacts and return to us for their evolving housing-related needs throughout the residential life cycle, be it home rentals, home renovation and furnishing, or other services, thereby increasing customer stickiness and lifetime value.

Our ability to empower real estate brokerage stores, agents, and other service providers on our platform

The gross transaction value on our platform and our platform service fees are also affected by the scale, productivity and service excellence of real estate brokerage stores, agents and other service providers on our platform. While maintaining our scale advantage, we prioritize empowering real estate brokerage stores and agents and other service providers through our extensive authentic property listing database, the large number of customers, the efficient collaborative efforts promoted by our Agent Cooperation Network. Furthermore, our AI-powered technologies digitalize and standardize the professional capabilities while integrating industry best practices, enabling our service providers to efficiently navigate business opportunities and deliver high-quality services across home transactions, home renovation and furnishing, and home rental services.

Our ability to deepen cooperation with real estate developers

The sales commissions earned from real estate developers for our new home transaction services remains to big component to our net revenue.

As China's housing market undergoes a structural transition, we are increasingly valued by real estate developers. Real estate developers choose to work with us to take advantage of the infrastructure our platform has built, who cooperate with us in diverse ways and build up our thriving ecosystem.

We believe our reputation for high-quality service among the large housing customer base and our large network of real estate brokerage stores and agents that transact actively on our platform well position us to deepen cooperation with existing and new real estate developers.

Our ability to monetize the activities on our platform

The rapid adoption of our *Beike* platform has proven the compatibility of our infrastructure in empowering brokerage stores and agents. As of December 31, 2025, there were over 445,000 active agents and over 58,000 active brokerage stores on our platform, facilitating over 5.6 million housing transactions in 2025. As we continue to evolve our platform, we focus on enhancing the value proposition to both housing customers and service providers. For housing customers, we aim to improve service quality, transaction efficiency and overall experience across various housing-related scenarios. For service providers, we continuously enhance their capabilities through refined operations, AI-enabled technologies and optimized resource allocation, enabling them to better capture business opportunities and improve productivity.

These efforts contribute to improved service quality and customer experience on our platform, which in turn support the long-term sustainability of our monetization model. We also believe that improving productivity of agents on our platform will strengthen their stickiness to our ecosystem and enhances their income potential, which in turn results in higher service fees to us as a portion of their income.

Our ability to expand service offerings on our platform

Our platform brings us close to a variety of participants in China's housing transactions and services industry. In addition to housing customers, brokerage agents and real estate developers, additional industry participants are drawn to our platform and actively transact and engage with each other. We see great monetization potential by increasing our value proposition to customers and expanding our service offerings in the vast residential industry. We have built up our home renovation and furnishing services, which aim to provide a one-stop solution. According to customer needs and preferences, we provide professional services including home design, construction, customized furniture and soft furnishings delivery, to create an ideal and comfortable living space for our customers. We also developed home rental services, primarily to provide rental property management services to landlords and a worry-free experience for both landlords and tenants throughout the lease term with a full-range of rental services. We believe these efforts will help diversify our revenue mix.

Our ability to manage operating costs and expenses

Our results of operations are affected by our ability to control our operating costs and expenses. Our cost of revenues consists primarily of compensation to internal agents and sales professionals, and split commission to connected agents and other sales channels, cost of home renovation and furnishing, cost of home rental and cost related to *Lianjia* stores. For our operating expenses, we incurred share-based compensation expenses to attract and retain talents required for our platform business. Excluding share-based compensation expenses, our operating expenses as a percentage of revenue decreased from 18.3% in 2023 to 18.2% in 2024, and further decreased to 17.6% in 2025.

We believe that, as we continue to optimize our business model and enhance the scalability of our platform, together with ongoing improvements in service provider productivity, we will be able to further improve our operating efficiency and benefit from greater operating leverage over time.

Key Components of Results of Operations

Segment information

In view of the increased scale and business importance of our home rental services, with reported revenues exceeding the quantitative threshold for a reportable segment, effective from the first quarter of 2024, we split out the home rental services into a separate segment, apart from the emerging and other services segment. We have also aligned our internal financial and segment reporting to reflect this change. The amounts for prior periods have been recast to conform to the new reporting structure.

Net revenues

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Net revenues:							
Existing home transaction services	27,954,135	35.9	28,201,003	30.2	25,020,035	3,577,817	26.5
New home transaction services	30,575,778	39.3	33,653,403	36.0	30,597,319	4,375,358	32.3
Home renovation and furnishing	10,850,497	14.0	14,768,947	15.8	15,426,141	2,205,909	16.3
Home rental services	6,099,747	7.8	14,334,479	15.3	21,900,320	3,131,704	23.2
Emerging and other services	2,296,775	3.0	2,499,666	2.7	1,636,390	234,001	1.7
Total net revenues	**77,776,932**	**100.0**	**93,457,498**	**100.0**	**94,580,205**	**13,524,789**	**100.0**

Existing home transaction services. We generate revenue (i) from our own *Lianjia* brand where we charge commissions for existing home sales and home rentals, and split of commissions from other brokerage firms that operate brokerage stores on *Beike* platform in collaboration with *Lianjia* agents to complete transactions, (ii) from brokerage firms which own and operate brokerage stores on our *Beike* platform where we receive platform service fees, and those under our franchise brands such as Deyou to which we charge an additional franchise fee, and (iii) by providing other value-added services including transaction closing services, field work assistance such as on-site verification, agent recruiting and training services.

New home transaction services. We generate revenue from new home transaction services from sales commissions charged to real estate developers.

Home renovation and furnishing services. We generate revenue by providing renovation and furnishing services to customers.

Home rental services. We generate revenue from home rental services by providing rental property management, leasing agency services and operation services as well as other rental-related services, including monetization of platform traffic and online management services.

Emerging and other services. We generate revenue from a variety of other housing related services, including financial services and other newly developed businesses.

Cost of revenues

Our cost of revenues consists primarily of compensation to our internal agents and sales professionals and split commissions to connected agents and other sales channels, cost of home renovation and furnishing, cost of home rental and cost related to *Lianjia* stores.

Our compensation paid to our internal agents and other sales professionals is composed of fixed salaries and variable commissions based on the transactions they assist in closing; and we also pay commissions to connected agents and other sales channels for their services to assist us in completing new home and existing home transactions. We are acting as the principal agent for all new home transactions and a majority of existing home transactions. When connected agents and other sales channels assist us to complete these transactions, we will pay them a split of the total commissions we receive, which is recorded as commission – split in our cost of revenues.

Cost of home renovation and furnishing mainly includes material costs related to home renovation and furnishing and compensation to renovation workers who are mostly contractors.

Cost of home rental mainly includes property leasing costs paid to property owners according to corresponding lease contracts and direct compensation to sales professionals.

Cost related to stores mainly includes rent, decoration, depreciation and utility bills for real estate brokerage stores under our *Lianjia* brand and signing-to-closing support facilities.

The following table sets forth the components of our cost of revenues by amounts and percentages of our total net revenues for the periods presented:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Cost of revenues:							
Commission — split	20,419,577	26.3	22,766,957	24.4	20,873,405	2,984,857	22.1
Commission and compensation — internal	17,015,927	21.9	18,903,786	20.2	17,656,184	2,524,801	18.6
Cost of home renovation and furnishing	7,705,325	9.9	10,229,696	10.9	10,581,816	1,513,180	11.2
Cost of home rental services	6,163,044	7.9	13,619,506	14.6	20,020,954	2,862,958	21.2
Cost related to stores	2,872,093	3.7	2,854,988	3.1	2,851,831	407,806	3.0
Others	1,882,952	2.4	2,138,510	2.3	2,383,938	340,898	2.5
Total cost of revenues	**56,058,918**	**72.1**	**70,513,443**	**75.4**	**74,368,128**	**10,634,500**	**78.6**

Operating Expenses

Our operating expenses consist of sales and marketing expenses, general and administrative expenses, research and development expenses, and impairment of goodwill, intangible assets and other long-lived assets. The following table breaks down our total operating expenses by categories, both in absolute amount and as a percentage of total net revenues, for the periods presented:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Operating Expenses:							
Sales and marketing expenses	6,654,178	8.6	7,783,341	8.3	7,328,909	1,048,020	7.8
General and administrative expenses	8,236,569	10.6	8,960,747	9.6	8,075,414	1,154,769	8.5
Research and development expenses	1,936,780	2.5	2,283,424	2.4	2,580,564	369,016	2.7
Impairment of goodwill, intangible assets and other long-lived assets	93,417	0.1	151,576	0.2	116,332	16,635	0.1
Total operating expenses	**16,920,944**	**21.8**	**19,179,088**	**20.5**	**18,101,219**	**2,588,440**	**19.1**

Sales and marketing expenses. Our sales and marketing expenses mainly consist of (i) advertising and promotional expenses (ii) salaries, bonuses and benefits for our personnel engaged in sales and marketing activities, including personnel costs, rental expenses, and other expenses related to home renovation and furnishing (iii) depreciation and amortization expenses related to sales and marketing activities (iv) travel, reception and related expenses, and (v) share-based compensation expenses.

General and administrative expenses. Our general and administrative expenses mainly consist of (i) salaries, bonuses and benefits for our personnel engaged in general corporate functions, (ii) rental and related expenses, (iii) general office expenses, (iv) recruitment and training expenses, (v) professional fees, (vi) travel, reception and related expenses, (vii) depreciation and amortization expenses related to general corporate activities, (viii) share-based compensation expenses, and (ix) provision for credit losses.

Research and development expenses. Our research and development expenses mainly consist of (i) payroll and related expenses for the personnel engaged in research and development activities, (ii) depreciation and amortization of our technology infrastructure, and (iii) service fees related to research and development activities.

Impairment of goodwill, intangible assets and other long-lived assets.

We performed goodwill impairment assessments for all our reporting units as of December 31, 2025, and weighed the qualitative relevant factors and quantitative assessment results in totality. RMB116.3 million goodwill impairment loss was recorded, including RMB31.8 million related to reporting units within the existing home transaction services segment and RMB84.5 million related to reporting units within the new home transaction services segment.

Separately identifiable intangible assets and other long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss for identifiable intangible assets and other long-lived assets is based on the amounts by which the carrying amounts of the assets exceed the fair values of the assets.

Contribution and Contribution Margin

Our Chief Operating Decision Maker, or CODM, reviews segment contribution to evaluate performance and allocate resources, predominately in the budgeting, planning, and forecasting processes. We define contribution for each service line as the revenue less variable costs directly attributable to the reportable segment. For existing home and new home transaction services, variable costs including direct compensation to our internal agents and sales professionals, split commission to connected agents and other sales channels for such services. For home renovation and furnishing services, variable costs including material costs and compensation costs to renovation workers who are our employees or contractors. For home rental services, variable costs including property leasing costs paid to property owners according to corresponding lease contracts and direct compensation to sales professionals.

The following table presents the calculation to arrive at contribution from net revenues, for each of the periods indicated:

	For the Year Ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in thousands)			
Existing home transaction services				
Net revenues	27,954,135	28,201,003	25,020,035	3,577,817
Less: Commission and compensation	(14,762,910)	(16,016,079)	(15,185,117)	(2,171,443)
Contribution	13,191,225	12,184,924	9,834,918	1,406,374
New home transaction services				
Net revenues	30,575,778	33,653,403	30,597,319	4,375,358
Less: Commission and compensation	(22,455,253)	(25,304,481)	(22,950,571)	(3,281,888)
Contribution	8,120,525	8,348,922	7,646,748	1,093,470
Home renovation and furnishing				
Net revenues	10,850,497	14,768,947	15,426,141	2,205,909
Less: Material costs, commission and compensation	(7,705,325)	(10,229,696)	(10,581,816)	(1,513,180)
Contribution	3,145,172	4,539,251	4,844,325	692,729
Home rental services				
Net revenues	6,099,747	14,334,479	21,900,320	3,131,704
Less: Property leasing costs, commission and compensation	(6,163,044)	(13,619,506)	(20,020,954)	(2,862,958)
(Deficit)/Contribution	(63,297)	714,973	1,879,366	268,746
Emerging and other services				
Net revenues	2,296,775	2,499,666	1,636,390	234,001
Less: Commission and compensation	(217,341)	(350,183)	(393,901)	(56,327)
Contribution	2,079,434	2,149,483	1,242,489	177,674

	For the Year Ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in thousands, except for percentages)			
Contribution (existing home transaction services)	13,191,225	12,184,924	9,834,918	1,406,374
Contribution margin (existing home transaction services)	47.2 %	43.2 %	39.3 %	39.3 %
Contribution (new home transaction services)	8,120,525	8,348,922	7,646,748	1,093,470
Contribution margin (new home transaction services)	26.6 %	24.8 %	25.0 %	25.0 %
Contribution (home renovation and furnishing)	3,145,172	4,539,251	4,844,325	692,729
Contribution margin (home renovation and furnishing)	29.0 %	30.7 %	31.4 %	31.4 %
(Deficit)/Contribution (home rental services)	(63,297)	714,973	1,879,366	268,746
Contribution margin (home rental services)	(1.0)%	5.0 %	8.6 %	8.6 %
Contribution (emerging and other services)	2,079,434	2,149,483	1,242,489	177,674
Contribution margin (emerging and other services)	90.5 %	86.0 %	75.9 %	75.9 %

Contribution margin demonstrates the margin that we generate after costs directly attributable to the respective revenue streams, including existing home transaction services, new home transaction services, home renovation and furnishing, home rental services, and emerging and other services. The costs and expenses related to the platform infrastructure building and enhancement, including cost related to our *Lianjia* stores and the development cost of our technological platform, which are not directly attributable to the respective revenue streams, are not deducted from revenue when calculating contribution.

The contribution margin for existing home transaction services decreased from 47.2% in 2023 to 43.2% in 2024, primarily attributable to a higher fixed compensation costs for *Lianjia* agents as percentage of net revenues from existing home transaction services, mainly driven by the increased number of *Lianjia* agents and improved benefits for them. The contribution margin for existing home transaction services decreased from 43.2% in 2024 to 39.3% in 2025, primarily attributable to a higher fixed compensation costs for *Lianjia* agents as percentage of net revenues from existing home transaction services, mainly driven by the increase in weighted average number of *Lianjia* agents and improved benefits for them.

The contribution for new home transaction services increased from RMB8.1 billion in 2023 to RMB8.3 billion in 2024, while the contribution margin decreased from 26.6% in 2023 to 24.8% in 2024, primarily attributable to a higher commission-split as percentage of net revenues from new home transaction services paid to connected agents and other channels. The contribution margin for new home transaction services was 25.0% in 2025, relatively stable compared with 24.8% in 2024.

The contribution margin for home renovation and furnishing increased from 29.0% in 2023 to 30.7% in 2024, primarily attributable to refined operation management, optimized product packages and enhanced supply chain capabilities. The contribution margin for home renovation and furnishing increased from 30.7% in 2024 to 31.4% in 2025, primarily attributable to enhanced supply chain capabilities.

The contribution margin for home rental services changed from negative 1.0% in 2023 to 5.0% in 2024, primarily attributable to enhanced operational efficiency and optimized product model, which optimized initial lease success and lease renewals rates, and reduced vacancy rates. The contribution margin for home rental business increased from 5.0% in 2024 to 8.6% in 2025, primarily attributable to an increasing proportion of the new product offering with a higher contribution margin under the *Carefree Rent* business, as well as enhanced operational efficiency.

Leveraging our industry know-hows and close connection with platform participants, we have also tapped into adjacent market opportunities. These emerging and other services can efficiently utilize our infrastructure in place, and some of them require relatively less variable and direct costs to deliver. The contribution margin for our emerging and other services were 90.5% in 2023, 86.0% in 2024 and 75.9% in 2025.

Taxation

Cayman Islands

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance or estate duty. There are no other taxes likely to be material to us levied by the government of Cayman Islands except for stamp duties which may be applicable on instruments executed in or brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

British Virgin Islands

Our subsidiaries incorporated in the British Virgin Islands are not subject to income or capital gains tax under the current laws of the British Virgin Islands. In addition, payment of dividends by the British Virgin Islands subsidiaries to their respective shareholders who are not resident in the British Virgin Islands, if any, is not subject to withholding tax in the British Virgin Islands.

Hong Kong, China

Hong Kong income tax rate is a two-tiered profits tax regime, under which tax rate is 8.25% or assessable profits on the first HK dollar 2 million and 16.5% or any assessable profits in excess of HK dollar 2 million. Hong Kong profits tax was provided for the assessable profit that was subject to Hong Kong profits tax during the periods presented. Under Hong Kong tax law, our Hong Kong subsidiaries are exempted from Hong Kong income tax on their foreign-derived income. Hong Kong does not impose a withholding tax on dividends.

Mainland China

Generally, our PRC subsidiaries, consolidated variable interest entities and their subsidiaries, which are considered PRC resident enterprises under PRC tax law, are subject to enterprise income tax on their worldwide taxable income as determined under PRC tax laws and accounting standards at a rate of 25%. A "high and new technology enterprise," which is reassessed every three years, is entitled to favorable income tax rate of 15%. Certain of our PRC subsidiaries are currently enjoying favorable tax rates as high and new technology enterprises.

We are also subject to value added tax at a rate of 6% on most of the services we provide, less any deductible value-added tax we have already paid or borne. We are also subject to surcharges on value-added tax payments in accordance with PRC law.

Dividends paid by our wholly foreign-owned subsidiaries in China to our intermediary holding companies in Hong Kong will be subject to a withholding tax rate of 10%, unless the Hong Kong entity satisfies all the requirements under the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and Capital and receives approval from the tax authority. If a Hong Kong subsidiary satisfies all the requirements under the tax arrangement and receives approval from the tax authority, then the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at the standard rate of 5%. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business."

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders."

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The results of operations in any particular period are not necessarily indicative of our future trends.

	For the Year Ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in thousands, except for share and per share data)			
Net revenues:				
Existing home transaction services	27,954,135	28,201,003	25,020,035	3,577,817
New home transaction services	30,575,778	33,653,403	30,597,319	4,375,358
Home renovation and furnishing	10,850,497	14,768,947	15,426,141	2,205,909
Home rental services	6,099,747	14,334,479	21,900,320	3,131,704
Emerging and other services	2,296,775	2,499,666	1,636,390	234,001
Total net revenues	**77,776,932**	**93,457,498**	**94,580,205**	**13,524,789**
Cost of revenues:				
Commission — split	(20,419,577)	(22,766,957)	(20,873,405)	(2,984,857)
Commission and compensation — internal	(17,015,927)	(18,903,786)	(17,656,184)	(2,524,801)
Cost of home renovation and furnishing	(7,705,325)	(10,229,696)	(10,581,816)	(1,513,180)
Cost of home rental services	(6,163,044)	(13,619,506)	(20,020,954)	(2,862,958)
Cost related to stores	(2,872,093)	(2,854,988)	(2,851,831)	(407,806)
Others	(1,882,952)	(2,138,510)	(2,383,938)	(340,898)
Total cost of revenues[(1)]	**(56,058,918)**	**(70,513,443)**	**(74,368,128)**	**(10,634,500)**
Gross profit	**21,718,014**	**22,944,055**	**20,212,077**	**2,890,289**
Sales and marketing expenses[(1)]	(6,654,178)	(7,783,341)	(7,328,909)	(1,048,020)
General and administrative expenses[(1)]	(8,236,569)	(8,960,747)	(8,075,414)	(1,154,769)
Research and development expenses[(1)]	(1,936,780)	(2,283,424)	(2,580,564)	(369,016)
Others	2,993,508	2,953,526	2,449,913	350,333
Income before income tax expense	**7,883,995**	**6,870,069**	**4,677,103**	**668,817**
Income tax expense	(1,994,391)	(2,791,889)	(1,686,089)	(241,108)
Net income	**5,889,604**	**4,078,180**	**2,991,014**	**427,709**
Weighted average number of ordinary shares used in computing net income per share, basic and diluted				
— Basic	3,521,379,938	3,409,772,592	3,326,149,994	3,326,149,994
— Diluted	3,611,653,020	3,537,408,029	3,472,076,149	3,472,076,149
Net income per share attributable to ordinary shareholders				
— Basic	1.67	1.19	0.90	0.13
— Diluted	1.63	1.15	0.86	0.12

Note:

(1) Share-based compensation expenses were allocated as follows:

	For the Year Ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in thousands)			
Cost of revenues	502,523	521,293	446,120	63,794
Sales and marketing expenses	180,465	197,320	181,877	26,008
General and administrative expenses	2,345,895	1,821,817	1,111,415	158,931
Research and development expenses	186,666	185,645	165,512	23,668
Total	**3,215,549**	**2,726,075**	**1,904,924**	**272,401**

Year ended December 31, 2025 Compared to Year ended December 31, 2024

Net revenues

Our net revenues increased by 1.2% to RMB94.6 billion (US$13.5 billion) in 2025 from RMB93.5 billion in 2024, primarily attributable to the increase of net revenues from home rental services and home renovation and furnishing, which was partially offset by the decrease of net revenues from new home and existing home transaction services. Total GTV decreased by 5.0% to RMB3,183.3 billion (US$455.2 billion) in 2025 from RMB3,349.4 billion in 2024, amid the overall pressure in the housing-related industry.

Existing home transaction services. Our net revenues from existing home transaction services decreased by 11.3% to RMB25.0 billion (US$3.6 billion) in 2025 from RMB28.2 billion in 2024. GTV of existing home transactions decreased by 4.2% to RMB2,151.5 billion (US$307.7 billion) in 2025 from RMB2,246.5 billion in 2024. The steeper decline in net revenues relative to GTV in existing home transaction services was primarily attributable to a higher contribution from GTV of existing home transaction services served by connected agents on our platform, for which revenue is recorded on a net basis from platform service, franchise service and other value-added services, while for GTV served by *Lianjia* brand, the revenue is recorded on a gross commission revenue basis.

Commission revenue decreased by 13.5% to RMB20.0 billion (US$2.9 billion) in 2025, from RMB23.1 billion in 2024, primarily due to the decreased GTV of existing home transactions served by *Lianjia* stores of 12.7% to RMB802.1 billion (US$114.7 billion) in 2025 from RMB918.5 billion in 2024.

Additionally, revenues derived from platform service, franchise service and other value-added services, which are mostly charged to connected stores and agents on our platform, were RMB5.0 billion (US$0.7 billion) in 2025, relatively stable compared with RMB5.1 billion in 2024, while GTV of existing home transactions served by connected agents on our platform increased by 1.6% to RMB1,349.4 billion (US$193.0 billion) in 2025 from RMB1,328.0 billion in 2024.

New home transaction services. Our net revenues from new home transaction services decreased by 9.1% to RMB30.6 billion (US$4.4 billion) in 2025 from RMB33.7 billion in 2024, primarily due to the decrease of GTV of new home transactions of 8.2% to RMB890.9 billion (US$127.4 billion) in 2025 from RMB970.0 billion in 2024. Of these, the GTV of new home transactions facilitated on Beike platform through connected agents, dedicated sales team with the expertise in new home transaction services and other sales channels decreased by 7.0% to RMB729.2 billion (US$104.3 billion) in 2025 from RMB784.4 billion in 2024, and the GTV of new home transactions served by *Lianjia* brand decreased by 12.9% to RMB161.6 billion (US$23.1 billion) in 2025 from RMB185.6 billion in 2024.

Home renovation and furnishing. Our net revenues from home renovation and furnishing increased by 4.4% to RMB15.4 billion (US$2.2 billion) in 2025 from RMB14.8 billion in 2024, primarily attributable to the increase of net revenues from furniture and home furnishing sales.

Home rental services. Our net revenues from home rental services increased by 52.8% to RMB21.9 billion (US$3.1 billion) in 2025 from RMB14.3 billion in 2024, primarily attributable to the increase in the number of rental units under the *Carefree Rent* model, partially offset by a shift in revenue recognition mix resulting from an increasing proportion of the new product offering within the *Carefree Rent*. Under the new model, the homeowners retain control over and beneficial interest in the properties, while we provide leasing agency services and lease term management services to both homeowners and tenants. Accordingly, under the new model, revenue is recognized based on net service fees derived from two sources: (1) commissions earned for facilitating the signing of lease agreements between homeowners and tenants; and (2) fees for lease term management services rendered throughout the lease period.

Emerging and other services. Our net revenues from emerging and other services decreased by 34.5% to RMB1.6 billion (US$0.2 billion) in 2025 from RMB2.5 billion in 2024, primarily attributable to the decrease of revenues from ancillary services.

Cost of revenues

Our cost of revenues increased by 5.5% to RMB74.4 billion (US$10.6 billion) in 2025 from RMB70.5 billion in 2024.

- *Commission — split.* Our cost of revenues for commissions to connected agents and other sales channels decreased by 8.3% to RMB20.9 billion (US$3.0 billion) in 2025 from RMB22.8 billion in 2024, primarily due to the decrease in GTV of new home transactions facilitated through connected agents and other sales channels.

- *Commission and compensation — internal.* Our cost of revenues for internal commission and compensation decreased by 6.6% to RMB17.7 billion (US$2.5 billion) in 2025 from RMB18.9 billion in 2024, primarily due to the decrease in commission of home transaction services for *Lianjia* agents, resulting from the decreased GTV of home transactions they served by.

- *Cost of home renovation and furnishing.* Our cost of revenues for home renovation and furnishing increased by 3.4% to RMB10.6 billion (US$1.5 billion) in 2025 from RMB10.2 billion in 2024, which was in line with the growth of net revenues from home renovation and furnishing.

- *Cost of home rental services.* Our cost of revenues for home rental services increased by 47.0% to RMB20.0 billion (US$2.9 billion) in 2025 from RMB13.6 billion in 2024, primarily attributable to the growth of net revenues from home rental services, partially offset by an improved contribution margin resulting from an increasing proportion of the new product offering with a higher contribution margin under the *Carefree Rent* business, as well as enhanced operational efficiency.

- *Cost related to stores.* Our cost related to stores was RMB2.9 billion (US$0.4 billion) in 2025, relatively flat compared with RMB2.9 billion in 2024.

- *Other costs.* Our other costs increased by 11.5% to RMB2.4 billion (US$0.3 billion) in 2025 from RMB2.1 billion in 2024, primarily attributable to the increase in the direct technical infrastructure costs such as cloud storage costs.

Please see "—Contribution Margin" for the analysis of our segment profitability.

Operating expenses

Sales and marketing expenses. Our sales and marketing expenses decreased by 5.8% to RMB7.3 billion (US$1.0 billion) in 2025 from RMB7.8 billion in 2024, primarily due to our cost optimization initiatives, including lower personnel costs as well as reduced advertising and promotion expenses.

General and administrative expenses. Our general and administrative expenses decreased by 9.9% to RMB8.1 billion (US$1.2 billion) in 2025 from RMB9.0 billion in 2024, primarily due to the decrease in share-based compensation expenses and provision for credit losses.

Research and development expenses. Our research and development expenses increased by 13.0% to RMB2.6 billion (US$0.4 billion) in 2025 from RMB2.3 billion in 2024, primarily due to the increased personnel costs.

Impairment of goodwill, intangible assets and other long-lived assets. We recorded impairment of goodwill of RMB116.3 million (US$16.6 million) in 2025, compared to RMB98.2 million in 2024, primarily attributable to the impairment of goodwill triggered by the market fluctuation and its impact on our operations. No impairment of intangible assets and other long-lived assets has been recorded in 2025, compared to RMB53.4 million in 2024.

Income tax expense

We recorded an income tax expense of RMB1,686.1 million (US$241.1 million) in 2025, compared to RMB2,791.9 million in 2024.

Net income

As a result of the foregoing, we recorded a net income of RMB2,991.0 million (US$427.7 million) in 2025, compared to RMB4,078.2 million in 2024.

Year ended December 31, 2024 Compared to Year ended December 31, 2023

Net revenues

Our net revenues increased by 20.2% to RMB93.5 billion in 2024 from RMB77.8 billion in 2023, primarily attributable to the increase of net revenues from new home transaction services and the expansion of home renovation and furnishing and home rental business. Total GTV increased by 6.6% to RMB3,349.4 billion in 2024 from RMB3,142.9 billion in 2023, primarily attributable to our proactive growth strategy and enhanced capabilities in market coverage.

Existing home transaction services. Our net revenues from existing home transaction services were RMB28.2 billion in 2024, relatively flat compared with RMB28.0 billion in 2023. GTV of existing home transactions increased by 10.8% to RMB2,246.5 billion in 2024 from RMB2,028.0 billion in 2023.

Commission revenue increased by 1.0% to RMB23.1 billion in 2024, from RMB22.9 billion in 2023, primarily because the GTV of existing home transactions served by *Lianjia* stores increased by 8.4% to RMB918.5 billion in 2024 from RMB847.6 billion in 2023, mainly offset by a lower commission rate of existing home transaction services charged by *Lianjia* stores in Beijing.

Additionally, revenue derived from platform service, franchise service and other value-added services, which are mostly charged to connected stores and agents on our platform, were RMB5.1 billion in 2024, relatively flat compared with RMB5.1 billion in 2023, while the GTV of existing home transactions served by connected agents on our platform increased by 12.5% to RMB1,328.0 billion in 2024 from RMB1,180.4 billion in 2023. The increase was mainly offset by the decrease in revenues from certain value-added services which were not directly driven by GTV of existing home transactions served by connected agents.

New home transaction services. Our net revenues from new home transaction services increased by 10.1% to RMB33.7 billion in 2024 from RMB30.6 billion in 2023, primarily due to the improved monetization capability, which was partially offset by the decrease of GTV of new home transactions of 3.3% to RMB970.0 billion in 2024 from RMB1,003.0 billion in 2023. Among that, the GTV of new home transactions facilitated on *Beike* platform through connected agents, dedicated sales team with the expertise on new home transaction services and other sales channels decreased by 3.1% to RMB784.4 billion in 2024 from RMB809.9 billion in 2023, and the GTV of new home transactions served by *Lianjia* brand decreased by 3.9% to RMB185.6 billion in 2024 from RMB193.2 billion in 2023.

Home renovation and furnishing. Our net revenues from home renovation and furnishing increased by 36.1% to RMB14.8 billion in 2024 from RMB10.9 billion in 2023, primarily attributable to (i) the increase of orders driven by the synergetic effects from customer acquisition and conversion between home transaction services and home renovation and furnishing business, (ii) a larger contribution from furniture and home furnishing sales in categories such as customized furniture, soft furnishings, and electrical appliances, and (iii) the shortened lead time driven by enhanced delivery capabilities.

Home rental services. Our net revenues from home rental services increased by 135.0% to RMB14.3 billion in 2024 from RMB6.1 billion in 2023, primarily attributable to the increase of the number of rental units under the *Carefree Rent* model.

Emerging and other services. Our net revenues from emerging and other services increased by 8.8% to RMB2.5 billion in 2024 from RMB2.3 billion in 2023, primarily attributable to the increase of net revenues from financial services.

Cost of revenues

Our cost of revenues increased by 25.8% to RMB70.5 billion in 2024 from RMB56.1 billion in 2023.

- *Commission — split.* Our cost of revenues for commissions to connected agents and other sales channels increased by 11.5% to RMB22.8 billion in 2024 from RMB20.4 billion in 2023, primarily due to the increase in net revenues from new home transaction services derived from transactions facilitated through connected agents and other sales channels.

- *Commission and compensation — internal.* Our cost of revenues for internal commission and compensation increased by 11.1% to RMB18.9 billion in 2024 from RMB17.0 billion in 2023, primarily due to an increase in the net revenues from new home transactions derived from transactions facilitated through *Lianjia* agents and the increase in fixed compensation costs mainly driven by the increased number of *Lianjia* agents and improved benefits for them.

- *Cost of home renovation and furnishing.* Our cost of home renovation and furnishing increased by 32.8% to RMB10.2 billion in 2024 from RMB7.7 billion in 2023, which was in line with the growth of net revenues from home renovation and furnishing.

- *Cost of home rental services.* Our cost of home rental services increased by 121.0% to RMB13.6 billion in 2024 from RMB6.2 billion in 2023, primarily attributable to the growth of net revenues from home rental services.

- *Cost related to stores.* Our cost related to stores was RMB2.9 billion in 2024, relatively flat compared with RMB2.9 billion in 2023.

- *Other costs.* Our other costs increased by 13.6% to RMB2.1 billion in 2024 from RMB1.9 billion in 2023, mainly due to the increased tax and surcharges in line with the increased net revenues and an increase in provision and funding costs of financial services.

Please see "—Contribution Margin" for the analysis of our segment profitability.

Operating expenses

Sales and marketing expenses. Our sales and marketing expenses increased by 17.0% to RMB7.8 billion in 2024 from RMB6.7 billion in 2023, mainly due to the increase in sales and marketing expenses for home renovation and furnishing business.

General and administrative expenses. Our general and administrative expenses increased by 8.8% to RMB9.0 billion in 2024 from RMB8.2 billion in 2023, mainly due to the increase in personnel costs.

Research and development expenses. Our research and development expenses increased by 17.9% to RMB2.3 billion in 2024 from RMB1.9 billion in 2023, primarily due to the increased headcount of research and development personnel and the increased technical service costs.

Impairment of goodwill, intangible assets and other long-lived assets. We recorded impairment of goodwill, intangible assets and other long-lived assets of RMB151.6 million in 2024, compared to RMB93.4 million in 2023, primarily attributable to the impairment of goodwill triggered by the market fluctuation and its impact on our operations.

Income tax expense

We recorded an income tax expense of RMB2,791.9 million in 2024, compared to RMB1,994.4 million in 2023.

Net income

As a result of the foregoing, we recorded a net income of RMB4,078.2 million in 2024, compared to RMB5,889.6 million in 2023.

Discussion of Key Balance Sheet Items

Cash, cash equivalents, restricted cash, and short-term investments

Cash, cash equivalents, restricted cash, and short-term investments constitute our most liquid assets. Short-term investments include bank time deposits and investments in wealth management products issued by financial institutions. These products normally offer returns higher than bank deposits, maintain relatively low risk, and provide sufficient liquidity as they are redeemable upon short notice. We therefore consider such wealth management products part of our cash management program.

The total amount increased from RMB60.1 billion as of December 31, 2023 to RMB61.6 billion as of December 31, 2024, which was mainly attributable to the cash generated from operating activities in 2024, partially offset by the cash used in investing activities. The total amount decreased from RMB61.6 billion as of December 31, 2024 to RMB55.5 billion (US$7.9 billion) as of December 31, 2025, mainly used in financing activities in 2025, partially offset by the cash provided by investing activities.

Accounts receivable, net of allowance for credit losses

A significant portion of accounts receivable was due from real estate developers for our new home transaction services. Our accounts receivable, net of allowance for credit losses, increased from RMB3.2 billion as of December 31, 2023 to RMB5.5 billion as of December 31, 2024, primarily due to the growth of net revenues from new home transaction services. Our accounts receivable and contract assets, net of allowance for credit losses decreased from RMB5.5 billion as of December 31, 2024 to RMB3.9 billion (US$0.6 billion) as of December 31, 2025, primarily due to the decline of net revenues from new home transaction services.

We serve real estate developers in our new home transaction services and grant them credit terms relatively longer compared to individual and small brokerage firm clients in accordance with the market practice. As such, we may face risks related to the collection of our accounts receivable from real estate developers, especially during times when tightened regulatory measures negatively affect the operations and liquidity conditions of these real estate developers. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our business is subject to government regulations and policies guiding China's economy in general and, specifically, on existing and new home sales and home rentals" and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We face risk in collecting our accounts receivable and deposits from real estate developers" for more details. In light of the liquidity concerns faced by certain real estate developers started from 2021, we have been implementing various prudent measures such as the "commission in advance" model to ensure effective risk control and timely collection of accounts receivable. Our collection of accounts receivable for new home transaction services amounted to RMB33.5 billion in 2023, RMB33.4 billion in 2024 and RMB34.6 billion (US$4.9 billion) in 2025, compared to the net revenue from new home transaction services of RMB30.6 billion in 2023, RMB33.7 billion in 2024 and RMB30.6 billion (US$4.4 billion) in 2025. In addition, we maintained our accounts receivable turnover days for new home transaction services at a relatively low level at 56 days in 2025, compared with 52 days in 2024 and 55 days in 2023. The accounts receivable turnover days for existing home transaction services, where our clients are individual housing customers and brokerage firms on our platform, were 6 days in 2023, 7 days in 2024 and 7 days in 2025. We plan to continue to prudently manage our accounts receivable, in particular with respect to new home transaction services.

Accounts receivable turnover days for a given period are equal to average balances of accounts receivable at the beginning and the end of the period divided by total net revenues during the period and multiplied by the number of days during the period.

Intangible assets, net

Our intangible assets net of accumulated amortization and impairment amounted to RMB1,067 million, RMB858 million and RMB723 million (US$103 million) as of December 31, 2023, 2024 and 2025, respectively. The decrease in 2024 was primarily due to the expiration of the business cooperation agreement. The decrease in 2025 was primarily due to the amortization of the intangible assets.

Long-term investments, net

Our long-term investments amounted to RMB23.6 billion, RMB23.8 billion and RMB20.1 billion (US$2.9 billion) as of December 31, 2023, 2024 and 2025, respectively. The increase in 2024 was mainly due to an increase in wealth management products. The decrease in 2025 was mainly due to a decrease in long-term time deposits and available-for-sale debt investments, which was partially offset by increase in wealth management products.

Goodwill

Our goodwill was RMB4,857 million, RMB4,777 million and RMB4,660 million (US$666 million) as of December 31, 2023, 2024 and 2025, respectively. The decrease in 2024 was primarily due to the RMB98.2 million impairment of the goodwill related to reporting units within the existing home transaction services segment and new home transaction services segment in certain cities as a result of changes in local market conditions. The decrease in 2025 was primarily due to the RMB116.3 million (US$16.6 million) impairment of the goodwill related to reporting units within the existing home transaction services segment and new home transaction services segment in certain cities as a result of changes in local market conditions.

Prepayments, receivables and other assets

The following table set forth the breakdown of this account as of the dates indicated.

	As of December 31,		
	2024	2025	
	RMB	RMB	US$
		(in thousands)	
Current:			
Prepaid rental and other deposits	1,552,279	1,154,495	165,091
Advances to suppliers	692,542	448,522	64,138
VAT-input deductible	637,686	745,485	106,603
Capitalized costs of obtaining contracts and prepaid initial direct costs[(1)]	551,461	511,450	73,136
Deposits paid to real estate developers[(2)]	196,241	178,249	25,489
Funds advanced to potential investees[(3)]	153,577	—	—
Deposit paid for acquisition of land used for properties development[(4)]	122,430	—	—
Prepaid income tax	64,163	146,646	20,970
Staff advances	59,762	48,126	6,882
Receivable related to employees' exercise of share-based awards	44,521	35,137	5,025
Interests receivable	15,263	7,340	1,050
Receivables from escrow account	9,992	23,030	3,293
Others	542,907	427,648	61,152
Total	**4,642,824**	**3,726,128**	**532,829**
Non-current:			
Deferred tax asset	1,005,127	1,257,595	179,834
VAT-input deductible	194,818	357,511	51,124
Others	22,332	147,996	21,163
Total	**1,222,277**	**1,763,102**	**252,121**

Notes:

(1) For the years ended December 31, 2024 and 2025, RMB876.2 million and RMB1,403.4 million (US$200.7 million) are amortized respectively.

(2) Deposits paid to real estate developers refer to the earnest deposits we pay to developers for new home transaction service contracts, and will be collected back after we meet our service commitment. We implement stringent selection process for the real estate projects for which we provide marketing services and will only agree to make earnest deposits for those we are confident in meeting our sales commitment.

(3) Funds advanced to potential investees represent funds paid to potential *Beihaojia* business investees before obtaining the equity interests.

(4) Deposit paid for acquisition of land used for properties development represents the deposit paid for acquisition of the residential land parcel in Shanghai under the *Beihaojia* business.

Accounts payable

Our accounts payable increased from RMB6,329 million as of December 31, 2023 to RMB9,493 million as of December 31, 2024 which was in line with the revenues from new home transaction services and home renovation and furnishing. Our accounts payable decreased from RMB9,493 million as of December 31, 2024 to RMB6,052 million (US$865 million) as of December 31, 2025, which was in line with the revenues from new home transaction services.

Short-term borrowings

As of December 31, 2023, 2024 and 2025, our short-term borrowings were RMB290 million, RMB288 million and RMB208 million (US$30 million), respectively. The total balance of short-term loans as of December 31, 2023 mainly included two bank loans, starting from September and December 2023, with fixed loan interest rates of 3.35% and 3.30%, respectively. The total balance of short-term loans as of December 31, 2024 mainly included two bank loans in January 2024 with fixed loan interest rates of 3.00%, as well as two bank loans in May and June 2024 with fixed loan interest rates of 2.83%. The total balance of short-term loans as of December 31, 2025 mainly includes one bank loan in May 2025 with interest at one-year LPR (Loan Prime Rate) minus 89 basis points, as well as two bank loans in January and May 2025 with fixed loan interest rates of 2.48% and 2.38%, respectively.

B. Liquidity and Capital Resources

The following table sets forth a summary of our cash flows for the periods presented:

	For the Year Ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in thousands)			
Selected Consolidated Cash Flow Data				
Net cash provided by (used in) operating activities	11,414,244	9,447,137	(376,170)	(53,794)
Net cash provided by (used in) investing activities	(3,977,440)	(9,378,025)	5,894,327	842,878
Net cash used in financing activities	(7,218,210)	(5,794,635)	(9,793,199)	(1,400,409)
Effect of exchange rate change on cash, cash equivalents and restricted cash	44,608	169,476	(82,585)	(11,807)
Net increase (decrease) in cash, cash equivalents and restricted cash	263,202	(5,556,047)	(4,357,627)	(623,132)
Cash, cash equivalents and restricted cash at the beginning of the year	25,594,259	25,857,461	20,301,414	2,903,063
Cash, cash equivalents and restricted cash at the end of the year	25,857,461	20,301,414	15,943,787	2,279,931

To date, we have financed our operating and investing activities through cash flows from operations and cash provided by historical equity and debt financing activities. As of December 31, 2023, 2024 and 2025, our cash, cash equivalents, restricted cash and short-term investments were RMB60.1 billion, RMB61.6 billion and RMB55.5 billion (US$7.9 billion), respectively. Our cash and cash equivalents primarily consist of cash on hand, demand deposits and highly liquid investments placed with banks or other financial institutions with original maturities of less than three months. Our restricted cash are primarily pledged for bank borrowings, and escrow payments collected from the property buyers on behalf of and payable to the property sellers.

We believe that our cash balance and expected net cash inflows will be sufficient to meet our current and anticipated working capital requirements and capital expenditures for an extended period of time. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we identify and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions.

Although we consolidate the results of the VIEs and their subsidiaries, we only have access to the assets or earnings of the VIEs and their subsidiaries through our contractual arrangements with the VIEs and their shareholders. See “Item 4. Information on the Company — C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders.” For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see “—Holding Company Structure.”

Substantially all of our revenues have been, and we expect they are likely to continue to be, denominated in Renminbi. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our PRC subsidiaries are required to set aside at least 10% of its after-tax profits after making up previous years’ accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves are not distributable as cash dividends. Historically, our PRC subsidiaries have not paid dividends to us, and they will not be able to pay dividends until they generate accumulated profits. Furthermore, capital account transactions, which include foreign direct investment and loans, must be approved by and/or registered with SAFE, its local branches and certain local banks.

As a Cayman Islands exempted company and offshore holding company, we are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries only through loans or capital contributions, subject to the approval or registration of government authorities and limits on the amount of capital contributions and loans. This may delay us from using the proceeds from our initial public offering in July 2020 and our ADS offering in November 2020 to make loans or capital contributions to our PRC subsidiaries. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies may delay us from using the proceeds of our offshore offerings to make loans or additional capital contributions to our PRC subsidiaries and to make loans to the VIEs, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

Operating activities

Net cash used in operating activities in 2025 was RMB376.2 million (US$53.8 million). The difference between net cash used in operating activities and net income of RMB2,991 million (US$428 million) in 2025 was the result of adding back RMB3,114 million (US$445 million) for adjustments of non-cash items, adding back RMB9 million (US$1 million) for dividend received from equity method investments and RMB210 million (US$30 million) of investment and interest income received from wealth management products and time deposits, as well as removing RMB6,700 million (US$958 million) used in working capital.

The adjustment of non-cash items primarily consisted of RMB1,905 million (US$272 million) in share-based compensation expenses, RMB934 million (US$134 million) in depreciation expenses, and RMB138 million (US$20 million) in amortization of intangible assets.

The additional cash used in working capital was the result of: (i) a RMB3,344 million (US$478 million) decrease in accounts payable, (ii) a RMB1,910 million (US$273 million) decrease in employee compensation and welfare payable, (iii) a RMB1,006 million (US$144 million) decrease in prepayments, receivables and other assets, (iv) a RMB4,729 million (US$676 million) decrease in lease liabilities, and (v) a RMB1,251 million (US$179 million) decrease in inventories, partially offset by a RMB4,213 million (US$602 million) increase in right-of-use assets and a RMB1,483 million (US$212 million) increase in accounts receivable and contract assets.

Net cash generated from operating activities in 2024 was RMB9.4 billion. The difference between net cash generated from operating activities and net income of RMB4,078 million in 2024 was the result of adding back RMB3,681 million for adjustments of non-cash items, adding back RMB16 million for dividend received from equity method investments and removing RMB253 million of investment and interest income, which are by nature investing activities, and adding RMB1,925 million released from working capital.

The adjustment of non-cash items primarily consisted of RMB2,726 million in share-based compensation expenses, RMB744 million in depreciation expenses, RMB269 million in amortization of intangible assets, and RMB313 million in fair value changes in investments.

The additional cash released from working capital was the result of a RMB4,674 million increase in lease liabilities, a RMB2,457 million increase in accounts payable, a RMB1,387 million increase in contract liabilities and deferred revenue, and a RMB1,093 million increase in accrued expenses and other current liabilities, partially offset by a RMB5,599 million increase in right-of-use assets, a RMB2,410 million increase in accounts receivable and contract assets, and a RMB270 million increase in prepayments, receivables and other assets.

Net cash generated from operating activities in 2023 was RMB11.4 billion. The difference between net cash generated from operating activities and net income of RMB5,890 million in 2023 was the result of adding back RMB4,848 million for adjustments of non-cash items, adding back RMB15 million for dividend received from equity method investments and removing RMB1,413 million of investment and interest income, which are by nature investing activities, and adding RMB2,075 million released from working capital.

The adjustment of non-cash items primarily consisted of RMB3,216 million in share-based compensation expenses, RMB775 million in depreciation expenses, RMB29 million in impairment loss for equity investments accounted for using measurement alternative, RMB627 million in amortization of intangible assets, and RMB78 million in fair value changes in investments.

The additional cash released from working capital was the result of a RMB835 million decrease in accounts receivable and contract assets, a RMB6,123 million increase in lease liabilities, a RMB1,405 million increase in contract liabilities, and a RMB1,548 million increase in accrued expenses and other current liabilities, partially offset by a RMB6,334 million increase in right-of-use assets, a RMB883 million increase in prepayments, receivables and other assets, and a RMB1,220 million decrease in employee compensation and welfare payable.

Investing activities

Net cash provided by investing activities in 2025 was RMB5.9 billion (US$0.8 billion), consisting primarily of (i) RMB20.9 billion (US$3.0 billion) of maturities of time deposits and held-to-maturity debt investments, offset by RMB8.9 billion (US$1.3 billion) used to purchase time deposits and held-to-maturity debt investments, (ii) RMB83.0 billion (US$11.9 billion) of financing receivables principal collected, partially offset by RMB81.6 billion (US$11.7 billion) of financing receivables originated, (iii) RMB27.3 billion (US$3.9 billion) maturities of other short-term investments, offset by RMB27.1 billion (US$3.9 billion) used to purchase other short-term investments, (iv) RMB1.3 billion (US$0.2 billion) of repayments of loans from related parties and others, and (v) partially offset by RMB6.5 billion (US$0.9 billion) used to purchases other long-term investments.

Net cash used in investing activities in 2024 was RMB9.4 billion, consisting primarily of (i) RMB58.1 billion (US$8.0 billion) of financing receivables originated, offset by RMB56.6 billion of financing receivables principal collected, (ii) RMB33.3 billion of used to purchase other short-term investments, offset by RMB42.6 billion maturities of other short-term investments, and (iii) RMB24.0 billion used to purchase time deposits and held-to-maturity debt investments, offset by RMB12.1 billion of maturities of time deposits and held-to-maturity debt investments.

Net cash used in investing activities in 2023 was RMB4.0 billion, consisting primarily of (i) RMB38.9 billion used to purchase other short-term investments, offset by RMB41.5 billion maturities of other short-term investments, (ii) RMB27.8 billion of financing receivables originated, offset by RMB27.1 billion of financing receivables principal collected, (iii) RMB1.2 billion of purchases of other long-term investments, and (iv) RMB14.5 billion used to purchase time deposits and held-to-maturity debt investments, offset by RMB8.9 billion of maturities of time deposits and held-to-maturity debt investments and RMB1.4 billion of sales of available-for-sale debt investments.

Financing activities

Net cash used in financing activities in 2025 was RMB9.8 billion (US$1.4 billion), consisting primarily of (i) RMB6,581 million (US$941 million) of repurchase of ordinary shares, (ii) RMB2,884 million (US$412 million) of dividend payment, and (iii) RMB1,676 million (US$240 million) outflow of change in customer deposits payable and other amounts collected and payable on behalf of others, net, partially offset by RMB839 million (US$120 million) proceeds from related party loans, net, as well as a RMB413 million (US$59 million) rental deposits received on behalf of others, net.

Net cash used in financing activities in 2024 was RMB5,795 million, consisting primarily of (i) RMB5,101 million of repurchase of ordinary shares, (ii) RMB2,831 million of dividend payment, and (iii) RMB608 million of repayments of short-term borrowings, partially offset by a RMB2,140 million increase in customer deposits payable and payable related to escrow accounts services.

Net cash used in financing activities in 2023 was RMB7,218 million, consisting primarily of (i) RMB5,151 million of repurchase of ordinary shares, (ii) RMB756 million of repayments of short-term borrowings, and (iii) RMB1,431 million of dividend payment, partially offset by RMB427 million of proceeds from short-term borrowings.

Material Cash Requirements

Our material cash requirements as of December 31, 2025 and any subsequent period primarily include our capital expenditures and contractual obligations. We intend to fund our material cash requirements with our cash balance. We will continue to make cash commitments, including capital expenditures, to meet the expected growth of our business.

Capital Expenditures

Our capital expenditures were RMB874 million in 2023, RMB1,037 million in 2024 and RMB608 million (US$87 million) in 2025. In the years of 2023, 2024 and 2025, our capital expenditures primarily represent cash paid for purchase of property, plant and equipment, intangible assets and other long-lived assets. We funded our capital expenditures primarily with net cash flows generated from operating activities.

Contractual Obligations

Our material contractual obligations primarily consist of the following:

(i) as of December 31, 2025, we have payment obligations totaling RMB402.4 million (US$57.5 million) under existing construction contracts for the development of our self-developed properties. We expect to make the majority of these payments within the next two years, assuming that the contractors meet the contractual construction milestones;

(ii) other obligations and commitments.

The following table sets forth other contractual obligations as of December 31, 2025:

	Total	2026	2027	2028	2029	2030	Thereafter
			(RMB in thousands)				
Short-term and long-term borrowings	390,634	207,717	182,917	—	—	—	—
Lease liability obligations	18,351,672	11,054,303	4,171,509	1,608,921	749,959	318,772	448,208
Operating lease commitments	771,354	220,962	229,618	182,053	90,934	38,981	8,806
Investment commitments	240,000	240,000	—	—	—	—	—
Capital commitments	232,009	82,398	82,398	67,213	—	—	—
Purchase of services	1,307	1,307	—	—	—	—	—

Except for commitments and obligations as disclosed above and financial guarantees as discussed in section below, we did not have any other long-term obligations or material guarantees as of December 31, 2025.

Off-Balance Sheet Arrangements

We provide financial guarantees through our subsidiaries for loans that we facilitate for certain financial partners or individual lenders. We are obligated to compensate the lenders for the principal and interest payment in the event of the borrowers' default. Therefore, we effectively provide guarantees to lenders against the credit risk.

Other than the above, we have not entered into any other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

Holding Company Structure

KE Holdings Inc. is not an operating company in China but a Cayman Islands holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries and the VIEs in China. As a result, KE Holdings Inc.'s ability to pay dividends depends upon dividends paid by our PRC subsidiaries. Our PRC subsidiaries in turn generate income from their own operation, and in addition enjoy all economic benefit and receive service fees from the VIEs pursuant to the exclusive business cooperation agreement with the VIEs. The VIEs collectively held 42.7% of our cash, cash equivalents and restricted cash and 11.9% of our total assets as of December 31, 2025. Revenues contributed by the VIEs, excluding inter-group transactions, accounted for 0.8%, 0.8% and 0.9% of our total net revenues for the fiscal years 2023, 2024 and 2025, respectively. Investors in our ADSs are not purchasing equity interest in the VIEs in China but instead are purchasing equity interest in KE Holdings Inc., a holding company incorporated in the Cayman Islands.

Beijing Lianjia, one of the VIEs, and its subsidiaries used to be the operating entities of our existing home transaction and new home transaction services and certain other home-related emerging and other services before the completion of our reorganization, which started from November 2018 and was completed in July 2019. Through a series of restructuring transactions, most of such subsidiaries of Beijing Lianjia, as well as all of the operating branches of Beijing Lianjia, have become wholly-owned by the applicable WFOEs and our other PRC subsidiaries. Since July 2019, consequently, our PRC subsidiaries have replaced Beijing Lianjia to be the providers of such home transaction services, home rental services and certain home-related emerging and other services. Net revenues, excluding inter-group transactions, contributed by the VIEs accounted for 0.8% in 2023, 0.8% in 2024 and 0.9% in 2025, respectively.

If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. Under PRC law, each of our subsidiaries and the VIEs in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our subsidiaries and the VIEs in China may allocate a portion of its after-tax profits based on PRC accounting standards to a surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

C. Research and Development, Patents and Licenses, etc.

See "Item 4. Information on the Company—B. Business Overview—Our Technology and Research and Development" and "Item 4. Information on the Company—B. Business Overview—Intellectual Property."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2026 that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires our management to make estimates that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on our own historical experience and other assumptions that we believe are reasonable after taking account of our circumstances and expectations for the future based on available information. We evaluate these estimates on an ongoing basis.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. There are other items within our financial statements that require estimation but are not deemed critical, as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. For a detailed discussion of our significant accounting policies and related judgments, see "Note 2 Significant Accounting Policies" in the Notes to Consolidated Financial Statements included elsewhere in this annual report.

Provision for credit losses of accounts receivable and other receivable from new home transactions

For accounts receivable from new home transactions, we make estimates of the allowance for credit losses based upon assessment of various factors, including historical experience, the age of the accounts receivable balances, creditworthiness of the customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect our ability to collect from the customers. We estimate the allowance by segmenting accounts receivable from new home transactions based on certain credit risk characteristics and determining an expected loss rate for each segmentation based on historical loss experience adjusted for judgments about the effects of relevant observable data including current and future economic conditions.

We consider one of the most significant judgements involved in estimating the allowance for credit losses relates to segmentation of accounts receivable from new home transactions. A series of credit risk characteristics are incorporated during the segmentation process, which includes credit risk characteristics such as price fluctuation of equity and debt securities, existing financing arrangement, default events in the public market, liquidity of the customer, and public credit ratings. Due to the uncertainty and potential volatility of these characteristics, segmentation result may vary, which could materially affect our financial condition and results of operations.

Recognizing that segmentation of accounts receivable from new home transactions and forecasts of macroeconomic conditions are inherently uncertain, we believe that our process to consider the available information and associated risks and uncertainties is appropriately governed and that our estimates of expected credit losses were reasonable and appropriate as of December 31, 2025.

Impairment assessment of goodwill associated with home renovation and furnishing reporting unit

For goodwill, we test for impairment annually as of December 31, or when events or circumstances indicate that their carrying value may not be recoverable. A significant amount of judgment is required in performing impairment tests, including the optional assessment of qualitative factors for the annual impairment test, which is used to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In the qualitative assessment, we consider primary factors such as, industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. This assessment serves as a basis for determining whether it is necessary to perform a quantitative impairment test.

The quantitative evaluation compares the carrying value of each reporting unit that has goodwill with the estimated fair value of the respective reporting unit. Should the carrying value of a reporting unit be in excess of the estimated fair value of that reporting unit, a goodwill impairment loss will be recognized.

As of December 31, 2025, our goodwill balance was RMB4.7 billion, and the goodwill associated with the home renovation and furnishing reporting unit was RMB3.2 billion. We performed a quantitative impairment test on the goodwill associated with home renovation and furnishing reporting unit. We estimated the fair value of home renovation and furnishing reporting unit using an income approach based on a discounted cash flow model. Significant estimates and assumptions used in the discounted cash flow model included management's best estimate of forecast revenues used to calculate projected future cash flows and discount rate.

Forecasted revenues. The financial projection covering a five-year period of each reporting based on the financial budgets approved by our management, which considering the historical performance and its expectation for future market development.

Discount rate. When measuring possible impairment, future cash flows are discounted at a rate that is consistent with a weighted-average cost of capital that we anticipate a potential market participant would use. Weighted-average cost of capital is an estimate of the overall risk-adjusted rate of return expected by equity and debt holders of a business enterprise.

The following table sets out the key assumptions on which management had based its cash flow projections to undertake impairment testing of goodwill of home renovation and furnishing reporting unit:

	As of December 31, 2025
	Home renovation and furnishing reporting unit
Annual growth rate of revenue in the projected period	-7.3%-5.1%
Post-tax discount rate	14%

The headroom for home renovation and furnishing reporting unit as of December 31, 2025, is as follows, and the fair value of this reporting unit would equal to its carrying amount if the key assumptions were to change as follows:

	As of December 31, 2025 Home renovation and furnishing reporting unit
Headroom (RMB in thousands)	40,254
Headroom %	9.3%
Forecasted revenue	-0.9% for each forecasted year
Post-tax discount rate	+0.2%

Certain future events and circumstances, including deterioration of market conditions, increases in interest rates, and unfavorable impacts to the projections used in the impairment tests for the reporting unit discussed above, including changes in customer behavior, decrease in delivery capability, and delays or difficulties in achieving our profitability goals, could cause the fair value of this reporting unit to fall below its carrying value and a noncash impairment charge would be required. Such a charge could have a material effect on the consolidated statements of comprehensive income and consolidated balance sheets.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Baihui Partnership

To ensure the sustainability and governance of our company and better align them with the interests of our stakeholders, our management has established an executive partnership, the Baihui Partnership, to help us better manage our business and to carry out our vision, mission and value continuously. The structure of the Baihui Partnership is designed to promote people with diverse skillsets but sharing the same core values and beliefs that we hold dear.

The Baihui Partnership is operated under principles, policies and procedures that evolve with the development of our business and encompass the following major aspects:

Nomination and Election of Partners

Partners will be elected annually through a nomination process, whereby existing partners may propose candidates to the partnership committee described below. Election of new partners requires the affirmative vote of not less than 75% of all the partners. In order to be elected a partner, the partner candidate must meet certain quality standards to be determined by the Baihui Partnership from time to time.

The partners of the Baihui Partnership include Mr. PENG Yongdong and Mr. SHAN Yigang, each holding 50% of limited partnership interests. The Baihui Partnership no longer has right to appoint Executive Directors to our board and CEO nomination right pursuant to our currently effective memorandum and articles of association.

Partnership Committee

The Partnership Committee is the primary management body of the Baihui Partnership. The Partnership Committee shall consist of no more than three partners, and all decisions of the Partnership Committee will be made by certain votes of the members. The authorities of the Partnership Committee include, but not limited to, the following areas:

- allocating the relevant portion of the annual cash bonus pool for the partner members of management, with any amounts payable to partners who are our directors and executive officers subject to approval of the compensation committee of our board of directors;
- manage, invest, distribute and dispose of the assets of the Baihui Partnership, including the aggregate deferred bonuses and any income thereof, for the benefit of the partnership; and
- administrating the election of partners.

Partnership Committee members serve for a term of two years and may serve multiple terms, unless terminated upon his or her death, resignation, removal, incapacity of such member or termination of his or her membership in the partnership or certain conditions as determined by Baihui Partnership. Prior to each election that takes place once every certain years, the Partnership Committee will nominate a number of partner candidates to stand for election by Baihui Partnership. The members of the Partnership Committee include Mr. PENG Yongdong and Mr. SHAN Yigang.

Bonus Allocation

Each year, the board of directors, acting on the recommendation of our compensation committee, shall approve (i) the aggregate cash bonus pool for senior management of our company for the preceding fiscal year based on a percentage of our adjusted pre-tax operating profits for such fiscal year; and (ii) the allocation of such cash bonus pool between senior management member who are also partners of the Baihui Partnership and who are not partners.

Once the aggregate cash bonus pool is determined, the Partnership Committee will then determine (i) the allocation of the aggregate bonus pool between current year bonus pool and deferred bonus pool, if it deems advisable; and (ii) the allocation of the bonus pool among the partners. The bonus amounts payable to partners who are executive officers or directors will be subject to approval of the compensation committee. The Partnership Committee may also determine, at its sole discretion, to pay a bonus out of the assets of the Baihui Partnership.

Partner Termination, Retirement and Removal

Partners may elect to retire or withdraw from the Baihui Partnership at any time. Conditions of automatic retirement as determined by Baihui Partnership apply to partners. Unless otherwise provided, partners may be removed upon affirmative vote of not less than 75% of all partners, in the event that the Partnership Committee determines that such partner fails to meet any of the qualifying standards and so recommend to Baihui Partnership.

Amendment of Partnership Agreement

Amendment of the partnership agreement requires certain affirmative vote of all partners. The Partnership Committee may administer and modify the terms of the partnership agreement, but only to the extent such modifications are administrative or technical in nature that are not inconsistent with other provisions of the partnership agreement as in effect at the time.

Directors and Executive Officers

ZUO Hui, our founder and permanent chairman emeritus, was a pioneer and visionary and respected leader in China's housing transactions and services industry. Through his vision and leadership, we have gained tremendous amount of industry and operational know-hows through over 20 years of execution excellence, and evolved into the leading platform we are today. During his chairman capacity, Mr. ZUO, together with Beike's co-founders, Mr. PENG Yongdong and Mr. SHAN Yigang, had led our senior management to execute his strong vision to build and launch our *Beike* platform, pioneer the creation of Agent Cooperation Network, continually invest in talents and technologies, and proactively address industry-wide issues to achieve our continued growth and success. Honored as permanent chairman emeritus, Mr. ZUO's values and beliefs have been imprinted in our core DNA, strengthening the commitment of our management team and leading our self-driven transformations along the journey ahead.

Mr. ZUO served as our chairman since he founded Beijing Lianjia in 2001. In addition, Mr. ZUO held positions in various social organizations, such as the vice president of China Institute of Real Estate Appraisers and Agents since 2013, the vice president of the China Real Estate Chamber of Commerce since 2016, and a standing member of the 12th Executive Committee of All-China Federation of Industry and Commerce since 2017.

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
PENG Yongdong	46	Co-Founder, Chairman of the Board and Chief Executive Officer
SHAN Yigang	53	Co-Founder and Executive Director
XU Wangang	60	Vice Chairman and Executive Director
XU Tao	52	Executive Director and Chief Financial Officer
LI Zhaohui (Jeffrey)	50	Director
CHEN Xiaohong	56	Independent Director
ZHU Hansong	56	Independent Director
WU Jun	57	Independent Director

PENG Yongdong has served as our executive director since December 2018 and the chairman of the board of directors since May 2021, and he co-founded Beike with Mr. ZUO and Mr. SHAN. Mr. PENG has been the chief executive officer of Lianjia.com (Beijing) Technology Co., Ltd., which later changed its name to Beike Zhaofang (Beijing) Technology Co., Ltd., since April 2017. Mr. PENG successively served as the vice general manager and general manager of Beijing Lianjia from January 2010 to March 2025. Prior to that, Mr. PENG served as a senior consultant of strategy and revolution at IBM China Company Limited from July 2006 to January 2010. He acted as a senior manager at E-Power (Hangzhou) Co., Ltd. from August 2001 to March 2003. Mr. PENG received his bachelor's degree in electrical engineering and automation from Zhejiang University in June 2001 and an IMBA degree from Tsinghua University in July 2006 (a joint program by Tsinghua University and Massachusetts Institute of Technology).

SHAN Yigang has served as our executive director since July 2018, and he co-founded Beike with Mr. ZUO and Mr. PENG. He served as a director of Beijing Lianjia from December 2007 to September 2021. Mr. SHAN has served as a director of Ziroom Inc. since December 2017, and an independent non-executive director of Keep Inc. (HKEx: 3650) since July 2023. Prior to joining Beijing Lianjia, Mr. SHAN was the co-founder and served as the vice president of Dalian Haowangjiao Real Estate Brokerage Co., Ltd. from December 1999 to November 2007. Mr. SHAN obtained his EMBA degree from Tsinghua University in January 2019.

XU Wangang has served as the vice chairman of our board of directors since July 2023 and an executive director since May 2021, and our director from December 2018 to August 2020. He also successively served as our co-chief operating officer and chief operating officer from May 2018 to July 2023. Form July 2017 to May 2018, Mr. XU worked as the head of western region of our Group and was responsible for the overall operation management of the western region of our company. From December 2015 to June 2017, Mr. XU served as the general manager at Sichuan Lianjia Real Estate Brokerage Co., Ltd., our wholly-owned subsidiary. Mr. XU founded Sichuan Eden City Real Estate E-Commerce Co., Ltd. in August 2004, which was deregistered in March 2014. Mr. XU founded Sichuan Eden City Real Estate Brokerage Co., Ltd. in December 2009 and served as the general manager, which was renamed as Sichuan Yicheng Real Estate Brokerage Co., Ltd. in April 2011, and was subsequently acquired by Beijing Lianjia in December 2015 and renamed as Sichuan Lianjia Real Estate Brokerage Co., Ltd. Mr. XU served as a manager of Chengdu Chengdian Wantong Investment Co., Ltd. from September 2001 to September 2004. Mr. XU served successively as a staff member and manager in technology R&D department at No. 10 Research Institute of Ministry of Electronics Industries (currently known as China Electronics Technology Group Corporation No.10 Research Institute) from September 1986 to August 2001. Mr. XU graduated from University of Electronic Science and Technology of China with a bachelor's degree in electronic engineering in July 1986.

XU Tao has served as our executive director since August 2021 and our director from December 2018 to August 2020. He has served as the chief financial officer of Beike since November 2016. Prior to that, Mr. XU was the chief financial officer of Beijing SenseTime Technology Development Co., Ltd. from June to October 2016. From August 2014 to December 2015, he served as the chief financial officer of Beijing Didi Infinity Technology and Development Co., Ltd. From September 2011 to July 2014, Mr. XU served as the chief financial officer of the China Region of Dimension Data Information Technology (Beijing) Co., Ltd. From April 2008 to February 2011, Mr. XU served as the financial director of China region of Sun Microsystems China Co., Ltd. From May 2001 to March 2008, Mr. XU successively served as the financial director of Greater China and chief financial officer at Lucent Technology (China) Co., Ltd. From 1999 to 2001, he worked as the financial manager of Beijing Sohu Internet Information Service Co., Ltd. Prior to that, Mr. XU worked at Pepsi. Mr. XU received his bachelor's degree in economics from Capital University of Economics and Business in July 1996 and a master's degree of commerce in international professional accounting from the University of New South Wales in October 2005.

LI Zhaohui (Jeffrey) has served as our director since December 2018 and was re-designated as a non-executive director with effect from May 2022. Mr. LI joined Tencent in March 2011 and currently serves as the vice president and head of investment department at Tencent, and as the managing partner of Tencent Investment. Before joining Tencent, Mr. LI served as an investment principal at Bertelsmann Asia Investment Fund from September 2008 to May 2010. Prior to that, Mr. LI held various positions related to product and business in Google and Nokia. Mr. LI also holds or held directorships at various other public companies. He has been a director of Kuaishou Technology (HKEx: 1024) since March 2017 and Zhihu Inc. (NYSE: ZH and HKEx: 2390) since September 2015. He also served as a director of Fenbi Ltd. (HKEx: 2469) from December 2020 to March 2023, Howbuy Wealth Management Co., Ltd. (NEEQ: 834418) from December 2013 to August 2022, and Missfresh Limited (Nasdaq: MF) from June 2017 to November 2021. Mr. LI received a bachelor's degree in economics majoring in enterprise management from Peking University in July 1998 and an MBA degree from Duke University Fuqua School of Business in May 2004.

CHEN Xiaohong has served as our independent director since August 2020 and was re-designated as an independent non-executive director with effect from May 2022. Ms. CHEN has been serving as the founding and managing partner of H Capital since March 2014. Before founding H Capital, Ms. CHEN served as a managing director at Tiger Global responsible for its investment activities in China from September 2004 to February 2012. Prior to that, Ms. CHEN was at Joyo.com from February 2004 to September 2004 serving as VP of Business Development and at Veronis Suhler Stevenson from July 1994 to February 2004, lastly serving as a managing director. Ms. CHEN has been a director of Distinct Healthcare Holdings Limited (HKEx: 2677) since September 2019, and was re-designated as a non-executive director in April 2024. Ms. CHEN currently serves on the board of directors of a number of private companies. Ms. CHEN received her bachelor's degree in history from Peking University in July 1992 and a master's degree in library service from Rutgers University in May 1994.

ZHU Hansong has served as our independent director since August 2021 and was re-designated as an independent non-executive director with effect from May 2022. Mr. ZHU founded Seekers Capital (Jiangyin) Co., Ltd. in March 2022 and currently serves as its chairman and general manager. Mr. ZHU worked for Goldman Sachs from June 2000 to December 2019 and held several positions, including associate, executive director, managing director and partner. Before retiring from Goldman Sachs in December 2019, Mr. ZHU was the co-head of China Investment Banking, the head of industrial and natural resources group in Asia Ex-Japan, the chief executive officer of Goldman Sachs Gao Hua Securities Company Limited, and a member of the Asia Pacific Commitments Committee and Investment Banking Division Client and Business Standards Committee of Goldman Sachs. Prior to joining Goldman Sachs, Mr. ZHU worked at China International Capital Corporation Limited from November 1995 to June 2000. Mr. ZHU has been an independent non-executive director of Geely Automobile Holdings Limited (HKEx: 175) since October 2023. He served as an independent director of Kidswant Children Products Co., Ltd. (SZSE: 301078) from March 2020 to May 2022, and Missfresh Limited (Nasdaq: MF) from June 2021 to September 2022. Mr. ZHU received a bachelor's degree in economics from Nanjing University in July 1991 and a master's degree in economics from Peking University in July 1994.

WU Jun has served as our independent director since March 2022 and was re-designated as an independent non-executive director with effect from May 2022. Mr. WU has been serving as the president of digital energy and intelligent computing group of iSoftStone Information Technology (Group) Co., Ltd. (SZSE: 301236) since April 2024. He has also been serving as a non-independent director of Unilumin Group Co., Ltd. (SZSE: 300232) since May 2022. From August 2010 to May 2017, Mr. WU held various positions, including chief executive officer, chief financial officer and executive vice president, at AsiaInfo Holdings, LLC (formerly known as AsiaInfo-Linkage, Inc., a provider of telecommunication software solutions and services in China that was listed on the Nasdaq from 2000 to 2014). From February 2008 to August 2010, Mr. WU served as the chief financial officer of iSoftStone Information Technology (Group) Co., Ltd., a subsidiary of iSoftStone Holdings Limited, a China-based IT services provider that was listed on the NYSE from 2010 to 2014. Prior to that, Mr. WU served as a vice president in the finance department at Huawei Technologies Co., Ltd. from May 2006 to February 2008. From April 1997 to June 2005, Mr. WU worked for Lucent Technology (China) Co., Ltd. and held various positions, lastly as the chief financial officer in the Greater China area. From August 1995 to November 1996, he was an accountant at the Beijing Representative Office of SAP AG and subsequently at SAP (Beijing) Software System Co., Ltd. Prior to that, Mr. WU held certain financial management positions, including the management accountant, sales routine supervisor and logistics assistant manager, at Wall's China Co., Ltd. from January 1991 to April 1995. Mr. WU graduated from the University of International Business and Economics with a diploma majoring in international accounting in July 1989 and he received an MBA degree from City University of Seattle in June 1999.

B. Compensation

Compensation of Directors and Executive Officers

For the year ended December 31, 2025, we paid an aggregate of RMB29.7 million (US$4.2 million) in cash to our directors and executive officers. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries and the VIEs are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon 60-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. The executive officer may resign at any time with a three-month advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third-party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination, without our express consent.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Share Incentive Plans

2018 Share Option Plan

In 2018, our shareholders and board of directors adopted the Pre-IPO Share Option Scheme, or the 2018 Share Option Plan, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. Before we incorporated our Cayman Islands holding company KE Holdings Inc. and adopted this 2018 Share Option Plan, Beijing Lianjia, our main operating entity in China before the reorganization, had also granted share awards to our employees. Upon the adoption of 2018 Share Option Plan at the Cayman Islands holding company level, we and our employees agreed to switch all share awards granted at Beijing Lianjia level to the options to purchase ordinary shares in KE Holdings Inc., under the same terms and conditions.

The maximum aggregate number of Class A ordinary shares issuable pursuant to all awards under the plan is 350,225,435.

The following paragraphs describe the principal terms of the Plan.

Type of Awards. The Plan permits the awards of options.

Plan Administration. The Plan is administered by the Administrator(s) designated by our board of directors from time to time. The Administrator determines, among others, the participants eligible to receive awards, the number of options to be granted to each eligible participant, and the terms and conditions of each award grant. Mr. PENG Yongdong is currently the Administrator of the plan.

Award Agreement. Awards granted under the Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, restrictions on transfer of the award, and the provisions applicable in the event that the grantee's employment or service terminates.

Eligibility. We may grant awards to our employees, directors and consultants.

Vesting Schedule. In general, the Administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Awards. Our board of directors and the Administrator determine the exercise price, as applicable, for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time set by the Administrator at the time of grant.

Transfer Restrictions. Awards may not be transferred in any manner by the participant unless approved by the Board in writing or, on the death of the grantee, to his or her personal representative(s).

Termination and Amendment of the Plan. Unless terminated earlier, the Plan has a term of ten years. Our board of directors may amend or vary any of the provisions of the Plan, which may or may not affect adversely any rights which have accrued to any grantee at the time. Any such amendment or variation of provisions by the board directors shall not require any prior consent by or notice to any other party.

The following table summarizes the options granted under the 2018 Share Option Plan to our directors and executive officers after our initial public offering on the NYSE, excluding awards that were forfeited or cancelled after the relevant grant dates.

	Class A Ordinary Shares Underlying Options Awarded	Exercise Price (US$/Share)	Dates of Grant	Date of Expiration
CHEN Xiaohong	10,965	US$0.00002	July 23, 2021	July 23, 2031

As of February 28, 2026, granted options to purchase an aggregate of 9,980,445 Class A ordinary shares remain outstanding under the 2018 Share Option Plan. No options were or will be granted after our Hong Kong Listing.

2020 Share Incentive Plan

In July 2020, our shareholders and board of directors adopted the 2020 Global Share Incentive Plan, or the 2020 Share Incentive Plan, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. Our board of directors resolved to amend the 2020 Share Incentive Plan to comply with Chapter 17 of the Hong Kong Listing Rules in April 2022, effective upon our Hong Kong Listing on May 11, 2022. The maximum aggregate number of Class A ordinary shares which may be issued pursuant to all awards under the 2020 Share Incentive Plan is 253,246,913 upon the Hong Kong Listing, excluding 43,407,213 restricted share units representing the same number of underlying Class A ordinary shares that were granted before the Hong Kong Listing. The maximum aggregate number may be renewed subject to our shareholders' approval in accordance with the Hong Kong Listing Rules and other applicable laws and regulations. The size of the 2020 Share Incentive Plan is to be equitably adjusted in the event of an alteration in our capital structure by way of a capitalization of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares or reduction of our share capital in accordance with the Hong Kong Listing Rules and/or other applicable laws.

The following paragraphs describe the principal terms of the 2020 Share Incentive Plan.

Types of awards. The plan permits the awards of options, restricted shares, and restricted share unit awards or other types of awards approved by our board of directors or the compensation committee of the board.

Plan administration. Our board of directors or the compensation committee administer the plan. The board or the compensation committee determines, among other things, the participants eligible to receive awards, the type or types of awards to be granted to each eligible participant, the number of awards to be granted to each eligible participant, and the terms and conditions of each award grant.

Award agreement. Awards granted under the 2020 Share Incentive Plan will be evidenced by a written agreement, contract, or other instrument or document, or the award agreement. The award agreement shall include additional provisions specified by the board or the compensation committee. The award agreement shall set forth the number of shares subject to the award and the terms and conditions of the award as determined by the board or the compensation committee.

Options. The exercise price per share subject to an option granted under the 2020 Share Incentive Plan shall be determined by our board of directors and/or the compensation committee and set forth in the award agreement which may be a fixed price but in any event shall not be less than the higher of:

- the per-share closing price of our ADSs on the NYSE on the date of grant, which must be an NYSE trading day; and
- the average per-share closing price of our ADSs on the NYSE for the five NYSE trading days immediately preceding the date of grant.

Unless approved by shareholders, the maximum number of new Class A ordinary shares issued and allotted and to be issued and allotted upon the vesting of the options granted to each participant pursuant to the 2020 Share Incentive Pan (including all exercised and outstanding options) in any 12-month period shall not exceed 1% of our Class A ordinary shares in issue.

Restricted shares. Each award of restricted shares under the 2020 Share Incentive Plan shall be evidenced by an award agreement that shall specify the period of restrictions, the number of restricted shares granted, and such other terms and conditions as our board of directors and/or the compensation committee, in its sole discretion, shall determine. Unless our board of directors and/or the compensation committee determines otherwise, restricted shares shall be held by us as escrow agent until the restrictions on such restricted shares have lapsed. Restricted shares shall be subject to such restrictions on transferability and other restrictions as the board of directors and/or the compensation committee may impose.

Restricted Share Units. Each award of restricted share units under the 2020 Share Incentive Plan shall be evidenced by an award agreement that shall specify any vesting conditions, the number of restricted share units granted, and such other terms and conditions as the board of directors and/or the compensation committee, in its sole discretion, shall determine. At the time of grant, the board of directors and/or the compensation committee shall specify the date or dates on which the restricted share units shall become fully vested and nonforfeitable. Upon vesting, the board of directors and/or the compensation committee, in its sole discretion, may pay restricted share units in the form of cash, shares or a combination thereof.

Eligibility. We may grant awards to our directors, consultants, and employees.

Transfer restrictions. Unless otherwise provided in the provisions of the 2020 Share Incentive Plan, all awards under the 2020 Share Incentive Plan are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge.

Termination and amendment of the 2020 Share Incentive Plan. Unless terminated earlier, the 2020 Share Incentive Plan has a term of ten years. Our board of directors may, at any time and from time to time, terminate, amend or modify the 2020 Share Incentive Plan. However, no termination, amendment, or modification of the 2020 Share Incentive Plan may adversely affect in any material way any award previously granted pursuant to the 2020 Share Incentive Plan without the prior written consent of the participant or result in any non-compliance with the Hong Kong Listing Rules.

The following table summarizes, as of February 28, 2026, the restricted share units granted under the 2020 Share Incentive Plan to our directors and executive officers, excluding awards that were forfeited or cancelled after the relevant grant dates.

	Class A Ordinary Shares Underlying Restricted Share Units Awarded	Date of Grant
CHEN Xiaohong	166,059	September 28, 2022, June 27, 2023, September 26, 2023, September 3, 2024, September 2, 2025
ZHU Hansong	71,169	September 28, 2022, June 27, 2023, September 26, 2023, September 3, 2024, September 2, 2025
WU Jun	55,260	March 29, 2023, September 26, 2023, March 26, 2024, March 26, 2025
Total	**292,488**	

As of February 28, 2026, granted restricted share units to purchase an aggregate of 49,302,885 Class A ordinary shares remain outstanding under the 2020 Share Incentive Plan.

2022 Share Incentive Plan

In January 2022, our board of directors adopted the 2022 Share Incentive Plan, which became effective in May 2022, to promote the success and enhance our value, by linking the personal interests of our directors, employees, and consultants to those of shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to shareholders. The maximum aggregate number of Class A ordinary shares which may be issued pursuant to all awards under the 2022 Share Incentive Plan is 125,692,439.

The following paragraphs describe the principal terms of the 2022 Share Incentive Plan.

Types of awards. The plan permits the awards of options, restricted shares, and restricted share units or other types of awards approved by our board of directors or a designated committee of the board.

Plan administration. The 2022 Share Incentive Plan is administered by our board of directors or one or more designated committees to whom the board may delegate the authority to grant or amend awards under the 2022 Share Incentive Plan to participants, other than any of the board members. Our board of directors or the designated committee determines, among other things, the participants eligible to receive awards, the type or types of awards to be granted to each eligible participant, the number of awards to be granted to each eligible participant, and the terms and conditions of each award grant.

Award agreement. Awards granted will be evidenced by an award agreement. The award agreement shall include additional provisions specified by our board of directors. The award agreement shall set forth the number of shares subject to the award and the terms and conditions of the award as determined by our board of directors.

Eligibility. We may grant awards to our directors, consultants, and employees.

Vesting schedule. Our board of directors determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of awards. The exercise price per share subject to an option is determined by our board of directors and set forth in the award agreement which may be a fixed price or a variable price related to the fair market value of the shares.

Transfer restrictions. Unless otherwise provided in the provisions of the 2022 Share Incentive Plan, all awards under the 2022 Share Incentive Plan are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge.

Termination and amendment of the 2022 Share Incentive Plan. Unless terminated earlier, the 2022 Share Incentive Plan has a term of ten years. Our board of directors may, at any time and from time to time, terminate, amend or modify the 2022 Share Incentive Plan. However, no termination, amendment, or modification of the 2022 Share Incentive Plan may adversely affect in any material way any award previously granted pursuant to the 2022 Share Incentive Plan without the prior written consent of the participant.

The following table summarizes, as of February 28, 2026, the restricted shares granted under the 2022 Share Incentive Plan to our directors and executive officers. These restricted shares were granted in May 2022 prior to our Hong Kong Listing to comply with Rule 8A.09 of the Hong Kong Listing Rules with the primary objective of reinforcing the continuity of the Company's corporate governance. No awards remain outstanding under the 2022 Share Incentive Plan. We did not and will not issue any awards pursuant to the 2022 Share Incentive Plan after the Hong Kong Listing.

	Class A Ordinary Shares Underlying Awards Awarded	Date of Grant
PENG Yongdong	71,824,250	May 5, 2022
SHAN Yigang	53,868,189	May 5, 2022

C. Board Practices

Board of Directors

Our board of directors consists of eight directors. A director is not required to hold any shares in our company by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company is required to declare the nature of his or her interest at a meeting of our directors. Subject to the New York Stock Exchange rules, the Hong Kong Listing Rules and disqualification by the chairman of the relevant board meeting, a director may vote with respect to any contract, proposed contract or arrangement notwithstanding that he or she may be interested therein, and if he or she does so his or her vote shall be counted and he or she may be counted in the quorum at any meeting of our directors at which any such contract or proposed contract or arrangement is considered. Our directors may exercise all the powers of our company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have established four committees under the board of directors: an audit committee, a compensation committee, a nomination committee and a corporate governance committee. We have adopted a charter for each of the four committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of CHEN Xiaohong, ZHU Hansong and WU Jun. CHEN Xiaohong is the chairperson of our audit committee. We have determined that CHEN Xiaohong, ZHU Hansong and WU Jun satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and Rule 10A-3 under the Exchange Act. We have determined that CHEN Xiaohong qualifies as an "audit committee financial expert," and is an independent non-executive director with the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules. The audit committee is also in compliance with Rule 3.21 of the Hong Kong Listing Rules and the requirements regarding the audit committee in the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- making recommendations on the appointment of the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;

- reviewing the adequacy and effectiveness of our risk management, accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- overseeing the fairness and appropriateness of our proposed related party transactions;
- meeting separately and as often as it determines necessary with management and the independent auditors;
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance; and
- assuming other duties and responsibilities as required under the Corporate Governance Rules of the New York Stock Exchange and the Hong Kong Listing Rules.

Compensation Committee. Our compensation committee consists of WU Jun, CHEN Xiaohong and ZHU Hansong. WU Jun is the chairperson of our compensation committee. We have determined that WU Jun, CHEN Xiaohong and ZHU Hansong satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The compensation committee is also in compliance with Rule 3.25 of the Hong Kong Listing Rules and the requirements regarding the compensation committee in the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, with delegated responsibility, or recommending to the board for its approval, the compensation for our executive directors, chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving, or recommending to the board for its approval, any incentive compensation or equity plans, programs or similar arrangements;
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management; and
- assuming other duties and responsibilities as required under the Corporate Governance Rules of the New York Stock Exchange and the Hong Kong Listing Rules.

Nomination Committee. Our nomination committee consists of CHEN Xiaohong, SHAN Yigang and ZHU Hansong. CHEN Xiaohong is the chairperson of our nomination committee. We have determined that CHEN Xiaohong and ZHU Hansong satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The nomination committee is also in compliance with Rule 3.27A of the Hong Kong Listing Rules, the requirements in respect of nomination committee in the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules and the requirements regarding corporate governance committee under Chapter 8A of the Hong Kong Listing Rules. The primary duties of the nomination committee are, among other things:

- to make recommendations to the Board regarding the appointment of directors and board succession.
- to review the structure, size and composition of the board at least annually and make recommendations on any proposed changes to the board to complement the Company's corporate strategy; and
- assess the independence of the directors.

Corporate Governance Committee. Our corporate governance committee consists of ZHU Hansong, CHEN Xiaohong and WU Jun. ZHU Hansong is the chairperson of our corporate governance committee. We have determined that ZHU Hansong, CHEN Xiaohong and WU Jun satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The corporate governance committee is also in compliance with the requirements in respect of corporate governance committee in the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules and with the requirements regarding corporate governance committee under Chapter 8A of the Hong Kong Listing Rules. The primary duties of the corporate governance committee are, among other things, to ensure that we are operated and managed for the benefit of all shareholders and to ensure our compliance with the Hong Kong Listing Rules and safeguards relating to the weighted voting right structures of us. In accordance with Rule 8A.30 of the Hong Kong Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules, the work of our corporate governance committee as set out in its terms of reference includes, among others:

- to develop and review periodically, the corporate governance principles adopted by the board to assure that they are appropriate for us and comply with the requirements of the Hong Kong Stock Exchange, and recommend any desirable changes to the board;
- to advise the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any corrective action to be taken;
- to review our compliance with Appendix C1 to the Hong Kong Listing Rules and disclosure in the corporate governance report under Appendix C1 to the Hong Kong Listing Rules;
- to review and monitor whether we are operated and managed for the benefit of all its shareholders;
- to review and monitor all risks related to our weighted voting rights structure and the management of conflicts of interests, make a recommendation to the board on any matter where there is any risk or a potential conflict of interest between Beike and any beneficiary of weighted voting rights, and confirm, on an annual basis, that the beneficiaries of weighted voting rights have complied with certain Hong Kong Listing Rules; and
- to oversee the management of ESG related matters.

Duties of Directors

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors may be elected by an ordinary resolution of our shareholders. Each Class A ordinary share and each Class B ordinary share shall entitle its holder to one vote on a poll at a general meeting in respect of a resolution approving the appointment, election or removal of any independent non-executive director (as defined in our currently effective memorandum and articles of association). Alternatively, our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director to fill a casual vacancy on our board or as an addition to the existing board. Any director so appointed shall hold office only until our next following annual general meeting and shall then be eligible for re-election at that meeting. Our directors shall serve and hold office until expiry of his or her terms or until such time as they are removed from office by ordinary resolutions of the shareholders. At our annual general meeting, the independent non-executive directors for the time being shall retire from office by rotation provided that every independent non-executive director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring independent non-executive director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Pursuant to our currently effective articles of association, our board of directors shall consist of not less than three but not more than nine directors. In addition, a director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his or her office by notice in writing to us; (iv) without special leave of absence from the Board, is absent from meetings of the Board for four consecutive meetings and the Board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

D. Employees

We had a total of 116,344, 135,072 and 119,245 employees as of December 31, 2023, 2024 and 2025, respectively. The following table sets forth the numbers of our employees categorized by function as of December 31, 2025.

Function	Number of Employees
Agents and supporting staff	95,918
Platform operations	6,217
Research and development	2,025
Business development, sales and marketing	5,439
Administration and management	9,646
Total	**119,245**

As of December 31, 2025, our employees were mainly based in mainland China. A large portion of our employees are based in Beijing where our headquarters is located, and the rest are mainly at our subsidiaries and branches across the nation.

Our success depends on our ability to attract, motivate, train and retain qualified personnel. See “Item 4. Information on the Company—B. Business Overview—Modules in Our Infrastructure—Professional Development and Support.” We believe we offer our employees competitive compensation packages and an environment that encourages self-development and, as a result, have generally been able to attract and retain qualified personnel and maintain a stable core management team. In addition, we invest significant resource in the recruitment of employees to support our fast growth of business operations. In particular, we have been successfully attracted a large number of college graduates to join our offline operations in delivering real estate brokerage services to housing customers and experienced and talented research and development professionals to join us in expanding and enhancing our platform technology capabilities.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing provident fund. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted, and plan to continue to grant, share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

We enter into standard labor contracts with our employees. To date, we have not experienced any significant labor disputes. None of our employees is represented by a labor union.

E. Share Ownership

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of February 28, 2026 by:

- each of our directors and executive officers; and
- each of our principal shareholders who beneficially own 5% or more of our total outstanding shares.

The calculations in the table below are based on 3,389,519,743 ordinary shares, being the sum of 3,250,931,366 Class A ordinary shares (excluding the 130,241,064 Class A ordinary shares registered in the name of the depositary bank for future issuance of ADSs upon the exercise or vesting of awards granted under our share incentive plans and 9,856,737 Class A ordinary shares in the form of ADSs repurchased but not cancelled) and 138,588,377 Class B ordinary shares issued and outstanding, as of February 28, 2026.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned				
	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares on an As Converted Basis	% of Beneficial Ownership	% of Aggregate Voting Power **
Directors and Executive Officers*:					
PENG Yongdong[(1)]	76,288,143	96,652,382	172,940,525	5.1 %	22.5 %
SHAN Yigang[(2)]	56,079,735	41,935,995	98,015,730	2.9 %	10.3 %
XU Wangang[(3)]	21,340,263	—	21,340,263	0.6 %	0.5 %
XU Tao[(4)]	4,300,000	—	4,300,000	0.1 %	0.1 %
LI Zhaohui (Jeffrey)	—	—	—	0.0 %	0.0 %
CHEN Xiaohong[(5)]	14,995,488	—	14,995,488	0.4 %	0.3 %
ZHU Hansong[(6)]	45,972	—	45,972	0.0 %	0.0 %
WU Jun[(7)]	44,760	—	44,760	0.0 %	0.0 %
All Directors and Executive Officers as a Group	173,094,361	138,588,377	311,682,738	9.2 %	33.6 %
Principal Shareholders:					
Entities affiliated with Mrs. ZUO[(8)]	849,639,740	—	849,639,740	25.1 %	18.3 %
Baihui Partners L.P.[(9)]	849,601,280	—	849,601,280	25.1 %	18.3 %
Entities affiliated with Tencent[(10)]	295,185,491	—	295,185,491	8.7 %	6.4 %

Notes:

* Except as indicated otherwise below, the address of our directors and executive officers is Oriental Electronic Technology Building, No. 2 Chuangye Road, Haidian District, Beijing, People's Republic of China. The address of Mr. LI Zhaohui is 10F, China Technology Trade Center, No.66 North 4th Ring West Road, Haidian District, Beijing, People's Republic of China. The business address of Ms. CHEN Xiaohong is Suite 2202, Building C, Yintai Center, No. 2 Jianguomenwai Avenue, Chaoyang District, Beijing, People's Republic of China. The address of Mr. ZHU Hansong is 20-2-801, Yi An Jia Yuan, Beiwa Road, Haidian District, Beijing, People's Republic of China. The address of Mr. WU Jun is No. 88-1, Longhu Yanlanshan, Shunyi District, Beijing, People's Republic of China.

** For each person or group included in this column, percentage of total voting power represents voting power based on both Class A and Class B ordinary shares held by such person or group with respect to all of our outstanding Class A and Class B ordinary shares as a single class. Each holder of our Class A ordinary shares is entitled to one vote per share. Each holder of our Class B ordinary shares is entitled to ten votes per share, subject to Rule 8A.24 of the Hong Kong Listing Rules that requires the reserved matters to be voted on a one vote per share basis. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis.

(1) Represents 96,652,382 Class B ordinary shares and 76,288,143 Class A ordinary shares held by Ever Orient International Limited, a company incorporated in the British Virgin Islands and beneficially owned by Mr. PENG Yongdong. The registered address of Ever Orient International Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.

(2) Represents 41,935,995 Class B ordinary shares and 56,079,735 Class A ordinary shares held by Clover Rich Limited, a company incorporated in the British Virgin Islands and beneficially owned by Mr. SHAN Yigang. The registered address of Clover Rich Limited is Craigmuir Chambers, Road Town, Tortola, VG1110, British Virgin Islands.

(3) Represents (i) 10,087,955 Class A ordinary shares held by Blossom South Limited, a company incorporated in the British Virgin Islands, (ii) 4,075,188 Class A ordinary shares held by Myriad Talent Investment Limited, a company incorporated in the British Virgin Islands, and (iii) 7,177,120 Class A ordinary shares held by GainWell Investment Corp, a company incorporated in the British Virgin Islands. These shares are beneficially owned by Mr. XU Wangang. The registered address of Blossom South Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The registered address of Myriad Talent Investment Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands. The registered address of GainWell Investment Corp is Portcullis Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands.

(4) Represents (i) 163,708 Class A ordinary shares held by New Eminence International Limited, a company incorporated in the British Virgin Islands, (ii) 750,000 Class A ordinary shares held by Great Polaris Holdings Limited, a company incorporated in the British Virgin Islands, and (iii) 3,386,292 Class A ordinary shares held by Ideal Elect Limited, a company incorporated in the British Virgin Islands. These shares are beneficially owned by Mr. XU Tao. The registered address of New Eminence International Limited is Portcullis Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands. The registered address of Great Polaris Holdings Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands. The registered address of Ideal Elect Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(5) Represents (i) 14,844,735 Class A ordinary shares in the form of 4,948,245 ADSs held by H Capital V, L.P., a limited partnership incorporated in the Cayman Islands and wholly owned by H Capital V GP, L.P (which is wholly owned by H Capital V GP, Ltd.), (ii) 139,788 Class A ordinary shares held by Ms. CHEN Xiaohong in the form of 46,596 ADSs, and (iii) 10,965 Class A ordinary shares that Ms. CHEN may acquire upon exercise of options within 60 days as of February 28, 2026. Ms. CHEN is a director of H Capital V GP, Ltd. and may be deemed as the beneficial owner of these shares. The registered address of H Capital V, L.P. is Floor 4, Willow House, Cricket Square, PO Box 268, Grand Cayman KY1-1104, Cayman Islands.

(6) Represents 45,972 Class A ordinary shares held by Mr. ZHU Hansong in the form of 15,324 ADSs.

(7) Represents (i) 33,138 Class A ordinary shares held by Mr. WU Jun in the form of 11,046 ADSs and (ii) 11,622 Class A ordinary shares that Mr. WU may acquire upon vesting of restricted share units within 60 days as of February 28, 2026.

(8) Represents (i) 38,460 Class A ordinary shares in the form of ADSs held by Oxygen Element Limited, a company incorporated in the British Virgin Islands and wholly owned by Mrs. ZUO, the spouse of Mr. ZUO Hui, and (ii) 849,601,280 Class A ordinary shares held by Propitious Global Holdings Limited, a company incorporated in the British Virgin Islands. Propitious Global Holdings Limited is wholly owned by Grain Bud Holding Limited, a company incorporated in the British Virgin Islands. Grain Bud Holding Limited is wholly owned by Z&Z Trust. Cantrust (Far East) Limited, a company incorporated in the British Virgin Islands, is acting as the trustee for Z&Z Trust. Mrs. ZUO controls the dispositive power over the securities beneficially held by Z&Z Trust. Propitious Global Holdings Limited has executed and delivered an Irrevocable Proxy and Power of Attorney, as amended, pursuant to which Propitious Global Holdings Limited irrevocably authorized Baihui Partners L.P. to exercise the voting rights represented by all the 849,601,280 Class A ordinary shares held by Propitious Global Holdings Limited. The registered address of Propitious Global Holdings Limited and Oxygen Element Limited is Craigmuir Chambers, Road Town, Tortola, VG1110, British Virgin Islands. The registered address of Grain Bud Holding Limited is Ritter House, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands.

(9) Represents 849,601,280 Class A ordinary shares held by Propitious Global Holdings Limited, which has executed and delivered an Irrevocable Proxy and Power of Attorney, as amended, pursuant to which Propitious Global Holdings Limited irrevocably authorized Baihui Partners L.P. to exercise the voting rights represented by all the 849,601,280 Class A ordinary shares held by Propitious Global Holdings Limited. Baihui Partners L.P. is a Cayman Islands exempted limited partnership whose principal business office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

(10) Represents (i) 245,499,801 Class A ordinary shares held by Tencent Mobility Limited, a company incorporated in Hong Kong; (ii) 49,169,495 Class A ordinary Shares held by Morespark Limited, a company incorporated in Hong Kong; and (iii) 516,195 Class A ordinary shares represented by 172,065 ADSs held by TPP Opportunity GP I, Ltd. These holders are beneficially owned and controlled by Tencent. The registered address of Tencent Mobility Limited and Morespark Limited is Level 29, Three Pacific Place, 1 Queen's Road East, Wanchai, Hong Kong. The registered address of TPP Opportunity GP I, Ltd. is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

To our knowledge, as of February 28, 2026, a total of 760,863,819 Class A ordinary shares are held by one record holder in the United States, being The Bank of New York Mellon, the depositary of our ADS program (including the Class A ordinary shares registered in the name of the depositary bank for future issuance of ADSs upon the exercise or vesting of awards granted under our share incentive plans). None of our outstanding Class B ordinary shares are held by record holders in the United States. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our Class A ordinary shares in the United States.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

Enforceability of Civil Liabilities

Most of our operations are conducted in China, and substantially all of our assets are located in China. A majority of our directors and executive officers are nationals or residents of jurisdictions other than the United States and most of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have been advised by Harney Westwood & Riegels that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the Cayman Islands Grand Court will at common law enforce final and conclusive in personam judgments of state and/or federal courts of the United States of America, or the Foreign Court, of a debt or definite sum of money against the Company (other than a sum of money payable in respect of taxes or other charges of a like nature, a fine or other penalty (which may include a multiple damages judgment in an anti-trust action) or where enforcement would be contrary to public policy). The Grand Court of the Cayman Islands may also at common law enforce final and conclusive in personam judgments of the Foreign Court that are non-monetary against the Company, for example, declaratory judgments ruling upon the true legal owner of shares in a Cayman Islands company. The Grand Court will exercise its discretion in the enforcement of non-money judgments by having regard to the circumstances, such as considering whether the principles of comity apply. To be treated as final and conclusive, any relevant judgment must be regarded as *res judicata* by the Foreign Court. A debt claim on a foreign judgment must be brought within 6 years of the date of the judgment, and arrears of interest on a judgment debt cannot be recovered after six years from the date on which the interest was due. The Cayman Islands courts are unlikely to enforce a judgment obtained from the Foreign Court under civil liability provisions of U.S. federal securities law if such a judgment is found by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Such a determination has not yet been made by the Grand Court of the Cayman Islands. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere. A judgment entered in default of appearance by a defendant who has had notice of the Foreign Court's intention to proceed may be final and conclusive notwithstanding that the Foreign Court has power to set aside its own judgment and despite the fact that it may be subject to an appeal the time-limit for which has not yet expired. The Grand Court may safeguard the defendant's rights by granting a stay of execution pending any such appeal and may also grant interim injunctive relief as appropriate for the purpose of enforcement.

Substantially all of our officers and directors are located in China, and it will be difficult to enforce liabilities and enforce judgments on those individuals. Our PRC legal counsel has advised us that there is uncertainty as to whether the courts of China would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or

- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Our PRC legal counsel has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws and regulations based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other written form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. As such, the PRC courts will review and determine the applicability of the reciprocity principle on a case-by-case basis and the length of the procedure is uncertain. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in China for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements. It will be, however, difficult for U.S. shareholders to originate actions against us in the PRC in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or ordinary shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law. In addition to the aforesaid uncertainties, the foreign shareholders seeking the enforcement of a foreign judgment in the PRC courts could incur substantial legal and other costs that may be material to the shareholders. Shareholders could potentially spend a considerable amount of time and other resources to go through the recognition and enforcement procedure, which may be a significant burden for the shareholders, but with no assurance of ultimate success.

F. Disclosure of Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

Please refer to "Item 6. Directors, Senior Management and Employees—E. Share Ownership."

B. Related Party Transactions

Contractual Arrangements with the VIEs and Their Shareholders

See "Item 4. Information on the Company—C. Organizational Structure."

Transactions with Ziroom Inc.

We had related party transactions with Ziroom Inc., its subsidiaries and consolidated affiliated entities, or collectively Ziroom, a group that has a principal shareholder, Mrs. ZUO, and a director in common with us. We had revenues from Ziroom in the amount of RMB126 million, RMB72 million and RMB42 million (US$6 million) in 2023, 2024 and 2025, respectively, including agency services revenue from facilitating sales, leases or renovations of properties with Ziroom and online marketing services revenue for marketing services provided to Ziroom. We incurred costs related to services from Ziroom in the amount of RMB10.7 million, RMB4.8 million and RMB8.9 million (US$1.3 million) in 2023, 2024 and 2025, respectively.

As of December 31, 2023, 2024 and 2025, Ziroom had amounts due to us of RMB350 million, RMB338 million and RMB341 million (US$49 million), respectively, primarily including commission receivables. As of December 31, 2023, 2024 and 2025, we had amounts due to Ziroom of RMB35 million, RMB28 million and RMB30 million (US$4 million), respectively.

Transactions with Yuanjing Mingde

We had related party transactions with Yuanjing Mingde (Beijing) Holding Group Co., Ltd. and its subsidiaries, or collectively Yuanjing Mingde, a group that used to have a principal shareholder, Mrs. ZUO, and a director in common with us. Such director ceased to be a director of Yuanjing Mingde from July 18, 2024 and Mrs. ZUO ceased to be a principal shareholder of Yuanjing Mingde from November 25, 2024. As a result, Yuanjing Mingde was no longer a related party thereafter. Transactions between us and Yuanjing Mingde before November 25, 2024 are disclosed as related party transactions. We had revenues from Yuanjing Mingde in the amount of RMB7 million and RMB2 million in 2023 and 2024, respectively, including agency services revenue from facilitating sales, and leases or renovations of properties with Yuanjing Mingde. We incurred costs related to services and purchases from Yuanjing Mingde in the amount of RMB22 million and RMB14 million in 2023 and 2024, respectively.

As of December 31, 2023, Yuanjing Mingde had amounts due to us of RMB8 million. As of December 31, 2023, we had amounts due to Yuanjing Mingde of RMB18 million. As of December 31, 2024 and 2025, Yuanjing Mingde was no longer a related party. Therefore, the balance due to or due from Yuanjing Mingde as a related party was nil for both dates.

Transactions with IFM

We had related party transactions with IFM Investments Limited, or IFM, an affiliate of our company in which we hold 37.6% interest. We had revenues from IFM in the amount of RMB97 million, RMB102 million and RMB94 million (US$13 million) in 2023, 2024 and 2025, respectively, including revenue from technical and training support services provided to IFM, revenue from customer referrals and interest income from loans provided to IFM. We incurred costs related to services from IFM in the amount RMB6 million, RMB6 million and RMB5 million (US$0.7 million) in 2023, 2024 and 2025, respectively.

As of December 31, 2023, 2024 and 2025, IFM had amounts due to us of RMB3 million, RMB4 million and RMB5 million (US$0.7 million), respectively. As of December 31, 2023, 2024 and 2025, we had amounts due to IFM of RMB31 million, RMB39 million and RMB46 million (US$7 million), respectively. We had short-term loan receivable from IFM of RMB15 million, RMB10 million and RMB12 million (US$2 million) as of December 31, 2023, 2024 and 2025, respectively. We had long-term loan receivable from IFM of RMB27 million, RMB22 million and RMB10 million (US$1 million) as of December 31, 2023, 2024 and 2025, respectively.

Transactions with Suofeiya Shengdu

We had related party transactions with Suofeiya Shengdu Home (Zhejiang) Co., Ltd., or Suofeiya Shengdu, which was considered a related party of ours since we completed the acquisition of Shengdu on April 20, 2022. In the years ended December 31, 2023, 2024 and 2025, we recorded purchase of home furnishing goods of RMB144.1 million, RMB111.5 million and RMB47.5 million (US$6.8 million) from Suofeiya Shengdu, respectively. We also recorded operating lease income of RMB3.0 million, RMB3.9 million and RMB3.1 million (US$0.4 million) from Suofeiya Shengdu in these periods, respectively.

Transactions with Tencent

We had related party transactions with Tencent, one of our principal shareholders. We incurred expenses related to services from Tencent in the amount of RMB122 million, RMB187 million and RMB240 million (US$34 million) in 2023, 2024 and 2025, respectively, including advertising resources utilization and cloud technology provided by Tencent which we activated our rights to utilize pursuant to the business cooperation agreement we entered with Tencent in late 2018.

As of December 31, 2023, we had amounts due from and prepayments to Tencent of RMB3 million. We had amounts due to Tencent of RMB35 million as of December 31, 2023, which mainly consist of cloud services payable to Tencent. As of December 31, 2024, we had amounts due from and prepayments to Tencent of RMB3 million. We had amounts due to Tencent of RMB53 million as of December 31, 2024, which mainly consist of cloud services payable to Tencent. As of December 31, 2025, we had amounts due from and prepayments to Tencent of RMB2 million (US$0.3 million). We had amounts due to Tencent of RMB61 million (US$9 million) as of December 31, 2025, which mainly consist of cloud services payable to Tencent.

Transactions with Brokerage Firms

We had related party transactions with brokerage firms in which we have significant influence. We had revenues from commission support services and platform and franchise services provided to those brokerage firms in the amount of RMB633 million, RMB498 million and RMB377 million (US$54 million) in 2023, 2024 and 2025, respectively. We incurred costs related to services from those brokerage firms in the amount of RMB853 million, RMB603 million and RMB319 million (US$46 million) in 2023, 2024 and 2025, respectively.

As of December 31, 2023, 2024 and 2025, the brokerage firms had amounts due to us of RMB21 million, RMB20 million and RMB21 million (US$3 million), respectively. As of December 31, 2023, 2024 and 2025, we had amounts due to the brokerage firms of RMB302 million, RMB271 million and RMB207 million (US$30 million), respectively.

Transaction with Beihaojia Business Investees

We had related party transactions with *Beihaojia* business equity investees, over which we have significant influence. We commenced recognition of agency services revenues from these *Beihaojia* business equity investees in 2025, which amounted to RMB74 million(US$11 million). We recognized interest income from loans provided to *Beihaojia* business investees in the amount of RMB2 million and RMB10 million (US$1 million) in 2024 and 2025, respectively.

As of December 31, 2024 and 2025, *Beihaojia* business investees had amounts due to us of RMB2 million and RMB36 million (US$5 million), respectively. As of December 31, 2024 and 2025, we had amounts due to *Beihaojia* business investees of nil and RMB4 million (US$0.6 million), respectively. We had short-term loan receivables from *Beihaojia* business investees of nil and RMB289 million (US$41 million) as of December 31, 2024 and 2025, respectively. We had long-term loan receivables from *Beihaojia* business investees of RMB109 million and RMB16 million (US$2 million) as of December 31, 2024 and 2025, respectively. We had short-term loan payable to *Beihaojia* business investees of nil and RMB498 million (US$71 million) as of December 31, 2024 and 2025, respectively. We had long-term loan payable to *Beihaojia* business investees of nil and RMB259 million (US$37 million) as of December 31, 2024 and 2025, respectively.

Transactions with Mrs. ZUO

On September 5, 2022, Beike Zhaofang (Beijing) Technology Co., Ltd., a wholly-owned subsidiary of the Company, entered into a donation agreement, or the Donation Agreement, with Mrs. ZUO, one of our principal shareholders. According to the Donation Agreement, Mrs. Zuo agreed to donate RMB30 million free of charge during a three-year period to set up a scholarship for Huaqiao Academy run by us, or the Huaqiao Scholarship. We agreed to manage the Huaqiao Scholarship on behalf of Mrs. Zuo by solely acting on its instructions. The Huaqiao Scholarship shall only be used to subsidize outstanding students of Huaqiao Academy, who will use the Huaqiao Scholarship to pay the tuition payable to Huaqiao Academy. The Huaqiao Scholarship shall be managed and accounted independently, and shall not be used for any other purpose unless instructed by Mrs. Zuo, who is responsible for overseeing the use of the donated fund. In July 2025, the above two parties signed another Donation Agreement worth RMB30 million. As of December 31, 2025, accumulated donation payment of RMB40 million was made by Mrs. Zuo under the aforementioned agreements, out of which payment of RMB10 million was made during the year ended December 31, 2025. As of December 31, 2025, RMB3.4 million of Huaqiao Scholarship has not been awarded.

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—B. Compensation."

Share Incentive Plan

See "Item 6. Directors, Senior Management and Employees—B. Compensation."

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

From time to time, we have been and will be involved in disputes and legal or administrative proceedings in the ordinary course of our business. On December 30, 2021, we and certain of our current officers and directors were named as defendants in a putative securities class action filed in federal court, captioned *Chin v. KE Holdings Inc. et al.*, No. 1:21-cv-11196 (U.S. District Court for the Southern District of New York). This action was brought shortly after Muddy Waters Capital LLC announced on December 16, 2021, that it took a short position in our company as its research showed that our company overstated the number of agents and stores, its GTV, and its revenues. Plaintiff in this putative securities class action based its allegations mainly on the allegations in the report. Plaintiff alleged, in sum and substance, that our company's disclosures were materially false and/or misleading because they: (i) inflated our company's GTV; (ii) inflated our company's revenues; and (iii) inflated the number of stores and agents using our company's platform. The case was purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of these alleged misstatements and omissions in our SEC filings and public disclosure documents, in violation of Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder and Section 11, Section 12(a)(2) and Section 15 of the U.S. Securities Act of 1933. On February 26, 2024, the Court granted in part and denied in part defendants' motion to dismiss, and plaintiff was granted leave to replead to address the complaint's deficiencies identified by the Court. On March 18, 2024, plaintiff filed its Second Amended Complaint with all Exchange Act claims removed. On April 10, 2024, the Court ordered motion-to-dismiss briefing for the Second Amended Complaint to be completed in June 2024. On May 13, 2024, plaintiff filed its Third Amended Complaint, which removes all Exchange Act claims and asserts claims under Sections 11, 12(a)(2) and 15 of the Securities Act regarding the disclosed total number of stores and agents on the Company's platform as of September 30, 2020 in the November 19, 2020 follow-on offering documents. On June 17, 2024, the Company filed its answer. On October 24, 2024, plaintiff voluntarily dismissed the officer and director defendants. On April 15, 2025, the parties notified the Court that they had reached a settlement in principle and requested a stay of all current deadlines pending the submission of the motion for preliminary approval of the settlement. On September 8, 2025, the parties executed a stipulation of settlement that resolves this action for US$4.95 million. The settlement does not constitute an admission or finding that the claims asserted in the lawsuit had any merit, and reflects the Company's denial of any allegations of fault, liability, wrongdoing, or damages. On October 24, 2025, the Court granted preliminary approval of the settlement pending notice to the settlement class, and on February 27, 2026, the Court entered final approval of the settlement.

Dividend Policy

In August 2023, our board of directors approved a special cash dividend of US$0.057 per ordinary share, or US$0.171 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on September 15, 2023. The aggregate amount of the special cash dividend was approximately US$0.2 billion and was paid in September 2023 for holders of ordinary shares and in October 2023 for holders of ADSs. In March 2024, our board of directors approved a final cash dividend of US$0.117 per ordinary share, or US$0.351 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on April 5, 2024. The aggregate amount of the final cash dividend was approximately US$0.4 billion and was paid in April 2024. In March 2025, our board of directors approved a final cash dividend of US$0.12 per ordinary share, or US$0.36 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on April 9, 2025. The aggregate amount of the final cash dividend was approximately US$0.4 billion and was paid in April 2025 for holders of ordinary shares and ADSs. In March 2026, our board of directors approved a final cash dividend of US$0.092 per ordinary share, or US$0.276 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on April 8, 2026. The aggregate amount of the final cash dividend was approximately US$0.3 billion and has been paid on April 21 and April 24, 2026 for holders of ordinary shares and ADSs, respectively.

Our board of directors has discretion on whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. If we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Foreign Exchange and Dividend Distribution.”

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

Item 9. The Offer and Listing

A. Offer and Listing Details

Our ADSs, each representing three of our Class A ordinary shares, have been listed on NYSE since August 13, 2020. Our ADSs are traded under the symbol “BEKE.”

Our Class A ordinary shares have been listed on the Hong Kong Stock Exchange since May 11, 2022 under the stock code “2423.”

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs have been listed on the NYSE since August 13, 2020 under the symbol "BEKE."

Our Class A ordinary shares have been listed on the Hong Kong Stock Exchange since May 11, 2022 under the stock code "2423."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The following are summaries of material provisions of our currently effective memorandum and articles of association and of the Companies Act, insofar as they relate to the material terms of our ordinary shares.

Objects of Our Company. Under our currently effective memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

Ordinary Shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Our ordinary shares are issued in registered form and are issued when registered in our register of members. We may not issue shares to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Conversion. Class B ordinary shares shall only be held by one of our two Co-Founders, Mr. PENG Yongdong or Mr. SHAN Yigang, or by a limited partnership, trust, private company or other vehicle wholly-owned and wholly-controlled by a Co-Founder, or the Director Holding Vehicle. Each Class B ordinary share is convertible into one (1) Class A ordinary share at any time at the option of the holder thereof, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. Subject to the Hong Kong Listing Rules or other applicable laws or regulations, each Class B ordinary share shall be automatically converted into one Class A ordinary share upon the occurrence of any of the following events and our company and the relevant holder of Class B ordinary shares must notify the Hong Kong Stock Exchange as soon as practicable with details of the event set out in the fifth, sixth and seventh bullet points below:

- the death of the relevant Co-Founder;
- the relevant Co-Founder ceasing to be a director or the holder of such Class B ordinary shares ceasing to be a Director Holding Vehicle;

- the relevant Co-Founder being deemed by the Hong Kong Stock Exchange to be incapacitated for the purpose of performing his duties as a director;

- the relevant Co-Founder being deemed by the Hong Kong Stock Exchange to no longer meet the requirements of a director set out in the Hong Kong Listing Rules;

- the transfer to another person of the beneficial ownership of, or economic interest in, such Class B ordinary share or the control over the voting rights attached to such Class B ordinary share (through voting proxies or otherwise), other than (i) the grant of any lien, pledge, charge or other encumbrance over such share which does not result in the transfer of the legal title or beneficial ownership of, or the voting rights attached to, such share, until the same is transferred upon the enforcement of such lien, pledge, charge or other encumbrance; and (ii) a transfer of the legal title between a Co-Founder and a Director Holding Vehicle;

- neither of the holders of Class B ordinary shares having control over the exercise of the voting rights of the shares held by Propitious Global Holdings Limited immediately upon completion of the listing of our company's Class A ordinary shares on the Hong Kong Stock Exchange, for reasons within or outside their control. For the avoidance of doubt, (A) subject to the Hong Kong Listing Rules (including the requirements under Rule 10.07 of the Hong Kong Listing Rules), (i) any sale, transfer, assignment or disposition of any part or all of these shares by Propitious Global Holdings Limited to any person, or (ii) a change of control of the ultimate beneficial ownership of any part or all of these shares or Propitious Global Holdings Limited to any person, and (B) consequentially resulting in the loss of control over the exercise of the voting rights of these shares that are subject to any activity referred to in the sub-clauses (A)(i) and (A)(ii) above, will not give rise to any obligation to convert the Class B ordinary shares to Class A ordinary shares; or

- a Director Holding Vehicle no longer complies with the principle that the weighted voting rights attached to a beneficiary's shares must cease upon transfer to another person of the beneficial ownership of, or economic interest in, those shares or the control over the voting rights attached to them (through voting proxies or otherwise).

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our currently effective memorandum and articles of association provide that dividends may be declared and paid out of the funds of our company lawfully available therefor. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights. Holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members at any general meeting of our company. Each Class A ordinary share shall be entitled to one vote on all matters subject to the vote at general meetings of our company, and each Class B ordinary share shall be entitled to ten votes on all matters subject to the vote at general meetings of our company, subject to Rule 8A.24 of the Hong Kong Listing Rules that requires the reserved matters to be voted on a one vote per share basis. At any general meeting, a resolution put to the vote of the meeting shall be decided on a poll, save that the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Hong Kong Listing Rules to be voted on by a show of hands.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than three-fourth of the votes attaching to the issued and outstanding ordinary shares cast at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our currently effective memorandum and articles of association. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our memorandum and articles of association. Our shareholders may, among other things, divide or consolidate their shares by ordinary resolution.

General Meetings of Shareholders. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our currently effective memorandum and articles of association provide that we shall in each financial year hold a general meeting as our annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the directors.

Shareholders' general meetings may be called by the chairman or a majority of our board of directors. Advance written notice of at least twenty-one (21) calendar days is required for the convening of our annual general shareholders' meeting (if any) and advance written notice of at least fourteen (14) calendar days is required for the convening of any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of at least one shareholder present in person or by proxy or by electronic or virtual means, holding shares which carry in aggregate not less than ten percent (10%) of the voting rights (on a one vote per share basis) in the share capital of our company.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our currently effective memorandum and articles of association provide that upon the requisition of any one or more of our shareholders who together hold shares which carry in aggregate not less than one-tenth (1/10) of all votes attaching to all issued and outstanding shares of our company (on a one vote per share basis) entitled to vote at general meetings of our shareholders (on a one vote per share basis), in which case our board of directors is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Except for the aforementioned, our currently effective memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings, save only in the circumstances that after the publication of the notice of a general meeting by our company, if a shareholder wishes to propose a person for election as a director of our company at the general meeting, such a shareholder may deposit a written notice with the company secretary. The period for lodgment of the written notice will commence no earlier than the day after the dispatch of the notice of the general meeting and end no later than ten business days prior to the date of such meeting.

Transfer of Ordinary Shares. Subject to the restrictions set out in our currently effective memorandum and articles of association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors provided always that it shall be in such a form prescribed by the Hong Kong Stock Exchange.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four (4); and
- a fee of such maximum sum as the New York Stock Exchange and the Hong Kong Stock Exchange may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three (3) calendar months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the New York Stock Exchange and the Hong Kong Stock Exchange, be suspended and our register of members (shareholders) closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register of members closed for more than thirty (30) calendar days in any calendar year as our board of directors may determine (or such longer period as the shareholders may by ordinary resolution determine provided that such period shall not be extended beyond sixty (60) calendar days in any calendar year).

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay the whole of the share capital, the assets will be distributed so that as nearly as may be the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least fourteen (14) days prior to the specified time of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by a special resolution of our shareholders. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act, no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if our company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. Whenever the capital of our company is divided into different classes, the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be varied with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by the holders of three-fourths in nominal value of the issued shares of that class present in person or by proxy and voting at such meeting. Our company shall not vary the rights of the Class B ordinary shares so as to increase the number of votes to which each Class B ordinary share is entitled. The rights attached to, or otherwise attached to, or otherwise conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by, *inter alia*, the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights attached, to or otherwise conferred upon the holders of, the shares of any class shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Issuance of Additional Shares. Our currently effective memorandum and articles of association authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares, without the need for any approval or consent from our shareholders but subject to the restrictions set out in our currently effective memorandum and articles of association.

Our currently effective memorandum and articles of association also authorize our board of directors, without the need for any approval or consent from our shareholders, to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Subject to the restrictions set out in our currently effective memorandum and articles of association, our board of directors may issue preferred shares without the need for any approval or consent from, or other action by, our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (save for our memorandum and articles of association and our register of mortgages and charges). However, we will provide our shareholders with annual audited financial statements and the principal register and any branch register of our company shall during business hours be kept open to inspection by any of our shareholders without charge. See "Item 10. Additional Information—H. Documents on Display."

Anti-Takeover Provisions. Some provisions of our currently effective memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders;
- authorize our board of directors to issue Class A ordinary shares out of the authorised but unissued Class A ordinary shares in their absolute discretion and without approval of our shareholders, subject to the grant of a general mandate for such issuance by our shareholders from time to time; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our currently effective memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company. We are an exempted company with limited liability incorporated under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies in the Cayman Islands;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company held by such shareholder (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and accordingly there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90.0%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted, in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholders. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands courts can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of our company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our currently effective memorandum and articles of association provide that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our currently effective memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third-party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our currently effective memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided that it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our currently effective memorandum and articles of association allow any one or more of our shareholders who together hold shares which carry in aggregate not less than one-tenth (1/10) of all votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders (on a one vote per share basis), in which case our board of directors is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting, and such shareholders may also add resolutions to the agenda of any of our general meeting. Except for the aforementioned, our currently effective memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings, save only in the circumstances that after the publication of the notice of a general meeting by our company, if a shareholder wishes to propose a person for election as a director of our company at the general meeting, such a shareholder may deposit the written notice with the company secretary. The period for lodgment of the written notice will commence no earlier than the day after the dispatch of the notice of the general meeting and end no later than ten (10) business days prior to the date of such meeting. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our currently effective memorandum and articles of association provide that we shall in each financial year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the directors.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our currently effective memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our currently effective memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares.

Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our currently effective memorandum and articles of association, whenever the capital of our company is divided into different classes, the rights attached to any such class may only be varied with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by the holders of three-fourths in nominal value of the issued shares of that class present in person or by proxy and voting at such meeting. Our company shall not vary the rights of the Class B ordinary shares so as to increase the number of votes to which each Class B ordinary share is entitled.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our currently effective memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders (on a one vote per share basis).

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our currently effective memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our currently effective memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold.

See "Exhibit 2.5—Description of Securities" attached to this Form 20-F for more descriptions of our securities.

C. Material Contracts

Other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" or "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report.

D. Exchange Controls

The Cayman Islands currently has no exchange control restrictions. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Foreign Exchange and Dividend Distribution."

E. Taxation

The following summary of Cayman Islands, PRC and U.S. federal income tax considerations of an investment in the ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax considerations relating to an investment in the ADSs or Class A ordinary shares, such as the tax considerations under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Harney Westwood & Riegels, our Cayman Islands counsel; to the extent it relates to PRC tax law, it is the opinion of Han Kun Law Offices, our PRC counsel.

Cayman Islands

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to holders of our ADSs or ordinary shares levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought to or produced before a court of the Cayman Islands. The Cayman Islands is a party to a double tax treaty entered with the United Kingdom in 2010 but is otherwise not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares or ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ordinary shares or ADSs, nor will gains derived from the disposal of our ordinary shares or ADSs be subject to Cayman Islands income or corporation tax.

PRC Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "*de facto* management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "*de facto* management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the "*de facto* management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "*de facto* management body" test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "*de facto* management body" in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and minutes of board and shareholder meetings, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that KE Holdings Inc. is not a PRC resident enterprise for PRC tax purposes. KE Holdings Inc. is not controlled by a PRC enterprise or PRC enterprise group, and we do not believe that KE Holdings Inc. meets all of the conditions above. KE Holdings Inc. is a company incorporated outside of the PRC. For the same reasons, we believe our other entities outside of China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "*de facto* management body." There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that KE Holdings Inc. is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including the ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. It is also unclear whether non-PRC shareholders of KE Holdings Inc. would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that KE Holdings Inc. is treated as a PRC resident enterprise.

United States Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of the ADSs or Class A ordinary shares by a U.S. Holder (as defined below) that holds the ADSs or Class A ordinary shares as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. There can be no assurance that the IRS or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, Medicare, and any minimum tax considerations, or any state, local and non-U.S. tax considerations, relating to the ownership or disposition of the ADSs or Class A ordinary shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;

- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- holders who acquire their ADSs or Class A ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own ADSs or Class A ordinary shares representing 10% or more of our stock (by vote or value); or
- partnerships or other entities or arrangements taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or Class A ordinary shares through such entities or arrangements;

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of the ADSs or our Class A ordinary shares.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of the ADSs or Class A ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the ADSs or Class A ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding the ADSs or Class A ordinary shares are urged to consult their tax advisors regarding an investment in the ADSs or Class A ordinary shares.

For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of the ADSs will be treated in this manner. Accordingly, deposits or withdrawals of Class A ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are categorized as a passive asset and the company's goodwill and other unbooked intangibles are taken into account. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Although the law in this regard is not entirely clear, we treat the consolidated VIEs and their subsidiaries as being owned by us for U.S. federal income tax purposes because, in accordance with contractual arrangements, we control their management decisions and are entitled to substantially all of the economic benefits associated with them. As a result, we have a "controlling financial interest" in the VIEs (as defined in FASB ASC 810), and we are considered the primary beneficiary of the VIEs for accounting purposes. We therefore consolidate their results of operations in the consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of the consolidated VIEs and their subsidiaries for U.S. federal income tax purposes, we would likely be treated as a PFIC for the current taxable year and any subsequent taxable year.

Assuming that we are the owner of the consolidated VIEs and their subsidiaries for U.S. federal income tax purposes and based on the current and anticipated value of our assets and the composition of our income and assets, including goodwill and unbooked intangibles, we do not believe we were a PFIC for our taxable year ended December 31, 2025. No assurance can be given in this regard because the determination of whether we will be or become a PFIC is a factual determination made annually that will depend, in part, upon the composition of our income and assets and the value of our assets. Fluctuations in the market price of the Class A ordinary shares and ADSs may cause us to be or become a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of the Class A ordinary shares and ADSs from time to time (which may be volatile). The market price of our Class A ordinary shares or the ADSs may continue to fluctuate considerably and, consequently, we cannot assure you of our PFIC status for any taxable year. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming a PFIC may substantially increase. Additionally, it is possible that the IRS may challenge our classification of certain items of income, assets and liabilities, which may result in our company being or becoming a PFIC.

If we are classified as a PFIC for any year during which a U.S. Holder holds the ADSs or our Class A ordinary shares, we will generally continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds the ADSs or our Class A ordinary shares, unless we were to cease to be a PFIC and such U.S. Holder were to make a "deemed sale" election with respect to the ADSs or our Class A ordinary shares.

Dividends

Subject to the discussion below under "Passive Foreign Investment Company Rules," the gross amount of any distributions paid on the ADSs or Class A ordinary shares (including the amount of any PRC tax withheld) out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of Class A ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a "dividend" for U.S. federal income tax purposes.

Dividends received on the ADSs or Class A ordinary shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Individuals and other non-corporate U.S. Holders will be subject to tax at the lower capital gain tax rate applicable to "qualified dividend income," provided that certain conditions are satisfied, including that (1) the ADSs or Class A ordinary shares are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefit of the United States-PRC income tax treaty, or the Treaty, (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend is paid and the preceding taxable year, and (3) certain holding period requirements are met. Our ADSs are listed on the New York Stock Exchange, and we are thus readily tradable on an established securities market in the United States, and we believe we are a qualified foreign corporation with respect to dividends paid on the ADSs. However, there can be no assurance that the ADSs will continue to be considered readily tradable on an established securities market in later years. Because the Class A ordinary shares will not be listed on a U.S. exchange, dividends received with respect to Class A ordinary shares that are not represented by ADSs may not be treated as qualified dividends. U.S. Holders are urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the ADSs or Class A ordinary shares.

In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see "Item 10. Additional Information—E. Taxation—PRC Taxation"), we may be eligible for the benefits of the Treaty. If we are eligible for such benefits, dividends we pay on our Class A ordinary shares, regardless of whether such shares are represented by the ADSs, and regardless of whether the ADSs are readily tradable on an established securities market in the United States, would be eligible for the reduced rates of taxation described in the preceding paragraph.

For U.S. foreign tax credit purposes, dividends paid on the ADSs or Class A ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on the ADSs or Class A ordinary shares. Depending on the U.S. Holder's particular facts and circumstances and subject to certain conditions and limitations, PRC withholding taxes on dividends that are non-refundable under the Treaty may be treated as foreign taxes eligible for credit against a U.S. Holder's U.S. federal income tax liability. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead, subject to applicable limitations, claim a deduction for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

Subject to the discussion below under "Passive Foreign Investment Company Rules," a U.S. Holder will generally recognize gain or loss upon the sale or other disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or Class A ordinary shares. The gain or loss will generally be capital gain or loss. Individuals and other non-corporate U.S. Holders who have held the ADSs or Class A ordinary shares for more than one year will generally be eligible for reduced tax rates. The deductibility of a capital loss may be subject to limitations. Any such gain or loss that the U.S. Holder recognizes will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes, which will generally limit the availability of foreign tax credits.

As described in "Item 10. Additional Information—E. Taxation—PRC Taxation," if we are deemed to be a PRC resident enterprise under the Enterprise Income Tax Law, gains from the disposition of the ADSs or Class A ordinary shares may be subject to PRC income tax and will generally be U.S. source, which may limit the ability to receive a foreign tax credit. If a U.S. Holder is eligible for the benefits of the Treaty, such holder may be able to elect to treat such gain as PRC source income under the Treaty. Pursuant to United States Treasury regulations (the applicability of which has been postponed until further guidance is issued), however, if a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or Class A ordinary shares. The rules regarding foreign tax credits and deduction of foreign taxes are complex. U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit or deduction in light of their particular circumstances, including their eligibility for benefits under the Treaty, and the potential impact of the United States Treasury regulations.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds the ADSs or Class A ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or Class A ordinary shares), and (ii) any gain realized on the sale or other disposition of ADSs or Class A ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or Class A ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC, or each, a pre-PFIC year, will be taxable as ordinary income; and
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year, increased by an additional tax equal to the interest on the resulting tax deemed deferred with respect to each such taxable year.

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds the ADSs or Class A ordinary shares and any of our subsidiaries, the consolidated VIEs or any of the subsidiaries of the consolidated VIEs is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries, the consolidated VIEs or any of the subsidiaries of the consolidated VIEs.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes this election with respect to the ADSs or Class A ordinary shares, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs or Class A ordinary shares held at the end of the taxable year over the adjusted tax basis of such ADSs or Class A ordinary shares and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs or Class A ordinary shares over the fair market value of such ADSs or Class A ordinary shares held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs or Class A ordinary shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of the ADSs or Class A ordinary shares and we cease to be a PFIC, the holder will not take into account the gain or loss described above during any period that we are not a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of the ADSs or Class A ordinary shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for "marketable stock," which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter, or regularly traded, on a qualified exchange or other market, as defined in applicable United States Treasury regulations. Our ADSs are tradable on the New York Stock Exchange, which is a qualified exchange, and our Class A ordinary shares are listed on the Hong Kong Stock Exchange, which should constitute a qualified exchange or other market. We anticipate that the ADSs and Class A ordinary shares should qualify as being regularly traded, but no assurances may be given in this regard.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns the ADSs or Class A ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621. U.S. Holders should consult their tax advisors regarding any reporting requirements that may apply to U.S. Holders and the U.S. federal income tax consideration of owning and disposing of the ADSs or Class A ordinary shares if we are or become a PFIC, including the availability and possibility of making a mark-to-market election.

THE PRECEDING DISCUSSION OF U.S. FEDERAL INCOME TAX CONSIDERATIONS IS INTENDED FOR GENERAL INFORMATION ONLY AND DOES NOT CONSTITUTE TAX ADVICE. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSIDERATIONS TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE ADSS AND CLASS A ORDINARY SHARES IN THEIR PARTICULAR CIRCUMSTANCES.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information that we file with the SEC can be obtained over the internet at the SEC's website at *www.sec.gov*.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors, and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, if we so request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

In accordance with NYSE rules, we will post this annual report on Form 20-F on our website at *investors.ke.com*. In addition, we will provide hardcopies of our annual report free of charge to shareholders and ADS holders upon request.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

As a company listed on the Hong Kong Stock Exchange, we are required to publish an annual report for the fiscal year ended December 31, 2025 in accordance with Hong Kong Listing Rules, which we plan to furnish as an exhibit to a current report on Form 6-K via EDGAR to be filed on the same date of this annual report on Form 20-F. The Form 6-K or the exhibit is not incorporated by reference into and should not be considered a part of this annual report.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Foreign Exchange Risk

Substantially all of our revenues and expenses are denominated in RMB. We do not believe that we currently have any significant direct foreign exchange risk. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in the Class A ordinary shares or ADSs will be affected by the exchange rate between U.S. dollar and Renminbi because the value of our business is effectively denominated in Renminbi, while the Class A ordinary shares and ADSs will be traded in Hong Kong dollars and U.S. dollars, respectively.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amounts we receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our Class A ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amounts available to us.

As of December 31, 2025, we had RMB-denominated cash and cash equivalents, restricted cash and short-term investments of RMB38.3 billion, and U.S. dollar-denominated cash and cash equivalents, restricted cash and short-term investments of US$2.4 billion. Assuming we had converted RMB38.3 billion into U.S. dollars at the exchange rate of RMB6.9931 for US$1.00 as of December 31, 2025, our U.S. dollar cash balance would have been US$7.9 billion. If the RMB had depreciated by 10% against the U.S. dollar, our U.S. dollar cash balance would have been US$7.3 billion instead.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash and interest expense related to loans. We held interest-bearing time deposits and wealth management products, which included in short-term and long-term investments. As of December 31, 2025, our bank loans were primarily denominated in RMB, among which approximately RMB86.0 million (US$12.3 million) were at fixed interest rates, and approximately RMB304.6 million (US$43.6 million) were at floating interest rates. We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure.

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges Our ADS Holders May Have to Pay

An ADS holder will be required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of the ADSs):

Persons depositing or withdrawing shares or ADS holders must pay:	For:
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
$0.05 (or less) per ADS	• Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	• Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
$0.05 (or less) per ADS per calendar year	• Depositary services
Registration or transfer fees	• Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	• Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement) • Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	• As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	• As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Fees and Other Payments Made by the Depositary to Us

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In 2025, we received reimbursements of approximately US$18.8 million, after deduction of applicable U.S. taxes, from the depositary for our expenses incurred in connection with investor relationship programs related to the ADS facility.

Conversion Between Class A Ordinary Shares Trading in Hong Kong and ADSs

We have established a branch register of members in Hong Kong, or the Hong Kong share register, which will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman Islands share register, will continue to be maintained by our principal share registrar, Harneys Fiduciary (Cayman) Limited.

As described in further details below, holders of Class A ordinary shares registered on the Hong Kong share register will be able to deposit their Class A ordinary shares for delivery of ADSs and surrender their ADSs for cancelation and delivery of Class A ordinary shares.

Converting Class A Ordinary Shares trading in Hong Kong into ADSs

A holder who holds Class A ordinary shares registered in Hong Kong and who intends to convert them to ADSs to trade on the NYSE must deposit or have his or her broker deposit the Class A ordinary shares with the depositary's Hong Kong custodian, The Hongkong and Shanghai Banking Corporation Limited, in exchange for ADSs.

A deposit of Class A ordinary shares trading in Hong Kong for delivery of ADSs involves the following procedures:

- If Class A ordinary shares have been deposited with the Central Clearing and Settlement System, or the CCASS, which is established and operated by Hong Kong Securities Clearing Company Limited, the holder must transfer the Class A ordinary shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.

- If Class A ordinary shares are held outside CCASS, the holder must first arrange to deposit his or her Class A ordinary shares into CCASS for delivery to the depositary's account with the custodian within CCASS, and then submit and deliver a duly completed and signed letter of transmittal to the custodian.

- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will issue the corresponding number of ADSs in the name(s) requested by a holder and will deliver the ADSs to the designated DTC account of the person(s) designated by a holder or his or her broker.

For Class A ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days, provided that the holder has provided timely and complete instructions. For Class A ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The holder will be unable to trade the ADSs until the share-to-ADS conversion procedures are completed.

In connection with ADS issuances, certification(s) for deposits may be required to be delivered to the depositary. You are directed to check with the depositary or its custodian in advance of depositing Class A ordinary shares to determine whether a deposit certification is required.

Converting ADSs into Class A Ordinary Shares Trading in Hong Kong

A holder who holds ADSs and who intends to convert his/her ADSs into Class A ordinary shares to trade on the Hong Kong Stock Exchange must cancel the ADSs the holder holds, withdraw the Class A ordinary shares from our ADS program and cause his or her broker or other financial institution to trade such Class A ordinary shares on the Hong Kong Stock Exchange.

A holder that holds ADSs indirectly through a broker should follow the broker's procedure and instruct the broker to arrange for cancelation of the ADSs, and transfer of the underlying Class A ordinary shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account. For holders holding ADSs directly, the following steps must be taken:

- To withdraw Class A ordinary shares from our ADS program, a holder who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.

- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will cancel the applicable ADSs and instruct the custodian to deliver Class A ordinary shares represented by the canceled ADSs to the CCASS account designated by a holder.

- If a holder prefers to receive Class A ordinary shares outside CCASS, he or she must receive ordinary shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register Class A ordinary shares in their own names with the Hong Kong Share Registrar.

For Class A ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days, provided that the holder has provided timely and complete instructions. For Class A ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The holder will be unable to trade the Class A ordinary shares on the Hong Kong Stock Exchange until the ADS-to-share conversion procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancelations.

Depositary Requirements

Before the depositary issues ADSs or permits withdrawal of Class A ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including but not limited to, completion and presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancelations of ADSs generally when the transfer books of the depositary or our Hong Kong Share Registrar are closed or at any time if the depositary or we determine it advisable to do so or it would violate any applicable law or the depositary's policies or procedures.

All costs attributable to the transfer of Class A ordinary shares to effect a withdrawal from, or deposit of Class A ordinary shares into, our ADS program will be borne by the investor requesting the transfer. In particular, holders of Class A ordinary shares and holders of ADSs should note that the Hong Kong Share Registrar will charge between HK$2.50 to HK$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of Class A ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of Class A ordinary shares and holders of ADSs must pay up to US$5.00 per 100 ADSs (or portion of 100 ADSs) for each issuance of ADSs and each cancelation of ADSs, as the case may be, in connection with the deposit of Class A ordinary shares into, or withdrawal of Class A ordinary shares from, our ADS program.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Material Modifications to the Rights of Security Holders

None.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our senior management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our senior management has concluded that, as of December 31, 2025, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all potential misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the SEC, our management including our chief executive officer and chief financial officer assessed the effectiveness of internal control over financial reporting as of December 31, 2025 using the criteria set forth in the report "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the management concluded that our internal control over financial reporting was effective as of December 31, 2025.

Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2025, as stated in its report, which appears on page F-2 of this annual report on Form 20-F.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that CHEN Xiaohong, an independent director (under the standards set forth in Section 303A of the Corporate Governance Rules of the New York Stock Exchange and Rule 10A-3 under the Exchange Act) and chairman of our audit committee, is an audit committee financial expert.

Item 16B. Code of Ethics

Our board of directors adopted the amended and restated code of business conduct and ethics that applies to our directors, officers and employees on December 29, 2022. We have posted a copy of our amended and restated code of business conduct and ethics on our website at *investors.ke.com*. The information contained on our website is not incorporated by reference into and should not be considered a part of this annual report.

A copy of our amended and restated code of business conduct and ethics will be provided at no cost to each person on the written or oral request of that person made to:

KE Holdings Inc.
Oriental Electronic Technology Building,
No. 2 Chuangye Road, Haidian District,
Beijing 100086, People's Republic of China
Email: ir@ke.com
Attention: Investor Relations Department

Item 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our principal external auditors, for the periods indicated.

	2024	2025
	US$ (in thousands)	
Audit fees[1]	5,973	6,235
Tax fees[2]	367	762

Notes:

(1) "Audit fees" means the aggregate fees in each of the fiscal years listed for professional services rendered by our principal auditors for the audits of our annual financial statements and internal control over financial reporting, review of our quarterly and interim financial statements.

(2) "Tax fees" means the aggregate fees in each of the fiscal years listed for professional services rendered by our principal auditors associated with certain permitted tax consulting service and transfer pricing service.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by PricewaterhouseCoopers Zhong Tian LLP, including audit services and tax services as described above, other than those for *de minimis* services which are approved by the audit committee prior to the completion of the audit.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In May and August 2022, our board of directors authorized a share repurchase program, under which we may repurchase up to US$1 billion of our Class A ordinary shares and/or ADSs in the open market at prevailing market prices and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations, over a 12-month period. On August 31, 2023, our board of directors approved modifications to the share repurchase program, pursuant to which the repurchase authorization was upsized to US$2 billion of our Class A ordinary shares and/or ADSs and extended until August 31, 2024. On August 12, 2024, our board of directors approved further modifications to the share repurchase program, pursuant to which the repurchase authorization has been further upsized to US$3 billion of our Class A ordinary shares and/or ADSs and extended until August 31, 2025. On August 26, 2025, our board of directors approved modifications to the existing share repurchase program, pursuant to which the repurchase authorization has been further increased from US$3 billion to US$5 billion and extended until August 31, 2028, subject to obtaining general unconditional mandate for the repurchase from the shareholders of our company at each of the next three annual general meetings to continue our share repurchase after the expiry of the existing share repurchase mandate granted by our annual general meeting held on June 27, 2025.

The table below is a summary of our repurchases, which were all conducted in the open market pursuant to the share repurchase program.

Period	Total Number of ADSs Purchased	Average Price Paid Per ADS (US$)	Total Number of ADSs Purchased as Part of the Publicly Announced Program	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Program (US$, in millions)
January 2025	4,410,691	17.0039	113,555,799	3,300
March 2025	3,089,965	20.8499	116,645,764	3,235
April 2025	3,441,131	19.2406	120,086,895	3,169
May 2025	4,466,613	19.1408	124,553,508	3,084
June 2025	5,518,706	18.5787	130,072,214	2,981
July 2025	4,509,300	18.6059	134,581,514	2,897
August 2025	4,881,442	18.0504	139,462,956	2,809
September 2025	5,660,827	19.3410	145,123,783	2,699
October 2025	6,941,206	18.1601	152,064,989	2,573
November 2025	3,395,050	16.7717	155,460,039	2,516
December 2025	3,807,700	16.5313	159,267,739	2,454
Total	50,122,631	18.3768		

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

As a Cayman Islands exempted company listed on the NYSE, we are subject to the listing standards of the NYSE. However, NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE listing standards. Pursuant to the NYSE Listed Company Manual, a company listed on the NYSE must have a majority of independent directors, and a nominating and corporate governance committee composed entirely of independent directors. We currently follow our home country practice in lieu of those requirements. In January 2022, our board of directors approved the 2022 Share Incentive Plan, which became effective in May 2022. We followed our home country practice and did not convene a shareholder meeting to approve the 2022 Share Incentive Plan as required by the NYSE Listed Company Manual. In addition, we followed our home country practice and did not convene a shareholder meeting to approve the issuance of the restricted shares granted to Mr. PENG Yongdong and Mr. SHAN Yigang pursuant to the 2022 Share Incentive Plan as required by the NYSE Listed Company Manual. When we choose to follow home country practice, our shareholders may be afforded less protection than they otherwise would under the NYSE listing standards applicable to U.S. domestic issuers. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Shares and ADSs—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE listing standards."

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

Our board of directors has established insider trading policies and procedures governing the purchase, sale, and other dispositions of our securities by our directors, officers, employees and other relevant persons to promote compliance with applicable insider trading laws, rules and regulations, and listing standards.

The Second Amended and Restated Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading, adopted by our board of directors in November 2023, is filed as Exhibit 11.2 to this annual report on Form 20-F.

Item 16K. Cybersecurity

Risk Management and Strategy

We have implemented robust processes for assessing, identifying and managing material risks from cybersecurity threats and monitoring the prevention, detection, mitigation and remediation of material cybersecurity incident. We have also integrated cybersecurity risk management into our overall enterprise risk management system.

We have invested heavily in data security and privacy protection as we attach paramount importance to the protection of the personal privacy of our users. Below are the schemes and measures we have adopted to assert our firm position in preventing any risks and threats that may jeopardize the confidentiality and integrity of our information systems or information on our systems:

- We formulate comprehensive in-house policies to internalize the legal requirements on data privacy and information security and apply them across all our technology applications. These policies aim to establish data classification and grading standards, outline information security-related violation scenarios and associated responsibilities, and clarify investigation and review processes for violation cases. We earnestly enforce these policies. To begin with, we hold up to the overriding principle of data minimization, ensuring that only the minimum amount of data necessary for relevant services is collected and provided. Each data processing behavior is conducted with a specific processing purpose, and legal necessity serves as the criterion. This effectively limits the personal data we may hold that can ever be subject to the risks of leakage or misuse. We also make sure that users have access to and can control their personal information authorized for processing by us at any time and from anywhere. This function, aiming for openness and transparency, enables the customers to remain a defense line of their own personal data even after their information comes into our possession. Each year, we also conduct trainings on data privacy and information security for our employees and our suppliers. These training programs are tailored to different roles, such as products, development and customer service, to help ensure that compliance requirements are embedded across the full aspects of our operations.

- We establish distinct and stringent requirements for user data usage management. We use data sourced from customers only for lawful and authorized usage and only retain them within the time limit and scope allowed by law. We have set up regulations to minimize the risks of data leakage or abuses for both internal and external data circulation. For example, mandatory approval from the data applicant, the data circulation management team, and the data owner is required for any data circulation, either inside or outside our organization. In terms of sharing data with our suppliers and third-party service vendors, we rigorously enforce the requirement through agreements that they comply with the legal requirements and our privacy policies when processing our user data. Suppliers for projects involving data (including but not limited to user personal information, employee personal information, business operation data, company management data, etc.) should complete our personal information protection impact assessment before entering into the cooperative contracts, which should be executed with a “data security commitment letter” at the same time. We also conduct period compliance reviews on our data processing activities, including spot checks and special audits, and implement remedial measures through a closed-loop management approach.

- We deploy a variety of technical solutions to implement the aforementioned policies and identify and manage potential system vulnerabilities and risks. These measures include encryption, isolation, data masking, firewall, vulnerability scanning and log audit. For instance, we store and transmit all customer data in encrypted formats and have a team of professionals who are dedicated to the ongoing review and monitoring of data security practices. We maintain data access logs that record the attempted and successful access to our data and conduct automated monitoring and routine manual verification of large data requests.

- We develop data security emergency response plan and establish a data security incident emergency working group. Sophisticated protocols have been set in place to deal with security incidents, including recording incident details, controlling the development of the situation, assessing the impact of the incident, notifying users, providing follow-up measures, and filling out the data security incident handling record. The Information Security and Data Compliance Committee described below has issued data security risk reporting standards and response procedures to all employees to strengthen their risk awareness and response capabilities. We also engaged third-party evaluation firms to conduct security test on our data security system and continued to improve the security level based on the feedback of the test. In 2025, we, with the assistance of third-party specialists, established a data security "blue army" and conducted two mock attack-defense exercises focusing on critical data leakage and compliance issues. By employing methods such as vulnerability exploitation, phishing, social engineering, nearby-source penetration, and intranet breakthroughs, we simulated defenses on sensitive data and core system assets, comprehensively enhancing our capabilities in data security defenses and emergency responsiveness.

- We also require all external vendors involved in projects concerning data and information to complete our company's Data Protection Impact Assessment (DPIA) process initiated for vendors before signing contracts, and to sign undertaking on data security.

As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

Governance

Our corporate governance committee of the board of directors is responsible for overseeing our cybersecurity risk management, assuming the following responsibilities: (i) maintaining oversight of the disclosure related to cybersecurity matters in periodic reports of our company, (ii) reviewing updates to the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, and the relevant disclosure issues, if any, presented by our chief executive officer, chief financial officer and the Information Security and Data Compliance Committee described below, if necessary, on a quarterly basis, and (iii) review disclosure concerning cybersecurity matters in our annual report on Form 20-F presented by our chief executive officer, chief financial officer and the Information Security and Data Compliance Committee, if necessary.

At the management level, we have an Information Security and Data Compliance Committee as the decision-making body of our information security and data compliance, which consists of our chief executive officer, chief financial officer, leaders of legal, information security, professional ethics and compliance and leaders from each business line. Certain members of the committee are experienced in assessing and managing cybersecurity threats, possessing expertise such as a doctor degree in software engineering with a specialization in cyberspace security and extensive work experiences. With the committee's oversight, the departments responsible for legal, information security, and compliance work together as a working group, are responsible for developing crucial risk management strategies and enhancing risk management through collaborative efforts with various departments. Progress reports on the work of information security and data compliance are reported to the committee. Meanwhile, we have set up defense lines consisting of multiple departments to ensure that all relevant functional departments continue to prevent risks related to information security and privacy protection before, during and after the event.

PART III

Item 17. Financial Statements

We have elected to provide financial statements pursuant to Item 18.

Item 18. Financial Statements

The consolidated financial statements of KE Holdings Inc., its subsidiaries and its consolidated variable interest entities are included at the end of this annual report.

Item 19. Exhibits

Exhibit Number	Description of Document
1.1	Sixth Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.1 to the current report on Form 6-K (File No. 001-39436), furnished with the SEC on August 12, 2022)
2.1	Registrant's Specimen American Depositary Receipt (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-1 (File No. 333-250116) filed with the SEC on November 16, 2020)
2.2	Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated herein by reference to Exhibit 2.2 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 27, 2023)
2.3	Deposit Agreement, dated August 12, 2020, among the Registrant, the depositary and the owners and holders of American Depositary Shares issued thereunder (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form F-1 (File No. 333-250116) filed with the SEC on November 16, 2020)
2.4	Description of Securities (incorporated herein by reference to Exhibit 2.5 to the registration statement on our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 27, 2023)
4.1	2018 Share Option Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-240068), as amended, initially filed with the SEC on July 24, 2020)
4.2	2020 Share Incentive Plan, as amended in April 2022 (incorporated herein by reference to Exhibit 4.2 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 27, 2023)
4.3	2022 Share Incentive Plan (incorporated herein by reference to Exhibit 4.3 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 27, 2023)
4.4	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-240068), as amended, initially filed with the SEC on July 24, 2020)
4.5	Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-240068), as amended, initially filed with the SEC on July 24, 2020)
4.6	English translation of the executed form of the Powers of Attorney granted by each shareholder of the VIEs (other than the shareholder being WFOE itself), as currently in effect, and a schedule of all executed Powers of Attorney adopting the same form (incorporated herein by reference to Exhibit 4.6 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 26, 2024)

4.7	English translation of the Equity Interest Pledge Agreement among Beike (Tianjin) Investment Co., Ltd., Beijing Lianjia and shareholders of Beijing Lianjia dated September 30, 2022 (incorporated herein by reference to Exhibit 4.7 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 27, 2023)
4.8	English translation of the Equity Interest Pledge Agreement among Jinbei (Tianjin) Technology Co., Ltd., Tianjin Xiaowu and shareholders of Tianjin Xiaowu dated January 30, 2022 (incorporated by reference to Exhibit 4.7 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.9	English translation of the Equity Interest Pledge Agreement among Beike Jinke (Tianjin) Technology Co., Ltd., Yiju Taihe and shareholders of Yiju Taihe dated January 30, 2022 (incorporated by reference to Exhibit 4.8 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.10	English translation of the Equity Interest Pledge Agreement among Jinbei (Tianjin) Technology Co., Ltd., Beijing Beihao Commercial Consultancy Co., Ltd. and shareholders of Beijing Beihao Commercial Consultancy Co., Ltd. dated January 30, 2022 (incorporated by reference to Exhibit 4.9 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.11	English translation of the Equity Interest Pledge Agreement among Jinbei (Tianjin) Technology Co., Ltd., Beijing Beijia Commercial Consultancy Co., Ltd. and shareholders of Beijing Beijia Commercial Consultancy Co., Ltd. dated January 30, 2022 (incorporated by reference to Exhibit 4.10 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.12	English translation of the Exclusive Business Cooperation Agreement between Beike (Tianjin) Investment Co., Ltd. and Beijing Lianjia dated January 30, 2022 (incorporated by reference to Exhibit 4.11 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.13	English translation of the Exclusive Business Cooperation Agreement between Jinbei (Tianjin) Technology Co., Ltd. and Tianjin Xiaowu dated January 30, 2022 (incorporated by reference to Exhibit 4.12 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.14	English translation of the Exclusive Business Cooperation Agreement between Beike Jinke (Tianjin) Technology Co., Ltd. and Yiju Taihe dated January 30, 2022 (incorporated by reference to Exhibit 4.13 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.15	English translation of the Exclusive Business Cooperation Agreement between Jinbei (Tianjin) Technology Co., Ltd. and Beijin Beihao dated January 30, 2022 (incorporated by reference to Exhibit 4.14 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.16	English translation of the Exclusive Business Cooperation Agreement between Jinbei (Tianjin) Technology Co., Ltd. and Beijin Beijia dated January 30, 2022 (incorporated by reference to Exhibit 4.15 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.17	English translation of the Exclusive Option Agreement among Beike (Tianjin) Investment Co., Ltd., Beijing Lianjia and shareholders of Beijing Lianjia dated September 30, 2022 (incorporated herein by reference to Exhibit 4.17 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 27, 2023)
4.18	English translation of the Exclusive Option Agreement among Jinbei (Tianjin) Technology Co., Ltd., Tianjin Xiaowu and shareholders of Tianjin Xiaowu January 30, 2022 (incorporated by reference to Exhibit 4.17 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.19	English translation of the Exclusive Option Agreement among Beike Jinke (Tianjin) Technology Co., Ltd., Yiju Taihe and shareholders of Yiju Taihe dated January 30, 2022 (incorporated by reference to Exhibit 4.18 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)

4.20	English translation of the Exclusive Option Agreement among Jinbei (Tianjin) Technology Co., Ltd., Beijing Beihao Commercial Consultancy Co., Ltd. and shareholders of Beijing Beihao Commercial Consultancy Co., Ltd. January 30, 2022 (incorporated by reference to Exhibit 4.19 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.21	English translation of the Exclusive Option Agreement among Jinbei (Tianjin) Technology Co., Ltd., Beijing Beijia Commercial Consultancy Co., Ltd. and shareholders of Beijing Beijia Commercial Consultancy Co., Ltd. January 30, 2022 (incorporated by reference to Exhibit 4.20 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.22†	English Translation of the Amended and Restated Framework Purchase Agreement by and among the Registrant, Shengdu Home Renovation Co., Ltd. and other parties dated April 11, 2022 (incorporated by reference to Exhibit 4.22 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 19, 2022)
4.23	English translation of the Equity Interest Pledge Agreement among Realsee (Tianjin) Technology Co., Ltd., Runizhishi and shareholders of Runzhishi dated May 12, 2022 (incorporated herein by reference to Exhibit 4.24 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 27, 2023)
4.24	English translation of the Exclusive Business Cooperation Agreement between Realsee (Tianjin) Technology Co., Ltd. and Runizhishi (Beijing) Technology Co., Ltd. dated May 12, 2022 (incorporated herein by reference to Exhibit 4.25 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 27, 2023)
4.25	English translation of the Exclusive Option Agreement among Realsee (Tianjin) Technology Co., Ltd., Runizhishi (Beijing) Technology Co., Ltd. and shareholders of Runizhishi (Beijing) Technology Co., Ltd. dated May 12, 2022 (incorporated herein by reference to Exhibit 4.26 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 27, 2023)
4.26	English translation of the Equity Interest Pledge Agreement among Realsee (Tianjin) Technology Co., Ltd., Runikeshi (Beijing) Technology Co., Ltd. and shareholders of Runikeshi (Beijing) Technology Co., Ltd. dated November 22, 2024 (incorporated herein by reference to Exhibit 4.26 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 17, 2025)
4.27	English translation of the Exclusive Business Cooperation Agreement between Realsee (Tianjin) Technology Co., Ltd. and Runikeshi (Beijing) Technology Co., Ltd. dated May 12, 2022 (incorporated herein by reference to Exhibit 4.28 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 27, 2023)
4.28	English translation of the Exclusive Option Agreement among Realsee (Tianjin) Technology Co., Ltd., Runikeshi (Beijing) Technology Co., Ltd. and shareholders of Runikeshi (Beijing) Technology Co., Ltd. dated November 22, 2024 (incorporated herein by reference to Exhibit 4.28 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 17, 2025)
4.29	English translation of the Cloud Services and Technical Services Framework Agreement between the Registrant and Shenzhen Tencent Computer Systems Company Limited dated December 11, 2024 (incorporated herein by reference to Exhibit 4.29 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 17, 2025)
8.1*	List of Significant Subsidiaries and Variable Interest Entities of the Registrant
11.1	Amended and Restated Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 11.1 of our annual report on Form 20 - F (File No. 001 - 39436) filed with the SEC on April 27, 2023)
11.2	Second Amended and Restated Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading of the Registrant (incorporated herein by reference to Exhibit 11.2 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 17, 2025)
12.1*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

12.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Harney Westwood & Riegels
15.2*	Consent of Han Kun Law Offices
15.3*	Consent of PricewaterhouseCoopers Zhong Tian LLP
97.1	Clawback Policy of the Registrant (incorporated herein by reference to Exhibit 97.1 of our annual report on Form 20-F (File No. 001-39436) filed with the SEC on April 26, 2024)
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Scheme Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Notes:

* Filed with this Annual Report on Form 20-F.

** Furnished with this Annual Report on Form 20-F.

† Portions of this exhibit have been omitted in reliance of the revised Item 601 of Regulation S-K.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

KE Holdings Inc.

By: /s/ PENG Yongdong
Name: PENG Yongdong
Title: Chairman of the Board of Directors and Chief Executive Officer

Date: April 24, 2026

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of KE Holdings Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of KE Holdings Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition – New Home Transaction Services

As described in Note 2.22 to the consolidated financial statements, the Company generated revenues from new home transaction services principally by earning sales commissions from real estate developers for new home sales facilitated by the Company. The Company signed new home marketing service contracts with real estate developers in which the terms and conditions for sales commission earned are defined. The Company recognized sales commissions as revenues when the confirmations were received from real estate developers that terms and conditions for commissions earned were met or upon cash receipts of service fees if collection of the commissions was not considered probable. The Company recognized revenues from new home transaction services of RMB30.6 billion for the year ended December 31, 2025 as presented in the consolidated statements of comprehensive income.

The principal considerations for our determination that performing procedures relating to revenue recognized on new home transaction services is a critical audit matter are the significant judgment by management in determining whether collection of commission from real estate developers was probable to support the establishment of contract with these developers, and the timing of revenue recognition. This in turn led to significant auditor judgment and effort in performing procedures and evaluating audit evidence.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to assessment of collectability of consideration from real estate developers that impacted the determination of the revenue recognition. These procedures also included, among others, (i) testing management's process for determining whether the collection of commissions earned from developers was probable to support the establishment of a contract with the developers; and (ii) determining whether the criteria for revenue recognition were fulfilled when the Company received the confirmations from the developers that terms and conditions for commissions earned were met.

Allowance for Credit Losses – Accounts Receivable from New Home Transaction Services

As described in Notes 2.11 and 7 to the consolidated financial statements, the Company had gross accounts receivable of RMB4.6 billion, for which an allowance for credit losses of RMB1.5 billion was recorded as of December 31, 2025. RMB3.6 billion of the Company's gross accounts receivable was from new home transaction services with RMB1.2 billion allowance for credit losses was recorded as of December 31, 2025. The allowance is management's estimate of expected credit losses after considering historical collection activity, the nature of the receivable, the current business environment and forecasts that may affect the customers' ability to pay. Management estimated the allowance by segmenting accounts receivable from new home transaction services based on certain credit risk characteristics and determining an expected loss rate for each segmentation based on historical loss experience adjusted for judgments about the effects of relevant observable data including current and future economic conditions.

The principal considerations for our determination that performing procedures relating to the allowance for credit losses on accounts receivable from new home transactions is a critical audit matter are (i) the significant judgment by management in estimating the allowance for credit losses for accounts receivable from new home transaction services; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions, related to the segmentation of accounts receivable and judgments about the effects of current and future economic conditions; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's estimate of the allowance for credit losses on accounts receivable from new home transaction services. These procedures also included, among others, (i) testing management's process for estimating the allowance for credit losses; (ii) evaluating the appropriateness of the models; (iii) testing the completeness and accuracy of the underlying data used in the models; and (iv) evaluating the reasonableness of significant assumptions and judgments used by management, related to the segmentation of accounts receivable and the reasonableness of current and future economic conditions, to estimate the allowance for credit loss for each segmentation of accounts receivable. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the models and the reasonableness of the significant assumptions.

Goodwill Impairment Assessment — Home Renovation and Furnishing Reporting Unit

As described in Notes 2.16 and 13 to the consolidated financial statements, the Company's goodwill balance was RMB4.7 billion as of December 31, 2025, and the goodwill associated with the home renovation and furnishing reporting unit was RMB3.2 billion. Management performed impairment tests to assess the carrying value of goodwill on an annual basis, and between annual tests if events or circumstances indicate that goodwill may be impaired. Management completed its annual goodwill impairment test as of December 31, 2025 and concluded that no impairment existed for the carrying value of the goodwill attributable to the home renovation and furnishing reporting unit. As of December 31, 2025, the fair value of the home renovation and furnishing unit exceeded its carrying value by 9.3%. Management used a discounted cash flow model to estimate the fair value of the home renovation and furnishing reporting unit. Management's cash flow projections for home renovation and furnishing reporting unit included significant judgements and assumptions relating to revenue growth rates and discount rate. The estimated fair value of the home renovation and furnishing reporting unit is highly sensitive to changes in these assumptions.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the home renovation and furnishing reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value of the home renovation and furnishing reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions, related to revenue growth rates and discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the home renovation and furnishing reporting unit. These procedures also included, among others (i) testing management's process for developing the fair value estimate of the home renovation and furnishing reporting unit; (ii) evaluating the appropriateness of the discounted cash flow model; (iii) testing the completeness and accuracy of underlying data used in the model; and (iv) evaluating the reasonableness of the significant assumptions used by management, related to the revenue growth rates and the discount rate. Evaluating management's significant assumptions of revenue growth rates and discount rate involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit; (ii) consistency with external market and industry data; and (iii) whether the significant assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and the discount rate assumption.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People's Republic of China
April 24, 2026

We have served as the Company's auditor since 2018.

KE Holdings Inc.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2024 AND 2025
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	Note	As of December 31,		
		2024	2025	2025
		RMB	RMB	US$ Note 2.6
ASSETS				
Current assets:				
Cash and cash equivalents	3	11,442,965	7,773,182	1,111,550
Restricted cash	3	8,858,449	8,170,605	1,168,381
Short-term investments	4	41,317,700	39,579,961	5,659,859
Financing receivables, net of allowance for credit losses of RMB147,330 and RMB174,478 as of December 31, 2024 and 2025, respectively	8	2,835,527	1,353,682	193,574
Accounts receivable and contract assets, net of allowance for credit losses of RMB1,636,163 and RMB1,612,202 as of December 31, 2024 and 2025, respectively	7	5,497,989	3,936,976	562,980
Amounts due from and prepayments to related parties	25	379,218	409,867	58,610
Loan receivables from related parties	25	18,797	315,755	45,152
Inventories	5	1,609,876	2,854,034	408,121
Prepayments, receivables and other assets	6	4,642,824	3,726,128	532,829
Total current assets		**76,603,345**	**68,120,190**	**9,741,056**
Non-current assets:				
Property, plant and equipment, net	9	2,400,211	2,069,624	295,952
Right-of-use assets	11	23,366,879	19,144,129	2,737,574
Long-term investments, net	12	23,790,106	20,148,524	2,881,201
Intangible assets, net	10	857,635	722,676	103,341
Goodwill	13	4,777,420	4,660,360	666,423
Long-term loan receivables from related parties	25	131,410	39,573	5,659
Other non-current assets	6	1,222,277	1,763,102	252,121
Total non-current assets		**56,545,938**	**48,547,988**	**6,942,271**
TOTAL ASSETS		**133,149,283**	**116,668,178**	**16,683,327**
LIABILITIES				
Current liabilities				
Accounts payable (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB66,266 and RMB57,987 as of December 31, 2024 and 2025, respectively)	15	9,492,629	6,052,129	865,443
Amounts due to related parties (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB322 and RMB463 as of December 31, 2024 and 2025, respectively)	25	391,446	348,467	49,830
Loan payable to related parties (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of nil as of both December 31, 2024 and 2025)	25	—	497,939	71,204
Employee compensation and welfare payable (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB374,213 and RMB411,090 as of December 31, 2024 and 2025, respectively)		8,414,472	6,504,197	930,088
Customer deposits payable (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB4,141,792 and RMB3,369,240 as of December 31, 2024 and 2025, respectively)		6,078,623	4,157,248	594,479
Income taxes payable (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB35,277 and RMB34,984 as of December 31, 2024 and 2025, respectively)		1,028,735	702,607	100,471
Short-term borrowings (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of nil as of both December 31, 2024 and 2025)	14	288,280	207,717	29,703
Lease liabilities current portion (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB369 and RMB198 as of December 31, 2024 and 2025, respectively)	11	13,729,701	10,658,576	1,524,156
Contract liabilities and deferred revenue (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB2,785 and RMB2,990 as of December 31, 2024 and 2025, respectively)		6,051,867	5,690,293	813,701
Accrued expenses and other current liabilities (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB210,085 and RMB109,199 as of December 31, 2024 and 2025, respectively)	16	7,268,505	7,588,077	1,085,080
Total current liabilities		**52,744,258**	**42,407,250**	**6,064,155**

KE Holdings Inc.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF DECEMBER 31, 2024 AND 2025
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	Note	As of December 31,		
		2024	2025	2025
		RMB	RMB	US$ Note 2.6
Non-current liabilities				
Deferred tax liabilities (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB2,374 and RMB1,679 as of December 31, 2024 and 2025, respectively)	**19**	317,697	317,209	45,360
Lease liabilities non-current portion (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of RMB452 and RMB146 as of December 31, 2024 and 2025, respectively)	**11**	8,636,770	6,969,571	996,635
Long-term borrowings (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of nil as of both December 31, 2024 and 2025)	**14**	—	182,917	26,157
Long-term loan payable to related parties (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of nil as of both December 31, 2024 and 2025)	**25**	—	259,249	37,072
Other non-current liabilities (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of nil as of both December 31, 2024 and 2025)		2,563	2,148	307
Total non-current liabilities		**8,957,030**	**7,731,094**	**1,105,531**
TOTAL LIABILITIES		**61,701,288**	**50,138,344**	**7,169,686**
Commitments and contingencies	**26**			
SHAREHOLDERS' EQUITY				
KE Holdings Inc. shareholders' equity:				
Ordinary shares (US$0.00002 par value; 25,000,000,000 ordinary shares authorized, comprising of 24,114,698,720 Class A ordinary shares and 885,301,280 Class B ordinary shares as of both December 31, 2024 and 2025. 3,479,616,986 Class A ordinary shares issued and 3,337,567,403 Class A ordinary shares outstanding[(1)] as of December 31, 2024; 3,366,778,024 Class A ordinary shares issued and 3,233,808,859 Class A ordinary shares outstanding[(1)] as of December 31, 2025; and 145,413,446 and 139,447,770 Class B ordinary shares issued and outstanding as of December 31, 2024 and 2025, respectively)	**21**	461	450	64
Treasury shares		(949,410)	(848,433)	(121,324)
Additional paid-in capital		72,460,562	64,802,176	9,266,588
Statutory reserves		926,972	1,054,872	150,845
Accumulated other comprehensive income		609,112	290,029	41,474
(Accumulated deficit) / Retained earnings		(1,723,881)	1,142,194	163,332
Total KE Holdings Inc. shareholders' equity		**71,323,816**	**66,441,288**	**9,500,979**
Non-controlling interests		124,179	88,546	12,662
TOTAL SHAREHOLDERS' EQUITY		**71,447,995**	**66,529,834**	**9,513,641**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**133,149,283**	**116,668,178**	**16,683,327**

(1) Excluding the Class A ordinary shares registered in the name of the depositary bank for future issuance of ADSs upon the exercise or vesting of awards granted under our share incentive plans and the Class A ordinary shares repurchased but not cancelled in the form of ADSs.

KE Holdings Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	Note	For the Year Ended December 31,			
		2023	2024	2025	2025
		RMB	RMB	RMB	US$ Note 2.6
Net revenues:					
Existing home transaction services (including revenues generated from related parties of RMB830,295, RMB644,130 and RMB464,327, for 2023, 2024 and 2025, respectively)		27,954,135	28,201,003	25,020,035	3,577,817
New home transaction services (including revenues generated from related parties of RMB2,713, RMB1,289 and RMB67,818, for 2023, 2024 and 2025, respectively)		30,575,778	33,653,403	30,597,319	4,375,358
Home renovation and furnishing (including revenues generated from related parties of RMB6,471, RMB7,360 and RMB3,174, for 2023, 2024 and 2025, respectively)		10,850,497	14,768,947	15,426,141	2,205,909
Home rental services (including revenues generated from related parties of RMB106, RMB1,815 and RMB29,818, for 2023, 2024 and 2025, respectively)		6,099,747	14,334,479	21,900,320	3,131,704
Emerging and other services (including revenues generated from related parties of RMB26,062, RMB22,573 and RMB23,357, for 2023, 2024 and 2025, respectively)		2,296,775	2,499,666	1,636,390	234,001
Total net revenues	**2.22**	**77,776,932**	**93,457,498**	**94,580,205**	**13,524,789**
Cost of revenues:					
Commission-split (including costs generated from related parties of RMB869,298, RMB601,193 and RMB331,521, for 2023, 2024 and 2025, respectively)		(20,419,577)	(22,766,957)	(20,873,405)	(2,984,857)
Commission and compensation-internal		(17,015,927)	(18,903,786)	(17,656,184)	(2,524,801)
Cost of home renovation and furnishing (including costs generated from related parties of RMB176,824, RMB116,207 and RMB48,000, for 2023, 2024 and 2025, respectively)		(7,705,325)	(10,229,696)	(10,581,816)	(1,513,180)
Cost of home rental services (including costs generated from related parties of RMB9,042, RMB11,150 and RMB11,493, for 2023, 2024 and 2025, respectively)		(6,163,044)	(13,619,506)	(20,020,954)	(2,862,958)
Cost related to stores (including costs generated from related parties of RMB15,356, RMB7,594 and RMB5,410, for 2023, 2024 and 2025, respectively)		(2,872,093)	(2,854,988)	(2,851,831)	(407,806)
Others (including costs generated from related parties of RMB9,401, RMB13,496 and RMB6,697, for 2023, 2024 and 2025, respectively)		(1,882,952)	(2,138,510)	(2,383,938)	(340,898)
Total cost of revenues		**(56,058,918)**	**(70,513,443)**	**(74,368,128)**	**(10,634,500)**
Gross profit		**21,718,014**	**22,944,055**	**20,212,077**	**2,890,289**
Operating expenses:					
Sales and marketing expenses (including expenses generated from related parties of RMB6,776, RMB21,001 and RMB9,113, for 2023, 2024 and 2025, respectively)		(6,654,178)	(7,783,341)	(7,328,909)	(1,048,020)
General and administrative expenses (including expenses generated from related parties of RMB15,732, RMB5,702 and RMB378, for 2023, 2024 and 2025, respectively)		(8,236,569)	(8,960,747)	(8,075,414)	(1,154,769)
Research and development expenses (including expenses generated from related parties of RMB92,080, RMB152,818 and RMB208,679, for 2023, 2024 and 2025, respectively)		(1,936,780)	(2,283,424)	(2,580,564)	(369,016)
Impairment of goodwill, intangible assets and other long-lived assets	**9&10&13**	(93,417)	(151,576)	(116,332)	(16,635)
Total operating expenses		**(16,920,944)**	**(19,179,088)**	**(18,101,219)**	**(2,588,440)**
Income from operations		**4,797,070**	**3,764,967**	**2,110,858**	**301,849**
Interest income, net (including income generated from related parties of RMB6,987, RMB7,010 and RMB11,895, for 2023, 2024 and 2025, respectively)	**18**	1,263,332	1,260,163	807,505	115,472
Share of results of equity investees		9,098	10,192	16,420	2,348
Impairment loss and provision related to equity investments accounted for using equity method	**12**	(10,369)	—	(103,662)	(14,823)
Fair value changes in investments, net		78,320	312,791	462,668	66,161
Impairment loss for equity investments accounted for using measurement alternative	**12**	(28,800)	(9,408)	(2,731)	(391)
Foreign currency exchange loss		(93,956)	(34,674)	(59,746)	(8,544)
Other income, net	**17**	1,869,300	1,566,038	1,445,791	206,745
Income before income tax expense		**7,883,995**	**6,870,069**	**4,677,103**	**668,817**
Income tax expense	**19**	(1,994,391)	(2,791,889)	(1,686,089)	(241,108)
Net income		**5,889,604**	**4,078,180**	**2,991,014**	**427,709**
Net loss (income) attributable to non-controlling interests shareholders		(6,380)	(13,280)	2,961	423
Net income attributable to KE Holdings Inc.		**5,883,224**	**4,064,900**	**2,993,975**	**428,132**
Net income attributable to KE Holdings Inc.'s ordinary shareholders		**5,883,224**	**4,064,900**	**2,993,975**	**428,132**
Net income		**5,889,604**	**4,078,180**	**2,991,014**	**427,709**
Other comprehensive income (loss)					
Currency translation adjustments		574,223	217,142	(429,040)	(61,352)
Unrealized gains on available-for-sale investments, net of reclassification		82,800	147,668	109,957	15,724
Total other comprehensive income (loss)		**657,023**	**364,810**	**(319,083)**	**(45,628)**
Total comprehensive income		**6,546,627**	**4,442,990**	**2,671,931**	**382,081**
Comprehensive loss (income) attributable to non-controlling interests shareholders		(6,380)	(13,280)	2,961	423
Comprehensive income attributable to KE Holdings Inc.		**6,540,247**	**4,429,710**	**2,674,892**	**382,504**
Comprehensive income attributable to KE Holdings Inc.'s ordinary shareholders		**6,540,247**	**4,429,710**	**2,674,892**	**382,504**
Weighted average number of ordinary shares used in computing net income per share, basic and diluted					
— Basic	**24**	3,521,379,938	3,409,772,592	3,326,149,994	3,326,149,994
— Diluted	**24**	3,611,653,020	3,537,408,029	3,472,076,149	3,472,076,149
Net income per share attributable to ordinary shareholders					
— Basic	**24**	1.67	1.19	0.90	0.13
— Diluted	**24**	1.63	1.15	0.86	0.12
Share-based compensation expenses included in:	**20**				
Cost of revenues		502,523	521,293	446,120	63,794
Sales and marketing expenses		180,465	197,320	181,877	26,008
General and administrative expenses		2,345,895	1,821,817	1,111,415	158,931
Research and development expenses		186,666	185,645	165,512	23,668

KE Holdings Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	Attributable to owners of KE Holdings Inc.										
	Ordinary shares		Treasury shares		Additional paid-in capital	Statutory reserves	Accumulated other comprehensive (loss) / income	Accumulated deficit	Total	Non-controlling interests	Total equity
	Shares	RMB	Shares	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1, 2023	**3,538,205,792**	**487**	**(6,461,286)**	**(225,329)**	**80,302,956**	**660,817**	**(412,721)**	**(11,405,850)**	**68,920,360**	**134,078**	**69,054,438**
Net income	—	—	—	—	—	—	—	5,883,224	**5,883,224**	6,380	**5,889,604**
Exercise of share options	17,029,713	3	—	—	—	—	—	—	**3**	—	**3**
Vesting of restricted share units	5,963,517	1	—	—	(1)	—	—	—	—	—	—
Vesting of restricted share	13,292,404	2	—	—	(2)	—	—	—	—	—	—
Share-based compensation	—	—	—	—	3,215,549	—	—	—	**3,215,549**	—	**3,215,549**
Repurchase of ordinary shares	—	—	(141,064,215)	(5,150,628)	—	—	—	—	**(5,150,628)**	—	**(5,150,628)**
Cancellation of ordinary shares	(123,459,369)	(18)	123,459,369	4,509,759	(4,509,741)	—	—	—	—	—	—
Surrender of ordinary shares	(37)	—	—	—	—	—	—	—	—	—	—
Appropriation to statutory reserves	—	—	—	—	—	150,290	—	(150,290)	—	—	—
Currency translation adjustments	—	—	—	—	—	—	574,223	—	**574,223**	—	**574,223**
Acquisition of subsidiaries with non-controlling interests	—	—	—	—	—	—	—	—	—	18,852	**18,852**
Disposal of subsidiaries with non-controlling interests	—	—	—	—	—	—	—	—	—	(2,109)	**(2,109)**
Unrealized gains on available-for-sale investments, before reclassification	—	—	—	—	—	—	71,447	—	**71,447**	—	**71,447**
Unrealized gains on available-for-sale investments, amounts reclassified from accumulated other comprehensive loss	—	—	—	—	—	—	11,353	—	**11,353**	—	**11,353**
Dividend to shareholders	—	—	—	—	(1,425,707)	—	—	—	**(1,425,707)**	—	**(1,425,707)**
Liquidation of a subsidiary	—	—	—	—	—	—	—	—	—	(51,020)	**(51,020)**
Dividend of subsidiaries for non-controlling interest holder	—	—	—	—	—	—	—	—	—	(4,900)	**(4,900)**
Balance at December 31, 2023	**3,451,032,020**	**475**	**(24,066,132)**	**(866,198)**	**77,583,054**	**811,107**	**244,302**	**(5,672,916)**	**72,099,824**	**101,281**	**72,201,105**

KE Holdings Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	Attributable to owners of KE Holdings Inc.										
	Ordinary shares		Treasury shares		Additional paid-in capital	Statutory reserves	Accumulated other comprehensive income	Accumulated deficit	Total	Non-controlling interests	Total equity
	Shares	RMB	Shares	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1,2024	**3,451,032,020**	**475**	**(24,066,132)**	**(866,198)**	**77,583,054**	**811,107**	**244,302**	**(5,672,916)**	**72,099,824**	**101,281**	**72,201,105**
Net income	—	—	—	—	—	—	—	4,064,900	**4,064,900**	13,280	**4,078,180**
Exercise of share options	14,183,427	2	—	—	—	—	—	—	**2**	—	**2**
Vesting of restricted share units	22,936,809	3	—	—	(3)	—	—	—	—	—	—
Vesting of restricted share	13,297,108	2	—	—	(2)	—	—	—	—	—	—
Share-based compensation	—	—	—	—	2,726,075	—	—	—	**2,726,075**	—	**2,726,075**
Repurchase of ordinary shares	—	—	(144,663,195)	(5,101,091)	—	—	—	—	**(5,101,091)**	—	**(5,101,091)**
Cancellation of ordinary shares	(147,784,335)	(21)	147,784,335	5,017,879	(5,017,858)	—	—	—	—	—	—
Surrender of ordinary shares	(2)	—	—	—	—	—	—	—	—	—	—
Appropriation to statutory reserves	—	—	—	—	—	115,865	—	(115,865)	—	—	—
Currency translation adjustments	—	—	—	—	—	—	217,142	—	**217,142**	—	**217,142**
Acquisition of subsidiaries with non-controlling interests	—	—	—	—	—	—	—	—	—	38,710	**38,710**
Disposal of subsidiaries with non-controlling interests	—	—	—	—	—	—	—	—	—	(29,092)	**(29,092)**
Unrealized gains on available-for-sale investments, before reclassification	—	—	—	—	—	—	147,668	—	**147,668**	—	**147,668**
Dividend to shareholders	—	—	—	—	(2,830,704)	—	—	—	**(2,830,704)**	—	**(2,830,704)**
Balance at December 31, 2024	**3,353,665,027**	**461**	**(20,944,992)**	**(949,410)**	**72,460,562**	**926,972**	**609,112**	**(1,723,881)**	**71,323,816**	**124,179**	**71,447,995**

KE Holdings Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	Attributable to owners of KE Holdings Inc.										
	Ordinary shares		Treasury shares		Additional paid-in capital	Statutory reserves	Accumulated other comprehensive income	(Accumulated deficit) / Retained earnings	Total	Non-controlling interests	Total equity
	Shares	RMB	Shares	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1,2025	**3,353,665,027**	**461**	**(20,944,992)**	**(949,410)**	**72,460,562**	**926,972**	**609,112**	**(1,723,881)**	**71,323,816**	**124,179**	**71,447,995**
Net income	—	—	—	—	—	—	—	2,993,975	**2,993,975**	(2,961)	**2,991,014**
Exercise of share options	15,577,452	2	—	—	—	—	—	—	**2**	—	**2**
Vesting of restricted share units	28,080,498	4	—	—	(4)	—	—	—	—	—	—
Vesting of restricted share	26,726,342	4	—	—	(4)	—	—	—	—	—	—
Share-based compensation	—	—	—	—	1,904,924	—	—	—	**1,904,924**	—	**1,904,924**
Repurchase of ordinary shares	—	—	(150,367,893)	(6,581,195)	—	—	—	—	**(6,581,195)**	—	**(6,581,195)**
Cancellation of ordinary shares	(149,704,635)	(21)	149,704,635	6,682,172	(6,682,151)	—	—	—	—	—	—
Surrender of ordinary shares	(3)	—	—	—	—	—	—	—	—	—	—
Appropriation to statutory reserves	—	—	—	—	—	127,900	—	(127,900)	—	—	—
Currency translation adjustments	—	—	—	—	—	—	(429,040)	—	**(429,040)**	—	**(429,040)**
Capital injection by non-controlling interests	—	—	—	—	—	—	—	—	—	2,500	**2,500**
Disposal of subsidiaries with non-controlling interests	—	—	—	—	—	—	—	—	—	(25,646)	**(25,646)**
Unrealized gains on available-for-sale investments, before reclassification	—	—	—	—	—	—	107,828	—	**107,828**	—	**107,828**
Unrealized gains on available-for-sale investments, amounts reclassified from accumulated other comprehensive income	—	—	—	—	—	—	2,129	—	**2,129**	—	**2,129**
Dividend to shareholders	—	—	—	—	(2,881,151)	—	—	—	**(2,881,151)**	—	**(2,881,151)**
Liquidation of subsidiaries	—	—	—	—	—	—	—	—	—	(6,901)	**(6,901)**
Dividend of subsidiaries for non-controlling interest holder	—	—	—	—	—	—	—	—	—	(2,625)	**(2,625)**
Balance at December 31, 2025	**3,274,344,681**	**450**	**(21,608,250)**	**(848,433)**	**64,802,176**	**1,054,872**	**290,029**	**1,142,194**	**66,441,288**	**88,546**	**66,529,834**

KE Holdings Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	For the Year Ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US$ Note 2.6
Cash flows from operating activities:				
Net income	5,889,604	4,078,180	2,991,014	427,709
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation of property, plant and equipment	775,042	743,728	934,119	133,577
Amortization of intangible assets	627,146	268,684	138,260	19,771
Provision of allowance for expected credit losses	418,779	296,569	134,177	19,187
Impairment of goodwill, intangible assets and other long-lived assets	93,417	151,576	116,332	16,635
Impairment loss and provision related to equity investments accounted for using equity method	10,369	—	103,662	14,823
Impairment loss for equity investments accounted for using measurement alternative	28,800	9,408	2,731	391
Inventory impairment charge	—	—	7,326	1,048
Deferred tax expenses (benefits)	(328,579)	146,921	(252,956)	(36,172)
Share of results of equity investees	(9,098)	(10,192)	(16,420)	(2,348)
Dividend received from equity method investments	14,862	15,827	9,000	1,287
Fair value changes in investments	(78,320)	(312,791)	(146,389)	(20,934)
Investment and interest income	(1,413,018)	(252,967)	210,344	30,079
Foreign currency exchange loss (gain)	93,956	(339,280)	50,640	7,241
Loss on disposal of property, plant and equipment and intangible assets	629	30	137,482	19,660
Share-based compensation expenses	3,215,549	2,726,075	1,904,924	272,401
Changes in assets and liabilities:				
Accounts receivable and contract assets	834,677	(2,409,998)	1,482,558	212,003
Amounts due from and prepayments to related parties	(13,314)	42,445	(36,358)	(5,199)
Inventories	(176,650)	(1,305,668)	(1,251,484)	(178,960)
Prepayments, receivables and other assets	(706,659)	1,035,912	(1,006,223)	(143,888)
Right-of-use assets	(6,333,845)	(5,598,510)	4,213,226	602,483
Other non-current assets	(29,481)	(12,357)	(288,357)	(41,235)
Accounts payable	482,543	2,457,443	(3,344,006)	(478,186)
Amounts due to related parties	4,665	(38,904)	(43,451)	(6,213)
Employee compensation and welfare payable	(1,219,733)	268,693	(1,910,275)	(273,166)
Contract liabilities and deferred revenue	1,404,932	1,386,666	(361,575)	(51,705)
Lease liabilities	6,123,445	4,674,433	(4,728,546)	(676,173)
Accrued expenses and other current liabilities	1,548,334	1,092,547	900,203	128,726
Income taxes payable	156,278	330,167	(326,128)	(46,636)
Other liabilities	(86)	2,500	—	—
Net cash provided by (used in) operating activities	**11,414,244**	**9,447,137**	**(376,170)**	**(53,794)**
Cash flows from investing activities:				
Purchases of time deposits and held-to-maturity debt investments	(14,513,592)	(24,012,427)	(8,853,194)	(1,265,990)
Maturities of time deposits and held-to-maturity debt investments	8,918,346	12,126,718	20,892,247	2,987,552
Purchases of available-for-sale debt investments	—	—	(441,384)	(63,117)
Sales and maturities of available-for-sale debt investments	1,392,881	—	548,592	78,448
Purchases of other long-term investments	(1,181,611)	(3,927,566)	(6,485,531)	(927,419)
Disposal of other long-term investments	338,678	132,689	18,467	2,641
Purchases of other short-term investments	(38,874,183)	(33,276,784)	(27,123,161)	(3,878,560)
Maturities of other short-term investments	41,465,679	42,609,517	27,281,924	3,901,263
Cash paid for business combinations, net of cash acquired	(9,893)	105,024	—	—
Proceeds from disposal of subsidiaries and long-lived assets	14,838	12,185	15,003	2,145
Purchases of property, plant and equipment, intangible assets and other long-lived assets	(873,990)	(1,037,179)	(607,727)	(86,904)
Financing receivables originated	(27,785,767)	(58,107,189)	(81,570,189)	(11,664,382)
Collections of financing receivables principal	27,112,807	56,592,404	83,024,884	11,872,401
Loans to related parties and others	(47,000)	(941,600)	(2,101,805)	(300,554)
Repayments of loans from related parties and others	65,367	346,183	1,296,201	185,354
Net cash provided by (used in) investing activities	**(3,977,440)**	**(9,378,025)**	**5,894,327**	**842,878**

KE Holdings Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025
(All amounts in thousands, except for share and per share data, unless otherwise noted)

	For the Year Ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US$ Note 2.6
Cash flows from financing activities:				
Repurchase of ordinary shares	(5,150,628)	(5,101,091)	(6,581,195)	(941,098)
Proceeds from issuance of ordinary shares upon exercise of share option	2	2	2	—
Proceeds from short-term borrowings	426,634	606,033	1,025,272	146,612
Repayments of short-term borrowings	(755,972)	(608,424)	(1,108,100)	(158,456)
Proceeds from long-term borrowings	—	—	200,433	28,662
Repayments of long-term borrowings	—	—	(17,516)	(2,505)
Proceeds from related party loans	—	—	982,600	140,510
Repayments of related party loans	—	—	(143,915)	(20,580)
Dividends paid to equity holders of the Company	(1,425,707)	(2,830,704)	(2,881,151)	(411,999)
Liquidation of subsidiaries	(51,020)	—	(6,901)	(987)
Dividends paid to non-controlling shareholders of subsidiaries	(4,900)	—	(2,625)	(375)
Rental deposit paid on behalf of others	—	—	(133,797)	(19,133)
Rental deposit received on behalf of others	—	—	547,141	78,240
Change in customer deposits payable and other amounts collected and payable on behalf of others, net	(256,619)	2,139,549	(1,675,947)	(239,657)
Others	—	—	2,500	357
Net cash used in financing activities	**(7,218,210)**	**(5,794,635)**	**(9,793,199)**	**(1,400,409)**
Effect of exchange rate change on cash, cash equivalents and restricted cash	**44,608**	**169,476**	**(82,585)**	**(11,807)**
Net increase (decrease) in cash, cash equivalents and restricted cash	**263,202**	**(5,556,047)**	**(4,357,627)**	**(623,132)**
Cash, cash equivalents and restricted cash at the beginning of the year				
Including:				
Cash and cash equivalents at the beginning of the year	19,413,202	19,634,716	11,442,965	1,636,322
Restricted cash at the beginning of the year	6,181,057	6,222,745	8,858,449	1,266,741
Total	**25,594,259**	**25,857,461**	**20,301,414**	**2,903,063**
Cash, cash equivalents and restricted cash at the end of the year				
Including:				
Cash and cash equivalents at the end of the year	19,634,716	11,442,965	7,773,182	1,111,550
Restricted cash at the end of the year	6,222,745	8,858,449	8,170,605	1,168,381
Total	**25,857,461**	**20,301,414**	**15,943,787**	**2,279,931**
Cash, cash equivalents and restricted cash change during the year	263,202	(5,556,047)	(4,357,627)	(623,132)
Supplemental disclosures:				
Cash paid for income taxes	(2,250,992)	(2,216,919)	(2,347,488)	(335,686)
Cash paid for interest	(17,479)	(12,466)	(6,947)	(993)
Non-cash investing activities				
Changes in accounts payable related to property, plant and equipment	(2,653)	(168,608)	95,314	13,630

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

(a) Principal activities, subsidiaries and VIEs

KE Holdings Inc. ("the Company") was incorporated in the Cayman Islands on July 6, 2018 under the Cayman Islands Companies Law as an exempted company with limited liability. The Company through its consolidated subsidiaries, variable interest entities ("VIEs") and the subsidiaries of the VIEs (collectively, the "Group"), is principally engaged in operating a leading integrated online and offline platform for housing transactions and services in the People's Republic of China (the "PRC" or "China").

As of December 31, 2025, the details of the Company's major subsidiaries and consolidated VIEs (inclusive of the VIEs' subsidiaries) are as follows:

Name	Date of incorporation or acquisition	Place of incorporation	Percentage of direct or indirect economic ownership
Subsidiaries			
Beike Group (Cayman) Limited	August 6, 2018	Cayman Islands	100 %
Beike Finance Holdings (Cayman) Limited	August 14, 2018	Cayman Islands	100 %
Beike Fintech Holdings (Cayman) Limited	August 14, 2018	Cayman Islands	100 %
Beike Investments (Cayman) Limited	August 6, 2018	Cayman Islands	100 %
Shengdu Co., Ltd.	October 13, 2021	Cayman Islands	100 %
Beike Investments (BVI) Limited	July 12, 2018	BVI	100 %
Beike Group (BVI) Limited	July 12, 2018	BVI	100 %
Beike Fintech Holdings (BVI) Limited	August 15, 2018	BVI	100 %
Sharehome HK International Limited	December 16, 2016	Hong Kong	100 %
Beike Kestone Holdings (Hong Kong) Limited	August 13, 2018	Hong Kong	100 %
Shengdu (Hong Kong) Company Limited	November 8, 2021	Hong Kong	100 %
Shanghai Beike Investment Holdings Group Co., Ltd.	June 6, 2019	PRC	100 %
Beixi (Tianjin) Technology Co., Ltd.	November 21, 2019	PRC	100 %
Beike (Tianjin) Investment Co., Ltd.	September 29, 2018	PRC	100 %
Beihan (Tianjin) Technology Co., Ltd.	November 27, 2019	PRC	100 %
Lianjia (Tianjin) Enterprise Management Co., Ltd.	August 13, 2018	PRC	100 %
Beijing Lianjia Zhidi Real Estate Brokerage Co., Ltd.	July 25, 2005	PRC	100 %
Beijing Lianjia Gaoce Real Estate Brokerage Co., Ltd.	September 20, 2016	PRC	100 %
Beijing Haichuan Xingye Real Estate Management Consulting Co., Ltd.	April 19, 2007	PRC	100 %
Deyou Real Estate Agency Co., Ltd.	September 5, 2002	PRC	100 %
Shanghai Xiaoheng Internet Technology Co., Ltd.	October 30, 2017	PRC	100 %
Shanghai Deyou Property Consulting Co., Ltd.	April 16, 2014	PRC	100 %
Sichuan Lianjia Real Estate Brokerage Co., Ltd.	December 30, 2009	PRC	100 %
Ningbo Fangjianghu Internet Technology Co., Ltd.	July 17, 2018	PRC	100 %
Tianjin Haibei Information Technology Co., Ltd.	September 14, 2018	PRC	100 %
Beike Zhaofang (Beijing) Technology Co., Ltd.	August 3, 2015	PRC	100 %
Beike Zhaofang Technology Co., Ltd.	November 21, 2017	PRC	100 %
Beike Technology Co., Ltd.	June 28, 2017	PRC	100 %
Shanghai Haibi Technology Co., Ltd.	October 25, 2018	PRC	100 %
Deyou (Tianjin) Real Estate Brokerage Service Co., Ltd.	October 16, 2017	PRC	100 %
Shanghai Huibeiju Technology Co., Ltd.	October 27, 2022	PRC	100 %
Shanghai Chenhaibei Internet Technology Co., Ltd.	January 16, 2020	PRC	100 %
Beijing Beike Jiaju Technology Co., Ltd.	September 28, 2016	PRC	100 %
Qingdao Shengjia Huazhang Enterprise Management Co., Ltd.	December 9, 2021	PRC	100 %
Beike Meijia Technology (Zhejiang) Co., Ltd.	November 21, 2022	PRC	100 %
Beijing Beiwoo Decoration Co., Ltd.	January 5, 2022	PRC	100 %
Shengdu Home Renovation Co., Ltd.	April 20, 2022	PRC	100 %
Beijing Meichen Information Consulting Co., Ltd.	September 6, 2016	PRC	100 %
Beijing Xinfu Housing Rental Co., Ltd.	September 5, 2013	PRC	100 %
Tianjin Haibei Technology Service Co., Ltd.	July 14, 2017	PRC	100 %
Beike Meijia Zhijia Technology (Zhejiang) Co., Ltd.	June 24, 2024	PRC	100 %
Shanghai Shengyi Investment Management Co., Ltd.	November 28, 2013	PRC	100 %
Beike Meijia Supply Chain Management (Zhejiang) Co., Ltd.	December 29, 2022	PRC	100 %
Beike Shengdu (Zhejiang) Architectural Decoration Engineering Co., Ltd.	July 31, 2017	PRC	100 %
Consolidated VIEs			
Beijing Lianjia Real Estate Brokerage Co., Ltd. ("Beijing Lianjia") [(i)]	September 30, 2001	PRC	100 %
Beijing Yiju Taihe Technology Co., Ltd. ("Yiju Taihe")	July 23, 2010	PRC	100 %
Tianjin Xiaowu Information & Technology Co., Ltd. ("Tianjin Xiaowu")	November 14, 2017	PRC	100 %
Subsidiaries of VIEs			
Beijing Zhongrongxin Financing Guarantee Co., Ltd.	November 10, 2006	PRC	100 %
Beijing Ehomepay Technologies Co., Ltd.	August 8, 2013	PRC	100 %

(i) The Company has 30% direct shareholding in Beijing Lianjia through one of its wholly owned PRC subsidiaries. The Company depends on a series of contractual arrangements to provide its subsidiary with a "controlling financial interest" in the VIEs, as defined in FASB Accounting Standards Codification ("ASC") 810, *Consolidation* ("ASC 810").

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION (Continued)

(b) VIE Companies

Due to the restrictions imposed by PRC laws and regulations on foreign ownership of companies engaged in value-added telecommunication services, finance businesses and certain other businesses, the Group operates its platforms and other restricted businesses in the PRC through certain PRC domestic companies, whose equity interests are held by certain management members of the Group and several other individuals and entities affiliated with the Group ("Nominee Shareholders"). The Group depends on a series of contractual arrangements with these PRC domestic companies and their respective Nominee Shareholders to provide its subsidiary with a "controlling financial interest" in the VIEs, as defined in FASB ASC 810, making it the primary beneficiary of the VIEs. These contractual agreements include powers of attorney, exclusive business cooperation agreements, exclusive option agreements, equity pledge agreements and spousal consent letters. These contractual agreements can be extended at the Group's relevant PRC subsidiaries' options prior to the expiration dates. Management concludes that these PRC domestic companies are VIEs of the Group, of which the Group is the ultimate primary beneficiary. As such, the Group consolidated the financial results of these PRC domestic companies and their subsidiaries in the Group's consolidated financial statements.

The following is a summary of the contractual agreements (collectively, "Contractual Agreements") that the Group, through its subsidiaries, entered into with the VIEs and their Nominee Shareholders:

i) Contractual Agreements with VIEs

Power of Attorney

Pursuant to the power of attorney agreements among the Company's wholly-owned PRC subsidiaries (collectively, "WFOEs"), the VIEs and their respective Nominee Shareholders, each Nominee Shareholder of the VIEs irrevocably undertakes to appoint the WFOE, or a PRC citizen designated by the WFOE as the attorney-in-fact to exercise all of the rights as a shareholder of the VIEs, including, but not limited to, the right to convene and attend shareholders' meeting, vote on any resolution that requires a shareholder vote, such as appoint or remove directors and other senior management, and other voting rights pursuant to the articles of association (subject to the amendments) of the VIEs. Each power of attorney agreement is irrevocable and remains in effect as long as the Nominee Shareholder continues to be a shareholder of the VIEs.

Exclusive Business Cooperation Agreements

Pursuant to the exclusive business cooperation agreements among the WFOEs and the VIEs, respectively, the WFOEs have the exclusive right to provide the VIEs with services related to, among other things, comprehensive technical support, professional training, consulting services and marketing and promotional services. Without prior written consent of the WFOEs, the VIEs agree not to directly or indirectly accept the same or any similar services provided by any others regarding the matters ascribed by the exclusive business cooperation agreements. The VIEs agree to pay the WFOEs service fees, which will be determined by the WFOEs. The WFOEs have the exclusive ownership of intellectual property rights created as a result of the performance of the agreements. The agreements will remain effective except that the WFOEs are entitled to terminate the agreements in writing.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION (Continued)

(b) VIE Companies (Continued)

Exclusive Option Agreements

Pursuant to the exclusive option agreements among the WFOEs, the VIEs and their respective Nominee Shareholders, the Nominee Shareholders of the VIEs irrevocably grant the respective WFOEs an exclusive option to purchase, or have its designated person to purchase, at its discretion, to the extent permitted under PRC law, all or part of their equity interests in the VIEs (except for 3.03% of Beijing Lianjia's equity interests pledged to a third party as of December 31, 2018, while the pledge was removed in December 2019 and all equity interests were subject to the exclusive option agreements).The purchase price with respect to the equity interests in Tianjin Xiaowu shall be the amount of paid-in capital or the lowest price permitted by applicable PRC law, and the purchase price with respect to the equity interests in other VIEs shall be the higher of RMB1 or the lowest price permitted by applicable PRC law. The shareholders of the VIEs further undertake to pay to the WFOEs any dividends and other distributions they receive in relation to the equity interests they held in the VIEs, to the extent permitted by PRC law. The shareholders of the VIEs undertake that, without prior written consent of the WFOEs, they will not create any pledge or encumbrance on their equity interests in the VIEs, approve any transfer or in any manner disposal of their equity interests, or any disposition of any assets of the VIEs (other than limited exceptions). The shareholders of each of the VIEs agree, among other things, without prior written consent of the WFOEs, not to cause the relevant VIEs to merge with any other entities, increase or decrease its registered capital, declare or distribute dividends, amend its articles of association, enter into any material contract (other than those occurring in the ordinary course of business), appoint or remove its directors, supervisors or other management, be liquidated or dissolved (unless mandated by PRC laws), lend or borrow money (except for payables incurred in the ordinary course of business other than through loans) or undertake any actions that may adversely affect the VIEs' operating status and asset value. These agreements will remain effective until all of the equity interests of the relevant VIEs have been transferred to the WFOEs and/or their designated person. Jinbei (Tianjin) Technology Co., Ltd. has the unilateral right to terminate the agreement with Tianjin Xiaowu.

Equity Pledge Agreements

Pursuant to the equity pledge agreements among the WFOEs, the VIEs and their respective Nominee Shareholders, the Nominee Shareholders of the VIEs pledged all of their respective equity interests in the VIEs to the WFOEs as security for performance of the obligations of the VIEs and their Nominee Shareholders under the exclusive business cooperation agreements, the power of attorney agreements, the exclusive option agreements and the equity pledge agreements, except for 3.03% of Beijing Lianjia's equity interests pledged to a third party as of December 31, 2018. The pledge was removed in December 2019 and all equity interests became subject to the equity pledge agreements. The Nominee Shareholders of the VIEs also undertake that, during the term of the equity pledge agreements, unless otherwise approved by the WFOEs in writing, they will not transfer the pledged equity interests or create or allow any new pledge or other encumbrance on the pledged equity interests. As of the date of this report, the Group has registered all such equity pledges with the local branch of the State Administration for Market Regulation in accordance with PRC laws to perfect the respective equity pledges. After the completion of the equity pledge registrations, in the event of a breach by the VIEs or its shareholders of contractual obligations under these agreements, the WFOEs will have the right to dispose of the pledged equity interests in the VIEs.

Spousal Consent Letters

Pursuant to the spousal consent letters, each of the spouses of the applicable individual Nominee Shareholders of the VIEs unconditionally and irrevocably agrees that the equity interests in the VIEs held by and registered in the name of his or her respective spouse will be disposed of pursuant to the relevant exclusive business cooperation agreements, equity pledge agreements, the exclusive option agreements and the power of attorney agreements, without his or her consent. In addition, each of them agrees not to assert any rights over the equity interests in the VIEs held by her respective spouses. In addition, in the event that any of them obtains any equity interests in the VIEs held by their respective spouses for any reason, such spouses agree to be bound by similar obligations and agreed to enter into similar contractual arrangements.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION (Continued)

(b) VIE Companies (Continued)

ii) Risks in relation to VIE structure

Part of the Group's business is conducted through the VIEs of the Group, of which the Company is the ultimate primary beneficiary. The Company has concluded that (i) the ownership structure of the VIEs is not in violation of any existing PRC law or regulation in any material respect; and (ii) each of the VIE Contractual Agreements is valid, legally binding and enforceable to each party of such agreements and will not result in any violation of PRC laws or regulations currently in effect. However, uncertainties in the PRC legal system could cause the relevant regulatory authorities to find the current VIE Contractual Agreements and businesses to be in violation of any existing or future PRC laws or regulations.

On March 15, 2019, the National People's Congress adopted the Foreign Investment Law of the PRC, which became effective on January 1, 2020, together with their implementation rules and ancillary regulations. The Foreign Investment Law does not explicitly classify contractual arrangements as a form of foreign investment, but it contains a catch-all provision under the definition of "foreign investment", which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. It is unclear that whether the Group's corporate structure will be seen as violating the foreign investment rules as the Group are currently leveraging the contractual arrangements to operate certain businesses in which foreign investors are prohibited from or restricted to investing. If variable interest entities fall within the definition of foreign investment entities, the Group's ability to use the contractual arrangements with the VIE and the Group's ability to conduct business through the VIEs could be severely limited.

In addition, if the Group's corporate structure and the contractual arrangements with the VIEs through which the Group conducts its business in the PRC were found to be in violation of any existing or future PRC laws and regulations, the Group's relevant PRC regulatory authorities could:

- revoke or refuse to grant or renew the Group's business and operating licenses;
- restrict or prohibit related party transactions between the wholly owned subsidiary of the Group and the VIEs;
- impose fines, confiscate income or other requirements which the Group may find difficult or impossible to comply with;
- require the Group to alter, discontinue or restrict its operations;
- restrict or prohibit the Group's ability to finance its operations; and
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION (Continued)

(b) VIE Companies (Continued)

The imposition of any of these penalties may result in a material and adverse effect on the Group's ability to conduct the Group's businesses. In addition, if the imposition of any of these penalties causes the Group to lose the rights to direct the activities of the VIEs or the right to receive its economic benefits, the Group would no longer be able to consolidate the VIEs. The management believes that the likelihood for the Group to lose such ability is remote based on current facts and circumstances. However, the interpretation and implementation of the laws and regulations in the PRC and their application to an effect on the legality, binding effect and enforceability of contracts are subject to the discretion of competent PRC authorities, and therefore there is no assurance that relevant PRC authorities will take the same position as the Group herein in respect of the legality, binding effect and enforceability of each of the contractual arrangements. Meanwhile, since the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to the Group to enforce the contractual arrangements should the VIEs or the Nominee Shareholders of the VIEs fail to perform their obligations under those arrangements.

Summary of Financial Information of the VIEs

In accordance with VIE Contractual Agreements, the Company (1) could exercise all shareholder's rights of the VIEs and has power to direct the activities that most significantly affects the economic performance of the VIEs, and (2) receive the economic benefits of the VIEs that could be significant to the VIEs. Accordingly, the Company is considered as ultimate primary beneficiary of the VIEs and has consolidated the VIEs' financial results of operations, assets and liabilities in the Company's consolidated financial statements. Therefore, the Company considers that there are no assets in the VIEs that can be used only to settle obligations of the VIEs, except for the registered capital of the VIEs amounting to approximately RMB2.7 billion and RMB2.6 billion as of December 31, 2024 and 2025, respectively, as well as certain non-distributable statutory reserves amounting to approximately RMB193.8 million and RMB231.9 million as of December 31, 2024 and 2025, respectively. As the VIEs are incorporated as limited liability companies under the PRC Company Law, creditors do not have recourse to the general credit of the Company for the liabilities of the VIEs. There is currently no contractual arrangement that would require the Company to provide additional financial support to the VIEs. As the Group is conducting certain businesses in the PRC through the VIEs, the Group may provide additional financial support on a discretionary basis in the future, which could expose the Group to a loss.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION (Continued)

Summary of Financial Information of the VIEs (Continued)

The following table sets forth the assets, liabilities, results of operations and changes in cash, cash equivalents and restricted cash of the consolidated VIEs (inclusive of the VIEs' subsidiaries, and the consolidated trusts as discussed in Note 2.12) taken as a whole, which were included in the Group's consolidated financial statements with intercompany transactions and balances eliminated. The following disclosures present the financial positions of the businesses that currently constitute the VIE entities as of December 31, 2024 and 2025 and the operation results for the years ended December 31, 2023, 2024 and 2025.

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	1,739,264	1,201,262
Restricted cash	5,202,757	5,605,542
Short-term investments	—	593,183
Financing receivables, net	2,812,597	1,353,682
Accounts receivable, net	31,061	37,795
Amounts due from and prepayments to related parties	335,704	338,044
Prepayments, receivables and other assets	188,222	179,706
Amounts due from non-VIE subsidiaries of the Group	1,584,119	1,718,105
Total current assets	**11,893,724**	**11,027,319**
Non-current assets		
Property and equipment, net	65,468	58,878
Right-of-use assets	650	485
Long-term investments, net	2,436,087	2,599,369
Intangible assets, net	19,782	13,463
Goodwill	7,522	7,522
Other non-current assets	44,594	124,813
Total non-current assets	**2,574,103**	**2,804,530**
TOTAL ASSETS	**14,467,827**	**13,831,849**
LIABILITIES		
Current liabilities		
Accounts payable	66,266	57,987
Amounts due to related parties	322	463
Employee compensation and welfare payable	374,213	411,090
Customer deposits payable	4,141,792	3,369,240
Income taxes payable	35,277	34,984
Lease liabilities current portion	369	198
Contract liabilities and deferred revenue	2,785	2,990
Accrued expenses and other current liabilities	210,085	109,199
Amounts due to non-VIE subsidiaries of the Group	6,888,426	6,911,139
Total current liabilities	**11,719,535**	**10,897,290**
Non-current liabilities		
Deferred tax liabilities	2,374	1,679
Lease liabilities non-current portion	452	146
Total non-current liabilities	**2,826**	**1,825**
TOTAL LIABILITIES	**11,722,361**	**10,899,115**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION (Continued)

Summary of Financial Information of the VIEs (Continued)

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Total net revenues from third party	595,498	764,160	891,657
Total net revenues from non-VIE subsidiaries of the Group	263,430	363,013	415,938
Total net revenues	**858,928**	**1,127,173**	**1,307,595**
Net income	**194,948**	**252,990**	**187,269**

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Net cash provided by operating activities	1,890,990	2,893,547	314,122
Net cash provided by (used in) investing activities	(193,772)	(3,791,134)	762,889
Net cash provided by (used in) financing activities	(1,212,136)	1,673,754	(1,212,228)
Net increase (decrease) in cash, cash equivalents and restricted cash	**485,082**	**776,167**	**(135,217)**

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 (a) Impact of newly adopted accounting pronouncement

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740) - *Improvements to Income Tax Disclosures*, which enhances the disaggregation of income tax disclosures. The ASU requires public entities to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold equal to or greater than 5%. Public entities are required to provide an explanation of certain rate reconciling items if not otherwise evident, such as the nature, causes and judgement used to categorize the item. The ASU also requires disclosure of income taxes paid (net of refund received) detailed by federal, state/local and foreign, and amounts paid to individual jurisdictions that are equal or greater than 5% of total income taxes paid. The Group adopted this ASU on a prospective basis effective January 1, 2025. Refer to Note 19 Taxation for the inclusion of new disclosures required.

2.1 (b) Recently issued accounting pronouncements not yet adopted

In November 2024, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses* (Subtopic 220-40). The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization, within relevant income statement captions. This ASU also requires disclosure of the total amount of selling expenses along with the definition of selling expenses. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The requirements are required to be adopted prospectively with the option for retrospective application. The Group is assessing the impact of adopting this standard on its financial statements and disclosures.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 (b) Recently issued accounting pronouncements not yet adopted (Continued)

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses* (Topic 326) *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The standard is effective for interim and annual periods beginning after December 15, 2025. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Group is currently evaluating the impact of adopting ASU 2025-05.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software* (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The ASU simplifies the capitalization guidance by removing all references to prescriptive and sequential software development stages (referred to as "project stages") throughout ASC 350-40. The ASU is effective for annual periods beginning after December 15, 2027, and interim periods within those fiscal years. Adoption of this ASU can be applied prospectively for reporting periods after its effective date; or follow a modified transition approach that is based on the status of the respective projects and whether software costs were capitalized before the date of adoption; or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is permitted. The Group is currently evaluating the provisions of this ASU and does not expect this ASU to have a material impact on our consolidated financial statements.

In October 2025, the FASB issued ASU 2025-10, *Accounting for Government Grants Received by Business Entities*, which establishes the accounting for business entities on the recognition, measurement, presentation, and disclosure of government grants. The ASU is effective for public entities for fiscal years beginning after December 15, 2028, and interim periods for fiscal years beginning after December 15, 2029. The Group is assessing the impact of adopting this standard on its financial statements and disclosures.

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting* (Topic 270): *Narrow-Scope Improvements.* The ASU clarifies interim disclosure requirements and the applicability of Topic 270. The objective of the amendments is to provide further clarity about the current interim disclosure requirements. The ASU is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Adoption of this ASU can be applied either a prospective or a retrospective approach. Early adoption is permitted. The Group is currently evaluating the provisions of this ASU and does not expect this ASU to have a material impact on our consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-12, *Codification Improvements*. The ASU addresses thirty-three items, representing the changes to the Codification that (1) clarify, (2) correct errors, or (3) make minor improvements. Generally, the amendments in this Update are not intended to result in significant changes for most entities. The ASU is effective for interim reporting periods within annual reporting periods beginning after December 15, 2026. The adoption method of this ASU may vary, on an issue-by-issue basis. Early adoption is permitted. The Group is currently evaluating the provisions of this ASU and does not expect this ASU to have a material impact on our consolidated financial statements.

2.2 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Significant accounting policies followed by the Group in the preparation of its accompanying consolidated financial statements are summarized below.

Changes in Presentation

Prior period balances have been adjusted to present "Inventories" as a separate line item distinct from "Prepayments, receivables and other assets" on the Company's Consolidated Balance Sheets to conform to the current period presentation.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the consolidated VIEs (inclusive of the VIEs' subsidiaries) for which the Company is the ultimate primary beneficiary.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power, has the power to appoint or remove the majority of the members of the board of directors, to cast a majority of votes at the meeting of the board of directors or to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

A consolidated VIE is an entity in which the Company, or its subsidiary, through contractual arrangements, has the power to direct the activities that most significantly impact the entity's economic performance, bears the risks of and enjoys the rewards normally associated with ownership of the entity, and therefore the Company or its subsidiaries is the primary beneficiary of the entity.

All transactions and balances between the Company, its subsidiaries, consolidated VIEs (inclusive of VIEs' subsidiaries) have been eliminated upon consolidation. The results of subsidiaries and VIEs acquired or disposed of during the year are recorded in the consolidated statements of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

2.4 Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the balance sheet date, and the reported revenues and expenses during the reporting periods in the consolidated financial statements and accompanying notes. Significant accounting estimates reflected in the Group's consolidated financial statements include, but are not limited to (i) revenue recognition, (ii) provision for credit losses of accounts receivable, financing receivables and other receivables, (iii) assessment for impairment of long-lived assets, intangible assets and goodwill, (iv) valuation and recognition of share-based compensation expenses, (v) useful lives of property, plant and equipment and intangible assets, (vi) fair value of short-term and long-term investments, (vii) incremental borrowing rate used to account for leases, (viii) provision for income tax and valuation allowance for deferred tax assets, (ix) liabilities related to employee welfare benefits, and (x) impairment of inventories. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

2.5 Foreign currencies and foreign currency translation

The Group's reporting currency is Renminbi ("RMB"). The functional currency of the Company and its subsidiaries incorporated in the Cayman Islands, BVI and Hong Kong is United States dollars ("US$") and the functional currency of the PRC entities in the Group is RMB. The Company's subsidiaries with operations in other jurisdictions generally use their respective local currencies as their functional currencies.

Transactions denominated in other than the functional currencies are re-measured into the functional currency of the entity at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the applicable exchange rates at the balance sheet dates. Net gains and losses resulting from foreign exchange transactions are included in foreign currency exchange loss in the consolidated statements of comprehensive income.

The financial statements of the Group are translated from the functional currencies into RMB. Assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Revenues, expenses, gain and loss are translated into RMB using the periodic average exchange rates. Translation differences are recorded as currency translation adjustments as a component of other comprehensive income (loss) in the consolidated statements of comprehensive income.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Convenience translation

Translations of the consolidated balance sheets, the consolidated statements of comprehensive income and the consolidated statements of cash flows from RMB into US$ as of and for the year ended December 31, 2025 are solely for the convenience of the readers and were calculated at the rate of US$1.00=RMB6.9931, representing the index rates stipulated by the Federal Reserve Board using the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 31, 2025. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US$ at that rate on December 31, 2025, or at any other rate.

2.7 Fair value measurements

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurement for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

Accounting guidance also describes three main approaches to measure the fair value of assets and liabilities: 1) market approach; 2) income approach and 3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates.

2.8 Restricted cash

Cash that is legally or contractually restricted as to withdrawal or for use or pledged as security is reported separately on the face of the consolidated balance sheets. In accordance with ASC 230, *Statement of Cash Flows* ("ASC 230"), the amounts generally described as restricted cash and restricted cash equivalents are included in the total cash, cash equivalents and restricted cash balances in the consolidated statements of cash flows.

The Group's restricted cash is mainly comprised of 1) cash received from the property buyers but not yet paid to the sellers through the Group's online payment platform, which is placed with banks in escrow accounts; 2) security deposits for the Group's agency, guarantee, property development business and financing services; 3) funds received from pre-sale proceeds of real estate properties under development, which are placed with banks in escrow accounts; and 4) other miscellaneous restricted cash.

2.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and highly liquid investments placed with banks or other financial institutions, which are unrestricted as to withdrawal or use, and which have original maturities less than three months and are readily convertible to known amount of cash.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Short-term investments

Short-term investments include certain debt investments purchased from reputable financial institutions.

Time deposits placed with banks are measured at amortized cost with interest income recognized using the effective interest method on the consolidated statements of comprehensive income.

Wealth management products are certain deposits with variable interest rates or principal not guaranteed with certain financial institutions. Wealth management products are bought and held principally for the purpose of selling them in the near term and are classified as trading securities, in accordance with ASC 320. Unrealized holding gains and losses for trading securities are included in earnings.

Held-to-maturity debt investments include debt securities issued by financial institutions for which the Group has the positive intent and ability to hold those securities to maturity. The Group accounts for the held-to-maturity debt investments at amortized cost less allowance for credit losses.

The allowance for credit losses of the held-to-maturity debt investments reflects the Group's estimated expected losses over the contractual lives of the held-to-maturity debt investments and is charged to earnings in the consolidated statements of comprehensive income. Estimated allowances for credit losses are determined by considering reasonable and supportable forecasts of future economic conditions in addition to information about past events and current conditions. As of December 31, 2024 and 2025, the allowance for credit losses provided for the held-to-maturity debt investments held by the Group was insignificant.

Available-for-sale debt investments are debt instruments issued by banks and other financial institutions that are redeemable at the issuer's option, which are measured at fair value. Available-for-sale debt investments that are redeemable at the issuer's option have no contractual maturity date. Interest income is recognized in earnings. All other changes in the carrying amount of these debt investments are recognized in other comprehensive income (loss).

The allowance for credit losses on available-for-sale debt securities is accounted for in accordance with ASC 326, *Financial Instruments – Credit Losses* ("ASC 326"). Under ASC 326, at each reporting period, available-for-sale debt securities are evaluated at the individual security level to determine whether there is a decline in the fair value below its amortized cost basis (an impairment). In circumstances where the Group intends to sell, or is more-likely-than-not required to sell, the security before it recovers its amortized cost basis, the difference between fair value and amortized cost is recognized as a loss in the consolidated statements of operations, with a corresponding write-down of the security's amortized cost. In circumstances where neither condition exists, the Group then evaluates whether a decline is due to credit-related factors. The factors considered in determining whether a credit loss exists can include the extent to which fair value is less than the amortized cost basis, changes in the credit quality of the underlying loan obligors, credit ratings actions, as well as other factors. To determine the portion of a decline in fair value that is credit-related, we compare the present value of the expected cash flows of the security discounted at the security's effective interest rate to the amortized cost basis of the security. A credit-related impairment is limited to the difference between fair value and amortized cost, and recognized as an allowance for credit loss on the consolidated balance sheets with a corresponding adjustment to net income. Any remaining decline in fair value that is non-credit related is recognized in other comprehensive income (loss), net of tax. Improvements in expected cash flows due to improvements in credit are recognized through reversal of the credit loss and corresponding reduction in the allowance for credit loss. As of December 31, 2024 and 2025, the allowance for credit losses provided for the available-for-sale debt securities held by the Group was insignificant.

Investments with expected maturity of over a year are classified as long-term investments. Investments with maturity date within one year will be reclassified to short-term investments.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Accounts receivable

Accounts receivable represents those receivables derived in the ordinary course of business, net of allowance for credit losses, including receivables from real estate property sellers, buyers and agents from the platform. The Group assesses the allowance for credit losses in accordance with ASC 326. The allowance is management's estimate of expected credit losses after considering historical collection activity, the nature of the receivables, the current business environment and forecasts that may affect the customers' ability to pay. Management estimated the allowance by segmenting accounts receivable based on certain credit risk characteristics and determining an expected loss rate for each segmentation based on historical loss experience adjusted for judgments about the effects of relevant observable data including current and future economic conditions.

Practical Expedients

The Group has used the following practical expedients as allowed under ASC 326: The Group use, as a practical expedient, the fair value of the collateral at the reporting date when recording the net carrying amount of the asset and determining the allowance for credit losses for a financial asset for which the repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty based on the entity's assessment as of the reporting date (collateral-dependent financial asset).

The allowance for credit losses and corresponding receivables were written off when they are determined to be uncollectible.

2.12 Financing receivables

The Group generates financing receivables by providing personal credit loans to property owners, tenants and other individual borrowers. The Group has the intent and the ability to hold such financing receivables for the foreseeable future or until maturity or payoff.

Financing receivables from consolidated Trusts

The Group has entered into arrangements with consolidated trusts ("Trusts"), pursuant to which the Group invested in the financing receivables using funds from the consolidated Trusts. The Trusts are administered by third party trust companies, which act as the trustees, with funds contributed by the Group and/or other third party investors for the purposes of providing returns to the beneficiary of the Trusts. The Group has power to direct the activities of the Trusts and has the obligation to absorb losses or the right to receive benefits from the Trusts that could potentially be significant to the Trusts. As a result, the Trusts are considered consolidated VIEs of the Group under ASC 810.

Therefore, the loans funded by the consolidated Trusts are recorded as the Group's financing receivables. The proceeds received from the third party investors are recognized as funding debts. Cash received via consolidated Trusts that has not yet been distributed is recorded as restricted cash.

Financing receivables from micro-loan platforms

The Group also offers micro loans to borrowers via micro-loan platforms. The loans offered mainly include: 1) installment loans for home renovation and furnishing to property owners; 2) loans provided to external small property agents; and 3) loans provided to other individuals. As the Group undertakes substantially all the risks and rewards, the micro loans are recognized as financing receivables on the consolidated balance sheets.

Measurement of financing receivables

Financing receivables are measured at amortized cost and reported on the consolidated balance sheets at outstanding principal adjusted for any write offs and the allowance for credit losses.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financing receivables (Continued)

Allowance for credit losses

The Group assesses the allowance for credit losses in accordance with ASC 326, based on the past collection experience as well as consideration of current and future economic conditions and changes in the Group's customer collection trends. The provision for credit losses represents an estimate of the losses expected to be incurred from the Group's financing receivable portfolio. The Group uses projected risk parameters (e.g. probability of default and loss given default (severity)) to estimate the allowance of different segmentations, driven primarily by business type, on a collective basis. This projected risk parameters are primarily based upon historical loss experience adjusted for judgments about the effects of relevant observable data including current and future economic conditions as well as external historical loan performance trends, recovery rates and credit quality indicators. The allowance for credit losses and corresponding receivables were written off when they are determined to be uncollectible.

The Group considers available information in quarterly assessments of the adequacy of the allowance. The Group believes the estimates, including any qualitative adjustments, are reasonable and have considered reasonably available information about past events, current conditions, and reasonable and supportable forecasts of future events and economic conditions.

Accrued interest receivable

Accrued interest income on financing receivables is calculated based on the effective interest rate of the loan and recorded as interest income as earned. The outstanding principal balance of loans which has not been collected prior to the contractual maturity date is considered to be past due. When a financing receivable reaches 1 day past due, it is placed on non-accrual status, and the Group stops accruing interest of the financing receivables as of such date. The accrued but unpaid interest as of such date is not reversed. The Group assesses the collectability of accrued interest together with the unpaid principal amount and provides reserves. Cash receipt of non-accrual financing receivables would be first applied to any unpaid principal, late payment fees, if any, before recognizing interest income. The Group does not resume accrual of interest after a loan has been placed on non-accrual basis. For the years ended December 31, 2023, 2024 and 2025, the amount of interest income recognized on non-accrual financial assets was insignificant.

2.13 Inventories

Inventories mainly consist of inventories of properties related to the Group's Beihaojia business and inventories of home renovation and furnishing business.

Inventories of properties

Inventories of properties are stated at cost and include properties under development which are intended to be sold upon completion of development and completed properties held for sale, which are classified as current assets.

A variety of costs are incurred in the development of properties. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The Group adopts the capitalization policy on development properties which is guided by ASC 835-20, *Interest – Capitalization of Interest* ("ASC 835-20") and ASC 970, *Real Estate - General* ("ASC 970"). Development expenditures, including costs of land use rights, deed tax, pre-development costs and engineering costs, are capitalized and allocated to development projects by the specific identification method.

In accordance with ASC 360, *Property, Plant and Equipment* ("ASC 360"), real estate property development completed and under development are subject to valuation adjustments when the carrying amount exceeds fair value. An impairment loss is recognized only if the carrying amount of the assets is not recoverable and exceeds fair value. The carrying amount is not recoverable if it exceeds the sum of the undiscounted cash flows expected to be generated by the assets.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Inventories (Continued)

When the profitability of a current project deteriorates due to a slowdown in the sales pace, reduction of pricing or some other factor, this indicates that there may be a possible future loss on delivery and possible impairment in the recoverability of the assets. Accordingly, the assets of such project are subsequently reviewed for future losses and impairment by comparing the estimated future undiscounted cash flows for the project to the carrying value of such project. If the estimated future undiscounted cash flows are less than the asset's carrying value, such deficit will be charged as a future loss and the asset will then be written down to its estimated fair value.

Properties under development are transferred to properties held for sale upon completion. Properties held for sale are classified as inventories until delivered and accepted by customer.

The Group transfers a property from property held for sale to property, plant and equipment when there is a change in use to hold the property to earn rentals rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party.

Other inventories

Other inventories mainly consist of materials used for home renovation, as well as furniture, electronic and home appliances products and VR equipment for sale. Other inventories are valued at the lower of cost or net realizable value. The Group had an inventory allowance of RMB8.7 million as of December 31, 2025.

2.14 Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation is computed based upon the usage of the asset, which is approximated using a straight-line method over the estimated useful lives of the assets, which ranges as follows:

• Office building	20 - 40 years
• Vehicles	4 years
• Computer equipment	3 - 5 years
• Furniture and office equipment	3 - 5 years
• Leasehold improvement	lesser of the term of the lease or the estimated useful lives of the assets

Expenditures for maintenance and repairs are expensed as incurred. The gain or loss on the disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in "Other income, net", in the consolidated statements of comprehensive income.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Intangible assets, net

Intangible assets mainly include those acquired through business combinations and purchased intangible assets. Intangible assets acquired through business combinations are recognized as assets separate from goodwill if they satisfy either the "contractual-legal" or "separability" criterion. Intangible assets arising from business combinations are recognized and measured at fair value upon acquisition. Purchased intangible assets are initially recognized and measured at cost upon acquisition. Separately identifiable intangible assets that have determinable lives continue to be amortized over their estimated useful lives based upon the usage of the asset, which is approximated using a straight-line method as follows:

• Software	3 - 10 years
• Trademarks and domain names	3 - 10 years
• Non-competition agreements	3 - 5 years
• Advertising resources	5 years
• Licenses	6 - 10 years

The Group considers the factors listed in ASC 350-30-35-3 when determining the useful life of an intangible asset, such as the expected use of the asset by the entity, and any legal, regulatory, or contractual provisions that may limit the useful life. The useful life of software is mainly determined based on its expected use and contractual provisions. The useful life of trademarks and domain names is determined based on the expected use and legal provisions. The useful life of licenses, which are mainly licenses for franchise business, is determined on the expected cooperation period with franchisees.

Separately identifiable intangible assets and other long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss for identifiable intangible assets is based on the amounts by which the carrying amounts of the assets exceed the fair values of the assets.

2.16 Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired in a business combination.

Goodwill is not depreciated or amortized but is tested for impairment on an annual basis, and between annual tests if events or circumstances indicate that the goodwill may be impaired. The Group adopted ASU No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* in 2019. In accordance with the FASB, a company first has the option to assess qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. In the qualitative assessment, the Group considers primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. If the Group decides, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss equal to the difference between the fair value and the carrying value is recognized. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Long-term investments

(i) Equity investments accounted for using equity method

In accordance with ASC 323, *Investment — Equity Method and Joint Ventures* ("ASC 323"), the Group applies the equity method of accounting to equity investments, in common stock or in-substance common stock, over which it has significant influence but does not own a majority equity interests or otherwise control.

An investment in in-substance common stock is an investment that has risk and reward characteristics that are substantially similar to that entity's common stock. The Group considers subordination, risks and rewards of ownership and obligation to transfer value when determining whether an investment in an entity is substantially similar to one in that entity's common stock.

Under the equity method, the Group initially records its investment at cost. The difference between the cost of the equity investment and the amount of the underlying equity in the net assets of the equity investee is recognized as equity method goodwill or as an intangible asset as appropriate. The Group subsequently adjusts the carrying amount of the investment to recognize the Group's proportionate share of each equity investee's net income or loss into the consolidated statements of comprehensive income after the date of acquisition. When the Group's share of losses in the equity investee equals or exceeds its interest in the equity investee, the Group does not recognize further losses, unless the Group has incurred obligations or made payments or guarantees on behalf of the equity investee, or the Group holds other investments in the equity investee.

The Group continually reviews its investment in equity investees under the equity method to determine whether a decline in fair value to below the carrying value is other-than-temporary. The primary factors the Group considers in its determination are the duration and severity of the decline in fair value, the financial condition, operating performance and the prospects of the equity investee, and other company specific information such as recent financing rounds.

The fair value determination, particularly for investments in early stage privately held companies, requires significant judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and the determination of whether any identified impairment is other-than-temporary. If any impairment is considered other-than-temporary, the Group writes down the investment to its fair value and takes the corresponding charge to the consolidated statements of comprehensive income.

(ii) Investments accounted for at fair value

Securities with readily determinable fair value are measured at fair value. Equity securities accounted for at fair value include investments in i) marketable equity securities, which are publicly traded stock and ii) unlisted companies, for which the Group measures at fair value on a recurring basis. Pursuant to ASC 321, *Investment – Equity Securities* ("ASC 321") for equity investments measured at fair value with changes in fair value recorded in earnings, the Group does not assess whether those securities are impaired.

For wealth management products with variable interest rates referenced to performance of underlying assets and with original maturities greater than one year, the Group elected the fair value method at the date of initial recognition and carries these investments at fair value in accordance with ASC 825, *Financial Instruments* ("ASC 825"). Changes in the fair value of these investments are reflected on the consolidated statements of comprehensive income as fair value changes in investments, net. Fair value is estimated based on quoted prices of similar products provided by financial institutions at the end of each reporting period.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Long-term investments (Continued)

(iii) Equity investments measured at measurement alternative and NAV practical expedient

Private equity funds pursue various investment strategies. Investments in private equity funds generally are not redeemable due to the closed-ended nature of these funds. These private equity funds, over which the Group does not have the ability to exercise significant influence, are accounted for under the existing practical expedient in ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820") to estimate fair value using the net asset value per share (or its equivalent) of the investment ("NAV practical expedient").

The Group measures investments in equity securities, other than equity method investments, at fair value through earnings. For those investments without readily determinable fair value and do not qualify for NAV practical expedient, the Group may elect to record these investments at cost, less impairment, and plus or minus subsequent adjustments for observable price changes, in accordance with ASU No. 2016-01. Under this measurement alternative, changes in the carrying value of the equity investment will be required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. For those equity investments that the Group elects to use the measurement alternative, the Group makes a qualitative assessment of whether the investment is impaired at each reporting date. If a qualitative assessment indicates that the investment is impaired, the Group has to estimate the investment's fair value in accordance with the principles of ASC 820. If the fair value is less than the investment's carrying value, the Group recognizes an impairment loss in net income equal to the difference between the carrying value and fair value.

(iv) Long-term time deposits

Long-term time deposits represent time deposits placed with banks with maturities more than one year. The Group accounts for the long-term time deposits at amortized cost less allowance for credit losses.

(v) Held-to-maturity debt investments

Long-term held-to-maturity debt investments include debt securities issued by financial institutions with maturities of greater than one year and for which the Group has the positive intent and ability to hold those securities to maturity. The Group accounts for the held-to-maturity debt investments at amortized cost less allowance for credit losses.

The allowance for credit losses of the held-to-maturity debt investments reflects the Group's estimated expected losses over the contractual lives of the held-to-maturity debt investments and is charged to earnings in the consolidated statements of comprehensive income. Estimated allowances for credit losses are determined by considering reasonable and supportable forecasts of future economic conditions in addition to information about past events and current conditions. As of December 31, 2024 and 2025, the allowance for credit losses provided for the held-to-maturity debt securities held by the Group was insignificant.

(vi) Available-for-sale debt investments

Available-for-sale debt investments are debt instruments issued by banks and other financial institutions that are redeemable at the issuer's option, which are measured at fair value. Available-for-sale debt investments that are redeemable at the issuer's option have no contractual maturity date. Interest income is recognized in earnings. All other changes in the carrying amount of these debt investments are recognized in other comprehensive income (loss).

The allowance for credit losses on available-for-sale debt securities is accounted for in accordance with ASC 326. For details, please refer to Note 2.10. As of December 31, 2024 and 2025, the allowance for credit losses provided for the available-for-sale debt securities held by the Group was insignificant.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Leases

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of ASC 842, *Leases* ("ASC 842") or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under ASC 842 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(b) The Group as a lessee

The Group mainly leases sales stores (including brokerage sales stores, transaction service centers and home renovation and furnishing service stores), administrative offices, properties for home rental services and land use rights from property owners. These are all classified as operating leases.

Rental contracts for the sales stores and offices are typically made for fixed periods ranging generally from few months to ten years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Rental properties managed under the Group's home rental services generally with a lease term of 2 to 3 years.

Self-used land use rights represent lease prepayments to the local government authorities. These land use rights are identified as operating lease right-of-use assets in the Group's consolidated balance sheets and are amortized on a straight-line basis over the shorter of the estimated useful life, generally from 40 to 47 years, or the terms of the agreements.

For leases existing as of January 1, 2019, the Group elected the practical expedient which allows use of hindsight in determining the lease term. The Group's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Group will exercise that option. The determination of whether an arrangement is or contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Group obtains substantially all of the economic benefits from and has the ability to direct the use of the asset.

The Group elected not to separate non-lease components from lease components. Therefore, it will account for lease and non-lease components as a single lease component when there is only one vendor in the lease contract.

The majority of the Group's leases have fixed payments schedules, with certain leases including additional payments based on future contract performance. For leases with additional payments based on future contract performance, no amount is included in the calculation of the lease liability or corresponding asset because of the uncertainty for future contract performance and payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Leases (Continued)

Under a lease, the lessees are required to recognize right-of-use assets and lease liabilities. Right-of-use assets represent the Group's right to use an underlying asset for the lease term and are recognized as the amount of the lease liabilities, adjusted for lease incentives received. Lease liabilities represent the Group's obligation to make lease payments arising from the lease and are recognized at the present value of the future lease payments at the lease commencement date. As the interest rate implicit in most of the Group's leases is not readily determinable, the Group uses the incremental borrowing rate ("IBR") to determine the present value of the future lease payments. The IBR is a hypothetical rate based on the Group's understanding of what its credit rating would be to borrow and resulting interest the Group would pay to borrow an amount equal to the lease payments in a similar economic environment over the lease term with a similar security.

Any lease with a term of 12 months or less is considered short-term. As permitted by ASC 842, short-term leases are excluded from the right-of-use assets and lease liabilities accounts on the consolidated balance sheets. Consistent with all other operating leases, short-term lease expense is recorded on a straight-line basis over the lease term.

(c) The Group as a lessor

The Group is entrusted by landlords to manage the properties and then lease them to tenants. Leases for which the Group is a lessor are classified as operating leases. The contract term with tenants is normally one year or more.

Rental income which is derived from the Group's ordinary course of business is presented as home rental revenue. Rental income is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are deferred at the lease commencement date and recognized as a prepaid asset. Such costs are recognized as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components. To the extent that such costs represent non-lease components and payments are fixed in the lease agreement, those costs are included in the lease payments used to calculate the lease obligation and are included within the total lease cost recognized on a straight-line basis over the lease term.

When the Group serves as an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified by reference to the underlying asset, rather than the right-of-use assets arising from the head lease.

2.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

2.20 Treasury shares

The Group accounts for treasury shares using the cost method. Under this method, the cost incurred to purchase the shares is recorded in "Treasury shares" on the consolidated balance sheets. At retirement of the treasury shares, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury shares over the aggregate par value is allocated between additional paid-in capital and retained earnings, with payments in excess of our additional paid-in capital balance recorded as a reduction to retained earnings.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Statutory reserves

In 2025, the Group's WFOEs amended their Articles of Association in accordance with The Foreign Investment Law of the PRC (the "Foreign Investment Law"), the Implementation Regulations of the Foreign Investment Law, and the Company Law of the PRC (the "Company Law"). Pursuant to the Circular on the Relevant Accounting Treatment following the Implementation of the Company Law and the Foreign Investment Law and the amended Company's Articles of Association, the Group's WFOEs no longer accrue general reserve fund, enterprise expansion fund and staff bonus and welfare fund since January 1, 2025. Instead, the WFOEs shall appropriate 10% of their annual net profit to the statutory surplus reserve. Appropriation may cease once the statutory surplus reserve exceeds 50% of the registered capital. Subject to approval from the relevant authorities, the statutory surplus reserve may be used to offset losses or increase paid-in capital. For the year ended December 31, 2025, profit appropriation to statutory surplus reserve was approximately RMB84.4 million.

Balances of the general reserve fund and enterprise expansion fund should be reclassified to statutory surplus reserve and discretionary surplus reserve, respectively. The staff bonus and welfare fund balance continues to be used for its original purposes.

In addition, in accordance with the PRC Company Laws, the consolidated VIEs (inclusive of VIEs' subsidiaries) incorporated in PRC are required to make appropriations on an annual basis from their after tax profits to non-distributable reserve funds including statutory surplus fund and discretionary surplus fund. The appropriation to the statutory surplus fund must be 10% of the after tax profits as determined under PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the company. Appropriation to the discretionary surplus fund is made at the discretion of the respective company.

The use of the general reserve fund, enterprise expansion fund, statutory surplus fund and discretionary surplus fund is restricted to offsetting losses or increasing the registered capital of the respective company. The staff bonus and welfare fund is a liability in nature and is restricted to fund payments of special bonus to employees and for the collective welfare of all employees. None of these reserves is allowed to be transferred to the company in terms of cash dividends, loans or advances, nor can they be distributed except under liquidation.

For the years ended December 31, 2023, 2024 and 2025, profit appropriation to general reserve fund and statutory surplus fund for the Group's entities incorporated in the PRC was approximately RMB150.3 million, RMB115.9 million and RMB127.9 million, respectively. No appropriation to other reserve funds was made for any of the periods presented.

2.22 Revenue recognition

The Group recognizes revenue under ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), according to which, revenues from contracts with customers are recognized when control of the promised goods or services is transferred to the Group's customers in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services, after considering reductions by estimates for refund allowances, price concessions, discounts and Value Added Tax ("VAT").

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition (Continued)

Existing home transaction services

The Group generates revenue from existing home transaction services primarily by earning commissions from housing customers for sales or leases transactions facilitated by the Group's own Lianjia brand where the Group acts as the principal agent, or splits of commissions with other brokerage firms acting as the principal agents in cooperation with the Group to facilitate transactions. In these transactions, the principal agent signs a housing agency service contract with housing customers and is responsible for fulfilling the obligations to provide the agency services under the contract. The Beike platform requires platform agreements to be signed by all brokerage firms registered with the platform. The platform agreements establish a cooperative relationship between the principal agent and all participating brokerage firms, which allows the principal agent to combine and control services provided by the participating agent. The platform agreements also set the principal agent's role and responsibility for overall agency services and a fee allocation structure for various standard cooperating roles of agency services. For each successful transaction facilitated through the platform, the platform will calculate commissions for each participating agent in accordance with the platform agreements and settle them through the platform's payment system.

When the Group signs the housing agency service contracts with housing customers and splits commissions with other brokerage firms who cooperate with the Group to facilitate the housing transactions in accordance with the platform agreement, the Group is considered to be the principal agent as it has the right to determine the service price and to define the service performance obligations, it has control over services provided and it is fully responsible for fulfilling the agency services pursuant to the housing agency service contracts it signed with the housing customers. Accordingly, the Group accounts for the commissions from these agency service contracts on a gross basis, with any commissions paid to other brokerage firms recorded as a cost of revenue.

Brokerage services and transaction closing services identified in the housing sales agency services contracts are considered to be separate performance obligations. Therefore the consideration is allocated to brokerage services and transaction closing services based on the relative stand-alone selling prices. The Group recognizes them as revenues when the services are provided.

When other brokerage firms on Beike platform sign the housing agency service contracts with housing customers and split commissions with the Group in accordance with platform agreement for cooperation services by the Group to facilitate the housing transaction services, the Group is considered as a participating agent who provides services to the principal agents as the Group is not the primary obligor for the agency service contract and does not have the right to determine the service price. Accordingly, the Group accounts for the commissions from these agency service contracts on a net basis.

For agency commissions earned by the Group, either as the principal agent or participating agent, the Group recognizes commissions as revenues when the performance obligations are satisfied at the time the housing customers sign the housing sale and purchase agreements or the lease agreements, after deducting estimated potential refunds due to a terminated transaction.

The Group also generates revenue from existing home transaction services by earning (i) platform service fees from real estate brokerage firms on the Beike platform as a percentage of the transaction commissions earned on the platform for using the Group's ACN and SaaS systems; (ii) franchise fees from brokerage firms as a percentage of the transaction commissions earned under the Group's franchise brands such as the Deyou brand; and (iii) other service fees for various services offered by Beike platform, such as transaction closing service through the Group's transaction center.

For platform service and franchise fees, the Group recognizes the estimated fees that it expects to receive as revenues when the Group obtains the right to payment at the time the housing customers sign the housing sale and purchase agreements or the lease agreements.

For other service fees, the Group recognizes them as revenues when the services are provided.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition (Continued)

New home transaction services

The Group generates revenues from new home transaction services principally by earning sales commissions from real estate developers for new home sales facilitated by the Group. The Group signs new home marketing service contracts with real estate developers in where the terms and conditions for sales commission earned are defined. The Group recognizes sales commissions as revenues when the confirmations are received from real estate developers that terms and conditions for commissions earned are met or upon cash receipts of service fees if collection of the commissions are not considered probable.

The Group subcontracts with other brokerage firms to fulfil its marketing services contracts with the real estate developers and splits commissions with these brokerage firms. The Group signs marketing services contracts with the developers and it has the right to determine the service price and to define the service performance obligations, it has control over the services provided by the other brokerage firms and it is fully responsible for fulfilling marketing services pursuant to the new home marketing service contracts signed with the real estate developers. Accordingly, the Group accounts for such marketing service contracts on a gross basis and recognizes split commissions to collaborating brokerage firms as cost of revenues.

Home renovation and furnishing

The Group provides interior renovation services to its customers. Such services are recognized as a performance obligation satisfied over time as the customer controls the house that is being enhanced by the renovation services provided by the Group. Revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

For sale of furniture, electronic and home appliances products, revenue is recognized when delivery and acceptance occurs, which is defined as receipt by the Group of either a delivery note when delivery has been completed or a customer confirmation that the installation process is completed.

Home rental services

Original model

The Group is entrusted by landlords to manage the properties and then lease them to tenants. The lease contracts with tenants are classified as operating leases and the lease payments from its tenants are recognized as rental income and presented as revenue in accordance with ASC 842. Please refer to rental income recognition policy in Note 2.18 Leases – (c) The Group as a lessor.

The Group also provides rental-related services, which mainly include maintenance, appliance repair, etc. The rental-related services' revenue is recognized on a straight-line basis during the period of the lease term as the tenants simultaneously receive and consume the benefits in relation to the services provided by the Group.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition (Continued)

Home rental services (Continued)

New Model

Effective in January 2025, the Group implemented a new business model for home rental services, under which the Group does not obtain control of the property before the property is delivered to the tenant and revenue is recognized in accordance with ASC 606. Under the new model, the Group acts as an agent to provide leasing agency services and lease term management services to both landlords and tenants. Leasing agency services revenue is earned from brokerage commissions as the Group facilitates the home lease agreement between tenants and landlords, which is satisfied at a point in time, upon lease execution. Lease term management services provide on-site day-to-day property management services for tenants and landlords, representing a series of daily performance obligations delivered on a straight-line basis over the service period. The service fee is in the form of a monthly fee determined based on fixed percentage of monthly rent.

To the extent the transaction price of leasing agency services includes variable consideration primarily arising from lease early termination, the Group estimates the amount of variable consideration that is included in the transaction price of leasing agency services at contract inception and reassesses this estimate at each reporting date. Variable consideration is included in the transaction price of leasing agency services if it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Company determines its estimate of variable consideration primarily based on actual historical experience.

Emerging and other services

The Group generates revenues from emerging and other services such as financial services and other newly developed businesses.

Service fees for financial services and other newly developed businesses are generally recognized as revenue when services are provided.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition (Continued)

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing to customers. For certain services, customers are required to pay before the services are delivered. The Group recognizes contract assets or contract liabilities and deferred revenue in the consolidated balance sheets, depending on the relationship between the Group's performance and the customer's payment.

The Group classifies its right to consideration in exchange for services transferred to a customer as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional as compared to a contract asset which is a right to consideration that is conditional upon factors other than the passage of time. The Group recognizes an accounts receivable in its consolidated balance sheets when it performs a service in advance of receiving consideration and if it has the unconditional right to receive consideration, and a contract asset if not yet has the unconditional right to receive consideration.

Contract liabilities and deferred revenue are recognized if the Group receives consideration in advance of performance, represents collections from customers for which revenue has not been recognized to date. RMB5,424.2 million of revenues recognized in the year ended December 31, 2025 was included in the balance of contract liabilities and deferred revenue as of December 31, 2024. Cumulative catch-up adjustments to revenue that affect the contract liabilities as of December 31, 2024 was insignificant. The contract liabilities and deferred revenue of the Group as of December 31, 2024 and 2025 are listed in the table below.

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Contract liabilities under ASC 606:		
Existing home transaction services	369,839	275,811
New home transaction services	966,810	704,799
Home renovation and furnishing	2,973,192	2,143,164
Beihaojia business(i)	—	832,065
Home rental services	—	282,872
Emerging and other services	93,075	121,884
Subtotal	**4,402,916**	**4,360,595**
Deferred revenue under ASC 842:		
Home rental services	1,648,951	1,329,698
Total	**6,051,867**	**5,690,293**

(i) Contract liabilities of Beihaojia business represent funds received from pre-sale proceeds of real estate properties under development, which are recognized as revenue when the Group fulfills its performance obligation under the contract. The contract liabilities are classified as current liabilities as the balance is expected to be realized during Beihaojia business's normal operating cycle.

Incremental Costs of Obtaining a Contract

Incremental costs of obtaining a contract with a customer are recognized as an asset in "Prepayments, receivables and other assets" if the Group expects to recover those costs. Incremental costs of obtaining a contract include only those costs the Group incurs to obtain a contract that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract mainly include sales commissions to sales personnel under interior renovation services. Contract cost assets are amortized on the basis consistent with the pattern of the transfer of services to which the assets relate.

Capitalized costs of obtaining contracts are periodically analyzed for impairment. There were no impairment losses relating to the capitalized costs of obtaining contracts for all periods presented.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition (Continued)

Practical Expedients

The Group has used the following practical expedients as allowed under ASC 606:

The effect of a significant financing component has not been adjusted for contracts when the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to the customer will be one year or less.

Remaining Performance Obligations ("RPO")

RPO represents the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied. As of December 31, 2024 and 2025, the Group's total RPO was approximately RMB6.3 billion and RMB6.1 billion, respectively. Of the total RPO as of December 31, 2025, the Group expects it will be fully recognized as revenue over the following 12 months.

2.23 Advertising expenses

Advertising expenses are generally paid to the third parties for online traffic acquisition and offline advertising services such as television, outdoor and inner-building channels. Advertising expenses are expensed as sales and marketing expenses when the services are received. For the years ended December 31, 2023, 2024 and 2025, advertising expenses recognized in the consolidated statements of comprehensive income were RMB2,030.8 million, RMB2,104.0 million and RMB1,912.1 million, respectively.

2.24 Share-based compensation

The Group grants share options, restricted shares and restricted share units ("RSUs") to its employees, directors and consultants with performance conditions and service conditions, and accounts for these share-based awards in accordance with ASC 718, *Compensation-Stock Compensation* ("ASC 718").

Employees' share-based awards are classified as equity awards and are measured at the grant date fair value of the awards and recognized as expenses a) immediately at grant date if no vesting conditions are required, b) for awards granted with only service conditions, using a straight-line method over the requisite service period, or c) for awards granted with service conditions and performance condition, the share-based compensation expenses are recorded when the performance condition is considered probable using the graded vesting method. In accordance with ASU No. 2016-09, the Group has chosen to account for forfeitures when they occur.

Share options granted contained both a service condition and required completion of an IPO. The IPO was completed on August 17, 2020 and options for which the service condition had been met became vested. The remaining options will vest as the service conditions are met. All transactions in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

The Group uses the binomial option pricing model to determine the fair value of stock options. The determination of the fair value of stock options is affected by the fair value of ordinary shares as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, actual and projected employee share option exercise behavior, risk free interest rates and expected dividends. Upon the completion of the IPO, the estimated fair value of ordinary shares was based on the Company's share price.

The fair value of the restricted shares and RSUs granted subsequent to IPO are determined with reference to the fair value of the underlying shares.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Income taxes

Income taxes

Current income tax is recorded in accordance with the laws of the relevant tax jurisdictions.

The Group applies the assets and liabilities method of income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"), which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are provided based on temporary differences arising between the tax bases of assets and liabilities and financial statements, using enacted tax rates that will be in effect in the period in which the differences are expected to reverse.

Deferred tax assets are recognized to the extent that such assets are more-likely-than-not to be realized. In making such a determination, the Group considers all positive and negative evidence, including results of recent operations and expected reversals of taxable income. Valuation allowances are established to offset deferred tax assets if it is considered more-likely-than-not that the amount of the deferred tax assets will not be realized.

Uncertain tax positions

The Group accounts for uncertainty in income taxes recognized in the consolidated financial statements by applying the two-step approach to determine the amount of the benefit to be recorded. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more-likely-than-not that the position will be sustained, including resolution of related appeals or litigation processes. If the tax positions meet the "more-likely-than-not" recognition threshold, the second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement. The Group classifies interest and penalties related to income tax matters, if any, as income tax expense.

The Group did not have any significant interest or penalties associated with tax positions for the years ended December 31, 2023, 2024 and 2025. The Group did not have any significant unrecognized uncertain tax positions for the years ended December 31, 2023, 2024 and 2025.

2.26 Employee benefits

Full-time employees of the Group in mainland China are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulations require that the Group makes payments to the government for these benefits based on a certain percentage of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond making the required contributions.

Historically, the contributions made by the Group for employees might have been insufficient under the PRC laws and regulations, for which the Group made provisions based on its best estimates considering general administrative practice, historical precedent cases, legal advice and other factors. The provisions made are to be reversed if a) the potential exposures that the provisions were made for do not occur for a period of time and b) the Group believes that it's not probable that such exposures would materialize in the future based on most recent developments. The balances of the provisions are included in employee compensation and welfare payable. The net impact of reversals of the provisions was RMB1,598.4 million, RMB1,379.2 million and RMB678.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. Currently, the Group has been implementing a remediation plan to reduce the exposure of non-compliance of relevant law and regulations for employee welfare benefits. The total amounts of such employee welfare benefit expenses, including the provision's net impact, were approximately RMB1.2 billion, RMB2.5 billion and RMB3.7 billion, for the years ended December 31, 2023, 2024 and 2025, respectively.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Research and development expenses

Research and development expenses consist primarily of personnel-related compensation expenses, including share-based compensation for employees in engineering, design, product and platform development, depreciation of property, plant and equipment utilized by research and development functions, and bandwidth and server related costs incurred by research and development functions. The Group expenses all research and development expenses as incurred.

2.28 Net income per share

Basic net income per share is computed by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted net income per share is calculated by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of deemed issued shares and options to purchase ordinary shares (using the treasury stock method), unvested restricted shares and unvested RSUs. Ordinary equivalent shares are not included in the denominator of the diluted net income per share calculation when inclusion of such shares would be anti-dilutive, such as in a period in which a net loss is recorded.

2.29 Comprehensive income

Comprehensive income is defined to include all changes in equity of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Comprehensive income includes net income, currency translation adjustments and unrealized gains on available-for-sale investments, net of reclassification.

2.30 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence, such as a family member or relative, shareholder, or a related corporation.

2.31 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as a management committee including chief executive officer, chief financial officer, chief human resources officer and three business line executive officers.

The Group operates in five operating segments: (i) Existing home transaction services; (ii) New home transaction services; (iii) Home renovation and furnishing; (iv) Home rental services and (v) Emerging and other services.

The Group's internal organizational structure as well as information about geographical areas and business segments is set out in detail under Note 23.

2.32 Contingencies

In the normal course of business, the Group is subject to contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters. An accrual for a loss contingency is recognized if it is probable that a liability has been incurred and the amount of liability can be reasonably estimated. If a potential loss is not probable, but reasonably possible, or is probable but the amount of liability cannot be reasonably estimated, then the nature of contingent liability, together with an estimate of the range of the reasonably possible loss, if determinable and material, is disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of guarantee would be disclosed.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.33 Government grants

Government grants are recognized as income in other income, net. Such amounts are recognized in the consolidated statements of the comprehensive income upon receipt when all conditions attached to the grants have been fulfilled.

For the years ended December 31, 2023, 2024 and 2025, the Group recognized government grants of approximately RMB762.1 million, RMB731.2 million and RMB600.9 million, respectively, in the consolidated statements of comprehensive income.

2.34 Concentration and risks

Concentration of customers and suppliers

There are no customers or suppliers from whom revenues or purchases individually represent greater than 10% of the total net revenues or the total purchases of the Group for the years ended December 31, 2023, 2024 and 2025.

Concentration of credit risk

Assets that potentially subject the Group to significant concentrations of credit risk primarily consist of cash and cash equivalents, restricted cash, accounts receivable, other receivables, short-term investments, long-term investments and financing receivables. As of December 31, 2024 and 2025, all of the Group's cash and cash equivalents, restricted cash, short-term investments and long-term debt investments were held by major financial institutions located in the PRC, Hong Kong, the USA and Australia, which the management believes are of high credit quality. The Group's total cash and cash equivalents, restricted cash, short-term investments and long-term debt investments held at five financial institutions in mainland China representing 16.4%, 13.3%, 9.8%, 9.5% and 7.2% of the Group's total cash and cash equivalents, restricted cash, short-term investments and long-term debt investments as of December 31, 2025. On May 1, 2015, China's new Deposit Insurance Regulation came into effect, pursuant to which banking financial institutions, such as commercial banks, established in China are required to purchase deposit insurance for deposits in RMB and in foreign currency placed with them. This Deposit Insurance Regulation would not be effective in providing complete protection for the Group's accounts, as its aggregate deposits are much higher than the compensation limit. However, the Group believes that the risk of failure of any of these PRC banks is remote. Bank failure is uncommon in China and the Group believes that those Chinese banks that hold the Group's cash and cash equivalents, restricted cash and short-term investments are financially sound based on public available information.

Accounts receivable and other receivables are typically unsecured and are mainly derived from the ordinary course of business in the PRC. The risk with respect to these receivables is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring processes of outstanding balances. The risk with respect to the financing receivables and off-balance sheet guarantees is mitigated by credit evaluations the Group performs on its borrowers and the Group's ongoing monitoring controls for the outstanding balances. As of December 31, 2024 and 2025, only one customer's total receivable amounting to RMB346.6 million and RMB278.9 million is considered to subject to concentration credit risk.

Individually assessed accounts receivable and other receivable are measured for credit loss based on the present value of the expected future cash inflow of the collateral, less estimated transaction costs, if the accounts receivable is collateral-dependent. As of December 31, 2025, for those accounts receivable and other receivable due from a real estate developer secured by a commercial property as collateral, RMB211.3 million and RMB273.7 million provision have been provided.

The expected credit loss rates for accounts receivable and contract assets are 22.9% and 29.1% as of December 31, 2024 and 2025, respectively. The expected credit loss rates for financing receivables are 4.9% and 11.4% as of December 31, 2024 and 2025, respectively. The expected credit loss rates for other receivables (included in prepayments, receivables and other assets) are 22.7% and 30.5% as of December 31, 2024 and 2025, respectively. The expected credit loss of other financial assets subject to the impairment requirements of ASC 326 was immaterial.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.34 Concentration and risks (Continued)

Currency convertibility risk

The PRC government imposes controls on the convertibility of RMB into foreign currencies. The Group's cash and cash equivalents, restricted cash and short-term investments denominated in RMB that are subject to such government controls amounted to RMB48.9 billion and RMB38.3 billion as of December 31, 2024 and 2025, respectively. The value of RMB is subject to changes in the central government policies and to international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in the PRC must be processed through PBOC or other Chinese foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

Foreign currency exchange rate risk

Historically, the Renminbi has fluctuated against the U.S. dollars at times significantly and unpredictably. The appreciation of the RMB against the US$ was approximately 4.2% for the year ended December 31, 2025. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the US$ in the future.

3. CASH, CASH EQUIVALENTS, RESTRICTED CASH

Cash, cash equivalents and restricted cash consisted of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Cash and cash equivalents (i):		
Cash	10,469,689	7,342,872
Cash equivalents	973,276	430,310
Restricted cash (ii):		
Current	8,858,449	8,170,605
Total cash, cash equivalents and restricted cash	**20,301,414**	**15,943,787**

(i) Cash and cash equivalents consist of cash on hand and demand deposits which have original maturities of three months or less and are readily convertible to a known amount of cash. The weighted average interest rate of cash equivalent for the years ended December 31, 2023, 2024 and 2025 are 3.9%, 4.0% and 3.5%, respectively.

(ii) The Group's restricted cash is mainly comprised of 1) cash received from the property buyers but not yet paid to the sellers through the Group's online payment platform, which is placed with banks in escrow accounts; 2) security deposits for the Group's agency, guarantee, property development business and financing services; 3) funds received from pre-sale proceeds of real estate properties under development, which are placed with banks in escrow accounts; and 4) other miscellaneous restricted cash. The proportion for each type of restricted cash is 72.0%, 27.5%, nil, and 0.5% as of December 31, 2024, 55.1%, 34.2%, 10.2%, and 0.5% as of December 31, 2025, respectively.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SHORT-TERM INVESTMENTS

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Short-term investments:		
Bank time deposits	14,874,498	7,057,770
Wealth management products	20,474,093	21,625,789
Held-to-maturity debt investments	5,417,761	5,526,195
Available-for-sale debt investments	551,348	5,370,207
Total	**41,317,700**	**39,579,961**

The following table sets forth selected data with respect to the Group's short-term investments at December 31, 2025:

	As of December 31, 2025				
	Cost or amortized cost less allowance for credit losses	Gross unrecognized holding gains	Gross unrecognized holding losses	Fair value	
	RMB	RMB	RMB	RMB	US$
			(in thousands)		
Held-to-maturity debt investments	5,526,195	3,176	(75,405)	5,453,966	779,907
Available-for-sale debt investments	5,405,275	—	(35,068)	5,370,207	767,929

5. INVENTORIES

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Real estate properties under development (i)	1,090,661	2,234,114
Other inventories	519,215	619,920
Total	**1,609,876**	**2,854,034**

(i) As of December 31, 2025, land use rights included in the real estate properties under development amounted to RMB1.8 billion (2024: RMB1.1 billion).

As of December 31, 2025, land use rights with an aggregate net book value of RMB1.8 billion (2024: nil) were pledged as collateral for corresponding project specific bank loans.

As of December 31, 2025, capitalized interest costs included in the real estate properties under development amounted to RMB2.4 million (2024:nil).

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. PREPAYMENTS, RECEIVABLES AND OTHER ASSETS

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Current:		
Prepaid rental and other deposits	1,552,279	1,154,495
Advances to suppliers	692,542	448,522
VAT-input deductible	637,686	745,485
Capitalized costs of obtaining contracts and prepaid initial direct costs (i)	551,461	511,450
Deposits paid to real estate developers (ii)	196,241	178,249
Funds advanced to potential investees (iii)	153,577	—
Deposit paid for acquisition of land used for properties development (iv)	122,430	—
Prepaid income tax	64,163	146,646
Staff advances	59,762	48,126
Receivable related to employees' exercise of share-based awards	44,521	35,137
Interests receivable	15,263	7,340
Receivables from escrow account	9,992	23,030
Others	542,907	427,648
Total	**4,642,824**	**3,726,128**
Non-current:		
Deferred tax asset (Note 19)	1,005,127	1,257,595
VAT-input deductible	194,818	357,511
Others	22,332	147,996
Total	**1,222,277**	**1,763,102**

(i) Capitalized costs of obtaining contracts and prepaid initial direct costs

For the years ended December 31, 2024 and 2025, RMB876.2 million and RMB1,403.4 million are amortized respectively.

(ii) Deposits paid to real estate developers

Deposits paid to real estate developers refer to the earnest deposits paid by the Group to developers for new home transaction service contracts.

(iii) Funds advanced to potential investees

Funds advanced to potential investees represent funds paid to potential Beihaojia business investees before obtaining the equity interests.

(iv) Deposit paid for acquisition of land used for properties development

Deposit paid for acquisition of land used for properties development represents the deposit paid for acquisition of the residential land parcel in Shanghai under Beihaojia business.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS, NET

Accounts receivable, net consists of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
New home transaction services	5,863,587	3,558,480
Existing home transaction services	546,658	463,634
Home renovation and furnishing	265,355	407,180
Home rental services	52,135	54,531
Emerging and other services	86,681	106,273
Accounts receivable	**6,814,416**	**4,590,098**
Allowance for credit losses	(1,517,099)	(1,498,651)
Accounts receivable, net	**5,297,317**	**3,091,447**

RMB5.9 billion and RMB3.6 billion of the Group's gross accounts receivable was from new home transaction services with RMB1.3 billion and RMB1.2 billion allowance for credit losses recorded as of December 31, 2024 and 2025, respectively.

The Group usually allows a credit period within 90 days to its customers. Ageing analysis of accounts receivable based on the date of delivery of service to customers is as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
– Up to 3 months	4,315,046	2,198,699
– 3 months to 1 year	649,209	727,822
– Over 1 year	1,850,161	1,663,577
Accounts receivable	**6,814,416**	**4,590,098**
Less: allowance for credit losses	(1,517,099)	(1,498,651)
Accounts receivable, net	**5,297,317**	**3,091,447**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS, NET (Continued)

The movements in the allowance for credit losses of accounts receivable are as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Balance at the beginning of the year	**(1,951,419)**	**(1,566,129)**	**(1,517,099)**
Additions	(174,237)	(108,963)	(79,980)
Write-offs	559,527	157,993	98,428
Balance at the end of the year	**(1,566,129)**	**(1,517,099)**	**(1,498,651)**

Contract assets, net consists of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Contract assets – gross	**319,736**	**959,080**
Allowance for credit losses	(119,064)	(113,551)
Contract assets, net	**200,672**	**845,529**

The contract assets are mainly related to the Group's home renovation business and home rental services under new model. The Group's contract assets represent the amount for which the Group has satisfied some or all of its performance obligations but has not yet obtained an unconditional right to receive payment.

8. FINANCING RECEIVABLES, NET

Financing receivables, net as of December 31, 2024 and 2025 consisted of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Short-term:		
Financing receivables from consolidated trusts	2,830,180	1,348,814
Financing receivables from micro-loan platforms	152,677	179,346
Total short-term financing receivables	**2,982,857**	**1,528,160**
Allowance for credit losses	(147,330)	(174,478)
Total short-term financing receivables, net	**2,835,527**	**1,353,682**

These balances represent short-term financing receivables that are personal credit loans to property owners and tenants, and to other individual borrowers, all of which are due within one year as of December 31, 2024 and 2025.

Financing Receivables – Allowance for Credit Losses and Credit Quality

The allowance for credit losses is determined principally based on the past collection experience as well as consideration of current and future economic conditions and changes in the Group's customer collection trends. The management updated the current expected credit loss ("CECL") model taking the latest available information into consideration. The major assumption (i.e. forward-looking information) and CECL model parameters (i.e. the one-year probability of default) were updated accordingly. The allowance for credit losses increased to 11.4% of gross financing receivables (net of unearned income) at December 31, 2025 from 4.9% at December 31, 2024, which were mainly attributable to higher delinquencies in 2025.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCING RECEIVABLES, NET (Continued)

The movements in the provision for credit losses for the years ended December 31, 2023, 2024 and 2025, respectively, consisted of the following:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Beginning balance	**(139,427)**	**(122,482)**	**(147,330)**
Reversals (Provisions)	7,573	(27,017)	(27,148)
Write-offs	9,372	2,169	—
Ending balance	**(122,482)**	**(147,330)**	**(174,478)**

The Group evaluates expected credit losses of financing receivables on a collective basis based on the type of borrowers and delinquency pattern:

Type of borrowers:

Property transaction related business: This segmentation includes financing receivables generated by property transaction business. The average loss rate in this category are 3.7% and 9.0% as of December 31, 2024 and 2025, respectively.

Non-property transaction related business: This segmentation mainly includes consumer loans. The average loss rate in this category are 91.6% and 98.5% as of December 31, 2024 and 2025, respectively.

Delinquency:

Based on the past due days, the Group separates the contracts into 6 groups including current, 1-29 days past due, 30-59 days past due, 60-89 days past due, 90-179 days past due and over 180 days past due. The delinquency rate was 5.9% and 12.2% as of December 31, 2024 and 2025, respectively.

Credit quality indicators are updated quarterly, and the credit quality of any given customer can change during the life of the portfolio.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCING RECEIVABLES, NET (Continued)

Financing receivables portfolio based on customer type, origination year and delinquency are as follows:

RMB in thousands	1-29 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90-179 Days Past Due	180 days or greater Past Due	Total Past Due	Current	Total
Property transaction related business								
2020 and before	—	—	—	—	54,634	54,634	—	54,634
2021	—	—	—	—	45,625	45,625	—	45,625
2022	—	—	—	—	391	391	—	391
2023	—	—	—	—	2,624	2,624	—	2,624
2024	20,687	204	1,600	561	7,589	30,641	2,805,961	2,836,602
Subtotal	**20,687**	**204**	**1,600**	**561**	**110,863**	**133,915**	**2,805,961**	**2,939,876**
Non-property transaction related business								
2020 and before	—	—	—	—	37,439	37,439	—	37,439
2021	—	—	—	—	5,210	5,210	—	5,210
2022	—	—	—	—	332	332	—	332
2023	—	—	—	—	—	—	—	—
2024	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	**42,981**	**42,981**	—	**42,981**
December 31, 2024	**20,687**	**204**	**1,600**	**561**	**153,844**	**176,896**	**2,805,961**	**2,982,857**
Property transaction related business								
2021 and before	—	—	—	—	98,857	98,857	—	98,857
2022	—	—	—	—	391	391	—	391
2023	—	—	—	—	1,572	1,572	—	1,572
2024	—	—	—	—	12,647	12,647	—	12,647
2025	6,140	2,495	2,542	13,785	6,610	31,572	1,341,407	1,372,979
Subtotal	**6,140**	**2,495**	**2,542**	**13,785**	**120,077**	**145,039**	**1,341,407**	**1,486,446**
Non-property transaction related business								
2021 and before	—	—	—	—	41,382	41,382	—	41,382
2022	—	—	—	—	332	332	—	332
2023	—	—	—	—	—	—	—	—
2024	—	—	—	—	—	—	—	—
2025	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	**41,714**	**41,714**	—	**41,714**
December 31, 2025	**6,140**	**2,495**	**2,542**	**13,785**	**161,791**	**186,753**	**1,341,407**	**1,528,160**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT, NET

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Office building	697,136	697,455
Vehicles	23,939	21,320
Computer equipment	1,179,606	1,247,976
Furniture and office equipment	395,828	410,740
Leasehold improvement	3,477,118	3,220,054
Construction in progress	176,006	184,489
Total	**5,949,633**	**5,782,034**
Less: accumulated depreciation	(3,530,150)	(3,693,138)
Less: accumulated impairment	(19,272)	(19,272)
Net book value	**2,400,211**	**2,069,624**

Depreciation expenses recognized for the years ended December 31, 2023, 2024 and 2025 amounted to RMB775.0 million, RMB743.7 million and RMB934.1 million, respectively.

10. INTANGIBLE ASSETS, NET

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Software	127,645	130,975
Trademarks and domain names	1,200,889	1,200,880
Licenses	441,105	441,105
Total	**1,769,639**	**1,772,960**
Less: accumulated amortization	(603,056)	(741,336)
Less: accumulated impairment	(308,948)	(308,948)
Net book value	**857,635**	**722,676**

Amortization expenses recognized for the years ended December 31, 2023, 2024 and 2025 amounted to RMB627.1 million, RMB268.7 million and RMB138.3 million, respectively.

Estimated amortization expenses relating to the existing intangible assets with finite lives for future periods are as follows:

	Amounts
	RMB
	(in thousands)
Within 1 year	134,344
Between 1 and 2 years	125,956
Between 2 and 3 years	112,122
Between 3 and 4 years	108,407
Thereafter	241,847
Total	**722,676**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. LEASES

(a) The Group as a lessee

The components of lease cost for the years ended December 31, 2023, 2024 and 2025 are listed as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Operating lease cost	7,785,841	14,221,894	19,039,544
Short-term lease cost	50,659	83,665	84,296
Total	**7,836,500**	**14,305,559**	**19,123,840**

Supplemental cash flows information related to leases is as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows payment from operating leases	7,965,277	14,896,620	19,486,006
Right-of-use assets obtained in exchange for lease liabilities:			
Total right-of-use assets obtained in exchange for new operating lease liabilities	15,489,351	18,507,830	14,105,484

The components of right-of-use assets obtained in exchange for new operating lease liabilities are as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Right-of-use assets obtained in exchange for lease liabilities			
Store leases	3,262,410	2,730,509	1,795,943
Administrative office leases	273,088	487,708	171,385
Leases of rental property management services	11,953,853	15,289,613	12,138,156
Total	**15,489,351**	**18,507,830**	**14,105,484**

Supplemental balance sheet information related to leases is as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Operating leases		
Store leases	5,825,835	4,475,510
Administrative office leases	755,707	704,252
Leases of rental property management services	16,393,250	13,582,195
Land use rights	392,087	382,172
Total operating lease assets	**23,366,879**	**19,144,129**
Operating lease liabilities, current	13,729,701	10,658,576
Operating lease liabilities, non-current	8,636,770	6,969,571
Total operating lease liabilities	**22,366,471**	**17,628,147**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. LEASES (Continued)

	For the Year Ended December 31,		
	2023	2024	2025
Weighted-average remaining lease term (in years)			
Operating leases	2.43	2.38	2.08
Land use rights	43.18	39.68	38.68
Weighted-average discount rate			
Operating leases	4.3 %	3.8 %	3.4 %
Land use rights	4.7 %	4.0 %	4.0 %

Maturities of lease liabilities are as follows:

	As of December 31, 2025
	RMB
	(in thousands)
2026	11,054,303
2027	4,171,509
2028	1,608,921
2029	749,959
2030	318,772
Thereafter	448,208
Total undiscounted lease payments	**18,351,672**
Less: imputed interest	(723,525)
Total lease liabilities	**17,628,147**

The Group's lease agreements generally do not contain an option for the Group to renew a lease for a term agreed by the Group. The Group's lease agreements generally do not contain any residual value guarantees or material restrictive covenants. Payments under the lease arrangements are primarily fixed.

(b) The Group as a lessor

Lease income for the years ended December 31, 2023, 2024 and 2025 is as follows, which is included in the home rental services line item in the consolidated statements of comprehensive income:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Operating lease income	5,533,035	12,977,296	18,515,803
Total lease income	**5,533,035**	**12,977,296**	**18,515,803**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. LEASES (Continued)

Maturities of undiscounted lease receivables are as follows:

	As of December 31, 2025 RMB (in thousands)
2026	14,087,999
2027	1,219,097
2028	281,162
2029	15,270
2030	9,592
Thereafter	18,190
Total undiscounted lease receivables	**15,631,310**

12. LONG-TERM INVESTMENTS, NET

The following table sets forth a breakdown of the categories of long-term investments held by the Group as of the dates indicated:

	As of December 31,	
	2024 RMB	2025 RMB
	(in thousands)	
Investments in equity method investees	360,965	1,758,510
Investments accounted for at fair value	1,014,400	5,717,276
Equity investments without readily determinable fair value using the NAV practical expedient	60,691	59,446
Equity investments without readily determinable fair value using the measurement alternative	41,377	55,681
Long-term time deposits	15,568,643	11,477,840
Held-to-maturity debt investments	1,808,331	1,079,771
Available-for-sale debt investments	4,935,699	—
Total long-term investments	**23,790,106**	**20,148,524**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. LONG-TERM INVESTMENTS, NET (Continued)

Investments in equity method investees

	Amounts RMB (in thousands)
Balance at December 31, 2022	**370,985**
Investments made	183,253
Income from investment	9,098
Investment impairment	(10,369)
Disposal of investment	(101,761)
Dividend received	(14,862)
Balance at December 31, 2023	**436,344**
Investments made	30,410
Income from investment	10,192
Disposal of investment	(100,154)
Dividend received	(15,827)
Balance at December 31, 2024	**360,965**
Investments made	1,452,212
Income from investment	16,420
Investment impairment	(61,053)
Disposal of investment	(1,443)
Dividend received	(8,591)
Balance at December 31, 2025	**1,758,510**

The carrying amount of the Group's equity method investments was RMB361.0 million and RMB1,758.5 million as of December 31, 2024 and 2025, respectively. For the years ended December 31, 2023, 2024 and 2025, the impairment recognized for equity method investments was RMB10.4 million, nil and RMB61.1 million, respectively. Additionally, an allowance of RMB42.6 million has been recognized for the loan receivable from an equity method investee in accordance with ASC 323-10-35-25.

The Group recognized share of profit from equity method investments of RMB9.1 million, RMB10.2 million and RMB16.4 million for the years ended December 31, 2023, 2024 and 2025, respectively.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. LONG-TERM INVESTMENTS, NET (Continued)

Investments accounted for at fair value

The following table shows the carrying amount and fair value of investments accounted for at fair value:

	Cost basis	Gross unrealized gains	Gross unrealized losses	Exchange adjustments	Fair value
	RMB	RMB	RMB	RMB	RMB
			(in thousands)		
Marketable securities (i)	96,848	—	(46,420)	5,736	56,164
Unlisted equity securities and loan receivables measured at fair value (ii)	233,088	—	(200,516)	—	32,572
Wealth management products (iii)	896,920	31,766	(3,028)	6	925,664
Balance at December 31, 2024	**1,226,856**	**31,766**	**(249,964)**	**5,742**	**1,014,400**
Marketable securities (i)	96,848	—	(47,671)	4,497	53,674
Unlisted equity securities and loan receivables measured at fair value (ii)	245,076	—	(196,696)	—	48,380
Wealth management products (iii)	5,537,500	80,750	(3,028)	—	5,615,222
Balance at December 31, 2025	**5,879,424**	**80,750**	**(247,395)**	**4,497**	**5,717,276**

(i) Marketable securities

Marketable securities represent investments in the equity securities of publicly listed companies, for which the Group does not have significant influence. The marketable securities are valued using the market approach based on the quoted prices in active markets at the reporting date. The Group classifies the valuation techniques that use these inputs as Level 1 of fair value measurements.

(ii) Unlisted equity securities and loan receivables measured at fair value

Investment in IFM Investments Limited ("IFM")

In October 2017, the Group purchased 10.0% ownership in IFM, a company focusing on real estate agency business in the PRC, through subscription of 308,084,916 convertible redeemable preferred shares newly issued by IFM at an aggregated subscription price of RMB60.0 million. Concurrent with the preferred share investment, the Group entered into a convertible note purchase agreement on August 14, 2017 to purchase convertible notes issued by IFM in the principal amount of US$ equivalent of RMB40.0 million with maturity period of 30 months and interest rate per annum of 12.0%. The convertible notes were convertible into IFM's preferred shares at a discounted price. The Group elected the fair value option to measure the preferred share investments and the entire convertible note with the assistance of an independent valuation firm.

In 2019, the Group launched a series of incentive programs to incentivize real estate brokerage firms to join the Group's platform. IFM is one of the leading firms in the real estate agency business industry. In May 2019, to incentivize IFM to join the Group's platform, the Group made additional investment of RMB308.0 million to acquire certain percentage of IFM's preferred and ordinary shares, converted the convertible note into preferred shares and provided RMB130.0 million loan to IFM's controlling shareholder, which is secured by 17.5% ownership of IFM. Total consideration of the additional investment in IFM and the loan to IFM's controlling shareholder was RMB438.0 million. The fair value of the additional investment in IFM and the loan to IFM's controlling shareholder was RMB120.1 million on the transaction date. The difference of RMB317.9 million between the consideration paid and the fair value received was considered and recognized as deemed marketing expenses.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. LONG-TERM INVESTMENTS, NET (Continued)

(ii) Unlisted equity securities and loan receivables measured at fair value (Continued)

As the investment in IFM is not in-substance common stock, it does not qualify for equity method accounting, and according to ASC 321, the Group elected to account for this investment at fair value with realized or unrealized gains and losses recorded in the consolidated statements of comprehensive income.

As of December 31, 2024 and 2025, the Group held 37.6% equity interests in IFM and the fair value of the investment amounted to RMB31.9 million and RMB35.6 million, respectively. The fair value of the loan to IFM's controlling shareholder amounted to RMB0.6 million and RMB0.7 million, respectively. The Group classifies the valuation techniques that use these inputs as Level 3 of fair value measurements.

(iii) Wealth management products

As part of the Group's cash management program, the Group invested in certain wealth management products with variable interest rates and principal not guaranteed issued by financial institutions. These wealth management products were with a maturity of over one year, or could be redeemed through advance notice and the Group intended to hold the investments over one year, thus were classified as long-term investments. The Group classifies those investments that use similar identifiable transaction prices when applying valuation techniques as Level 2 of fair value measurements and those investments that are measured using significant unobservable inputs as Level 3 of fair value measurements. For the years ended December 31, 2023, 2024 and 2025, gain of RMB11.7 million, RMB16.5 million and RMB80.8 million resulting from changes in fair value of the wealth management products was recorded in earnings in the consolidated statements of comprehensive income, respectively.

Equity investments without readily determinable fair value using the NAV practical expedient

Equity investments without readily determinable fair value include investments in private equity funds accounted for under NAV practical expedient, and investments in private companies accounted for under measurement alternative.

Investments in private equity generally are not redeemable due to the closed-ended nature of these funds. Investments in private equity funds over which the Group does not have the ability to exercise significant influence are accounted for under the NAV practical expedient. As of December 31, 2024 and 2025, the carrying amount of the Group's investment in private equity funds was approximately RMB60.7 million and RMB59.4 million, respectively. Investments in the private equity fund are subject to a lock-up period of 8 years from September 2018 which restricts investors from withdrawing from the fund during the investment period.

Equity investments without readily determinable fair value using the measurement alternative

As of December 31, 2024 and 2025, investments accounted for under measurement alternative were RMB41.4 million and RMB55.7 million, respectively. There was no upward adjustment identified by the management for the year ended December 31, 2025.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. LONG-TERM INVESTMENTS, NET (Continued)

The total carrying value of investment in private companies accounted for under measurement alternative held as of December 31, 2024 and 2025 is as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Initial cost basis	829,938	842,155
Cumulated unrealized losses (including impairment)	(788,561)	(786,474)
Total carrying value	**41,377**	**55,681**

For the years ended December 31, 2023, 2024 and 2025, RMB28.8 million, RMB9.4 million, and RMB2.7 million impairment was recorded for investments in private companies accounted for under measurement alternative. The impairment was recorded in "Impairment loss for equity investments accounted for using measurement alternative" in the Group's consolidated statements of comprehensive income. The Group classifies the valuation techniques on those investments that using similar identifiable transaction prices as Level 2 of fair value measurements.

Long-term time deposits

The Group's long-term time deposits are time deposits placed with banks with original maturities of more than one year and those maturity dates within one year will be reclassified to short-term investments. As of December 31, 2025, deposits were denominated in RMB amounting to approximately RMB11.5 billion, among which RMB11.4 billion will mature in 2027 and the remaining RMB0.1 billion will mature in 2028.

Held-to-maturity debt investments

During the year ended December 31, 2025, the Group recorded investment income from its long-term held-to-maturity debt investments of RMB25.5 million in the consolidated statements of comprehensive income. Long-term held-to-maturity debt investments as of December 31, 2025 are shown as below, which would mature in 3 years:

	As of December 31, 2025				
	Cost or Amortized cost	Gross unrecognized holding gains	Gross unrecognized holding losses	Fair value	
	RMB	RMB	RMB	RMB	US$
			(in thousands)		
Held-to-maturity debt investments	1,079,771	388	(275)	1,079,884	154,421

Available-for-sale debt investments

The following table summarizes the estimated fair value of available-for-sale debt investments with stated contractual dates, classified by the contractual maturity date of the investments:

	As of December 31,		
	2024	2025	
	RMB	RMB	US$
		(in thousands)	
Expected to be redeemed by the issuer in 1 year to 2 years	4,935,699	—	—

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. GOODWILL

For the years ended December 31, 2024 and 2025, the changes in the carrying value of goodwill by segment are as follows:

	Existing home transaction services	New home transaction services	Home renovation and furnishing	Total
	RMB	RMB	RMB	RMB
		(in thousands)		
Gross carrying value				
As of December 31, 2023	**1,563,761**	**1,691,080**	**3,223,997**	**6,478,838**
Addition	37,628	—	—	37,628
Disposal	(20,463)	—	—	(20,463)
As of December 31, 2024	**1,580,926**	**1,691,080**	**3,223,997**	**6,496,003**
Disposal(i)	(23,541)	—	—	(23,541)
As of December 31, 2025	**1,557,385**	**1,691,080**	**3,223,997**	**6,472,462**
Accumulated impairment				
As of December 31, 2023	**(1,008,553)**	**(597,286)**	**(16,192)**	**(1,622,031)**
Impairment	(68,920)	(29,276)	—	(98,196)
Disposal	1,644	—	—	1,644
As of December 31, 2024	**(1,075,829)**	**(626,562)**	**(16,192)**	**(1,718,583)**
Impairment (ii)	(31,808)	(84,524)	—	(116,332)
Disposal	22,813	—	—	22,813
As of December 31, 2025	**(1,084,824)**	**(711,086)**	**(16,192)**	**(1,812,102)**
Net carrying value				
As of December 31, 2023	555,208	1,093,794	3,207,805	4,856,807
As of December 31, 2024	505,097	1,064,518	3,207,805	4,777,420
As of December 31, 2025	**472,561**	**979,994**	**3,207,805**	**4,660,360**

(i) During the year ended December 31, 2025, the Group disposed of several local real estate agency companies, which were primarily engaged in existing home transaction services in multiple cities, and RMB23.5 million of goodwill was derecognized.

(ii) The Group performed goodwill impairment assessments for all its reporting units as of December 31, 2025, and weighed the relevant qualitative factors and quantitative assessment results in totality. As the actual financial performance of certain reporting units did not meet prior forecasted expectations due to unfavorable local market conditions, RMB116.3 million goodwill impairment loss was recorded, including RMB31.8 million related to reporting units within the existing home transaction services segment and RMB84.5 million related to reporting units within the new home transaction services segment.

In performing quantitative impairment tests, the Group used an income approach based on a discounted cash flow model ("DCF model"). Forecasts of future cash flows are based primarily on the best estimate of future net revenues, gross margin and operating expenses, which are subject to expected business operation, local market development, and general economic conditions. Material changes in these forecasts could significantly change the amount of impairment recorded. Therefore, it may be necessary to record further impairment charges to these reporting units in the future, if such changes occur.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. GOODWILL (Continued)

Key assumptions used in quantitative impairment test

The quantitative impairment test consists of a comparison of the fair value of each reporting unit with its carrying amount, including goodwill. The Group used a DCF model to estimate the fair value of the reporting units, as management believes forecasted operating cash flows are the best indicator of fair value. A number of significant assumptions were involved in the preparation of the DCF models, including future revenues and discount rates. The financial projection covering a five-year period of each reporting unit adopted in DCF models for impairment testing purpose is based on the financial budgets approved by the management of the Group, which considers the historical performance and its expectation for future market development. Cash flows beyond the five-year period are extrapolated using a long-term growth rate. Post-tax discount rates reflect market assessment of the weighted average cost of capital in the industry in which the Group operates and the specific risks relating to the Group.

As of December 31, 2025, the fair value of the home renovation and furnishing reporting unit exceeded its carrying value by 9.3%. The estimated fair value of a reporting unit is highly sensitive to changes in management's estimates and assumptions including, but not limited to, the revenue growth rate and discount rate. The estimated fair value will fall below the carrying amount of the reporting unit if revenue decreases by 0.9% for each of the forecast year or if discount rate increases by 0.2%.

Certain future events and circumstances, including deterioration of market conditions, increases in interest rates, and unfavorable impacts on the projections used in the impairment test for the reporting unit discussed above, including changes in customer behavior, decreases in delivery capability, and delays or difficulties in achieving the Group's profitability goals, could cause the fair value of this reporting unit to fall below its carrying value and a non-cash impairment charge would be required. Such a charge could have a material effect on the consolidated statements of comprehensive income and consolidated balance sheets.

14. BORROWINGS

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Short-term borrowings	288,280	207,717
Long-term borrowings	—	182,917
Total	**288,280**	**390,634**

As of December 31, 2025, all borrowings outstanding at December 31, 2024 had been fully paid off upon maturity.

In January 2025, the Group entered into a 363-day unsecured borrowing arrangement of RMB122.2 million with a bank at a fixed borrowing rate of 2.48%. RMB23.3 million, RMB3.9 million, RMB22.8 million, RMB3.9 million, RMB22.8 million and RMB45.6 million were scheduled to be paid off on March 31, 2025, June 30, 2025, July 12, 2025, December 31, 2025, January 12, 2026 and January 25, 2026, respectively. As of December 31, 2025, RMB68.3 million was still outstanding.

In May 2025, the Group entered into a 360-day unsecured borrowing arrangement of RMB35.3 million with a bank at a fixed borrowing rate of 2.38%. RMB8.8 million, RMB8.8 million and RMB17.7 million were scheduled to be paid off on June 30, 2025, December 31, 2025 and May 25, 2026, respectively. As of December 31, 2025, RMB17.7 million was still outstanding.

In May 2025, the Group entered into a 36-month property-specific construction credit agreement to access a line of credit facility. The credit agreement provides for a revolving credit facility of up to RMB400.0 million with RMB121.7 million outstanding as of December 31, 2025. Borrowings under the credit agreement are due within one year and bear interest at one-year LPR (Loan Prime Rate) minus 89 basis points. The land use right for Beihaojia's property under development in Shanghai has been pledged to secure the credit facility.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. BORROWINGS (Continued)

In March 2025, the Group entered into a 60-month property-specific construction credit agreement to access a line of credit facility. The credit agreement provides for a revolving credit facility of up to RMB350.0 million and no funds had been drawn down under this credit facility as of December 31, 2025. Borrowings under the credit agreement bear interest at one-year LPR (Loan Prime Rate) minus 55 basis points. A land use right in Hangzhou has been pledged for the credit facility.

In May 2025, the Group entered into a 24-month property-specific construction credit agreement to access a line of credit facility. The credit agreement provides for a revolving credit facility of up to RMB600.0 million with RMB182.9 million outstanding as of December 31, 2025. Borrowings under the credit agreement bear interest at one-year LPR (Loan Prime Rate) minus 86 basis points. The land use right for Beihaojia's property under development in Chengdu has been pledged to secure the credit facility.

15. ACCOUNTS PAYABLE

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Payable related to new home transaction business	5,954,209	3,469,628
Payable for home renovation materials and construction costs	1,713,179	1,506,095
Payable for real estate properties under development	538,406	93,164
Payable for advertising fees	396,364	234,026
Payable for internet service fees	333,835	312,209
Payable for leasehold improvements	262,805	167,492
Others	293,831	269,515
Total	**9,492,629**	**6,052,129**

An ageing analysis of the trade payable as of December 31, 2024 and 2025, based on the invoice date, is as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
– Up to 3 months	9,116,991	5,715,186
– 3 months to 1 year	210,375	94,568
– Over 1 year	165,263	242,375
Accounts payable	**9,492,629**	**6,052,129**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Deposit related to home renovation and furnishing services	1,630,275	1,304,835
Deposit related to home rental services (i)	1,434,338	1,550,187
Deposit related to new home transaction services	1,151,475	1,366,902
Deposit related to franchise services	1,103,229	1,241,484
Other tax payables	436,496	256,381
Accrued operating expenses	366,454	312,324
Amounts collected and payable on behalf of others (ii)	115,160	773,932
Payable of share repurchase consideration	94,925	56,778
Payable related to employees' exercise of share-based awards	41,481	24,739
Deferred guarantee revenue	23,360	11,961
Others	871,312	688,554
Total	**7,268,505**	**7,588,077**

(i) Deposit related to home rental services represents the rental deposit collected from tenants under the original model of home rental services.

(ii) Amounts collected and payable on behalf of others refer to home purchase considerations collected from property buyers that have not yet been remitted to property sellers, and rental and related deposits collected from tenants under the new model of home rental services that are held by the Company on behalf of the property owners.

17. OTHER INCOME, NET

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Investment income, net	950,332	679,278	721,647
Government grants	762,070	731,198	600,924
Others	156,898	155,562	123,220
Total	**1,869,300**	**1,566,038**	**1,445,791**

18. INTEREST INCOME, NET

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Interest income	1,291,485	1,288,714	834,505
Interest expense	(17,241)	(12,654)	(6,750)
Bank charges	(9,068)	(14,650)	(19,582)
Others	(1,844)	(1,247)	(668)
Total	**1,263,332**	**1,260,163**	**807,505**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. TAXATION

Income tax

Current income tax is recorded in accordance with the laws of the relevant tax jurisdictions.

The Group applies the assets and liabilities method of income taxes in accordance with ASC 740, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are provided based on temporary differences arising between the tax bases of assets and liabilities and financial statements, using enacted tax rates that will be in effect in the period in which the differences are expected to reverse.

Deferred tax assets are recognized to the extent that such assets are more-likely-than-not to be realized. In making such a determination, the Group considers all positive and negative evidence, including results of recent operations and expected reversals of taxable income. Valuation allowances are established to offset deferred tax assets if it is considered more-likely-than-not that the amount of the deferred tax assets will not be realized.

Uncertain tax positions

The Group accounts for uncertainty in income taxes recognized in the consolidated financial statements by applying the two-step approach to determine the amount of the benefit to be recorded. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more-likely-than-not that the position will be sustained, including resolution of related appeals or litigation processes. If the tax positions meet the “more-likely-than-not” recognition threshold, the second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement. The Group classifies interest and penalties related to income tax matters, if any, as income tax expense.

The Group did not have any significant interest or penalties associated with tax positions for the years ended December 31, 2023, 2024 and 2025. The Group did not have any significant unrecognized uncertain tax positions for the years ended December 31, 2023, 2024 and 2025.

Cayman Islands

The Cayman Islands currently levies no taxes on individuals or corporations based on profits, income, gains or appreciation and there is no taxation in the nature of inheritance or estate duty. There are no other taxes likely to be material to the Group levied by the government of the Cayman Islands except for stamp duties which may be applicable to instruments executed in or brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

British Virgin Islands

The Group’s subsidiaries incorporated in the British Virgin Islands are not subject to income or capital gains tax under the current laws of the British Virgin Islands. In addition, payment of dividends by the British Virgin Islands subsidiaries to their respective shareholders who are not resident in the British Virgin Islands, if any, is not subject to withholding tax in the British Virgin Islands.

Hong Kong, China

Hong Kong, China income tax rate is a two-tiered profits tax regime, under which the tax rate is 8.25% or assessable profits on the first HK dollar 2 million and 16.5% or any assessable profits in excess of HK dollar 2 million. Hong Kong, China profits tax was provided for the assessable profit that was subject to Hong Kong, China profits tax during the years ended December 31, 2023, 2024 and 2025. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong, China to the Group are not subject to any Hong Kong, China withholding tax.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. TAXATION (Continued)

Mainland China

On March 16, 2007, the National People's Congress of PRC enacted a new Corporate Income Tax Law ("new CIT law"), under which Foreign Investment Enterprises ("FIEs") and domestic companies would be subject to corporate income tax at a uniform rate of 25%. The new CIT law became effective on January 1, 2008. Under the new CIT law, preferential tax treatments will continue to be granted to entities which conduct businesses in certain encouraged sectors and to entities otherwise classified as "small and micro businesses".

Certain enterprises benefit from a preferential tax rate of 15% under the EIT Law if they conduct business in certain encouraged high-tech sectors or areas and get the certificates from the competent tax authorities. The privileges cannot be applied simultaneously. Three, four and four entities in the Group for the years ended December 31, 2023, 2024 and 2025, respectively, were qualified as "high and new technology enterprise" and had a 15% preferential income tax rate.

Certain enterprises benefit from a preferential tax rate of 15% under the EIT Law if they are located in applicable PRC regions as specified in the Catalogue of Encouraged Industries in Western Regions (initially effective through the end of 2010 and further extended to 2030), or the Western Regions Catalogue, subject to certain general restrictions described in the EIT Law and the related regulations. One, nil and nil entity in the Group for the years ended December 31, 2023, 2024 and 2025, respectively, was qualified as the enterprises within the Catalogue of Encouraged Industry in the Western Region and had a 15% preferential income tax rate.

The Group's other PRC subsidiaries, consolidated VIEs (inclusive of VIEs' subsidiaries) are subject to the statutory income tax rate of 25%.

According to relevant laws and regulations promulgated by the State Taxation Administration of the PRC announced on March 26, 2023, effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year (the "R&D Super Deduction").

The Organization for Economic Co-operation and Development ("OECD") has published model rules, which include the implementation of a global minimum tax rate of 15%, commonly referred to as Pillar Two. One country and one region in which the Group does business have enacted implementing legislation effective from January 1, 2024 and January 1, 2025, respectively. Based on the Group's analysis of such enacted legislation for jurisdictions in which the Group operates, the impact on the Group's 2024 income tax provision was not material, and the impact on the Group's 2025 income tax provision was RMB44.0 million.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. TAXATION (Continued)

Composition of income tax expense

The components of income (loss) before tax for the years ended December 31, 2023, 2024 and 2025, are as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Income (loss) before income tax expense			
Income from Mainland China operations	10,550,583	9,143,316	5,905,159
Loss from non-Mainland China operations	(2,666,588)	(2,273,247)	(1,228,056)
Total income before income tax expense	**7,883,995**	**6,870,069**	**4,677,103**
Income tax expense (benefit) from Mainland China operations			
Current income tax expense	2,243,600	2,595,844	1,892,115
Deferred tax expense (benefit)	(273,191)	223,235	(224,991)
Income tax expense from Mainland China operations	**1,970,409**	**2,819,079**	**1,667,124**
Income tax expense (benefit) from non-Mainland China operations			
Current income tax expense	60,313	46,482	45,374
Deferred tax benefit	(36,331)	(73,672)	(26,409)
Income tax expense (benefit) from non-Mainland China operations	**23,982**	**(27,190)**	**18,965**
Total income tax expense	**1,994,391**	**2,791,889**	**1,686,089**

For the years ended December 31, 2023, 2024 and 2025, loss from non-Mainland China operations mainly results from share-based compensation expenses amounting to RMB3,215.5 million, RMB2,726.1 million and RMB1,904.9 million, respectively; which is offset by gains from investment in wealth management products amounting to RMB452.5 million, RMB424.0 million and RMB656.4 million, respectively.

The income tax expense applicable to the Group's operations for the years ended December 31, 2023, 2024 and 2025, differs from the amount computed by applying the Mainland China statutory income tax rate of 25% to income before tax due to the following:

	For the Year Ended December 31,	
	2023	2024
Statutory income tax rate	25.0 %	25.0 %
Tax effect of preferential treatments	(3.7)%	(3.0)%
Tax effect of tax-exempt entities	8.4 %	8.3 %
Effect on tax rates in different tax jurisdictions	0.3 %	(0.4)%
Tax effect of permanent difference	(4.1)%	(0.7)%
Tax effect of R&D deduction and others	(2.0)%	(2.3)%
Change in valuation allowance	1.4 %	13.7 %
Effective tax rates	**25.3 %**	**40.6 %**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. TAXATION (Continued)

Composition of income tax expense (continued)

The Mainland China statutory tax rate of 25% is used for the effective tax rate reconciliation as majority of the Group's operations are based in Mainland China.

	For the Year Ended December 31, 2025	
	Amount	Percent
	(RMB in thousands)	
Mainland China statutory tax rate	1,169,276	25.0 %
Foreign tax effects		
Statutory tax rate difference between Cayman Island and Mainland China	(192,363)	(4.1)%
Statutory tax rate difference between Hong Kong, China and Mainland China	(2,278)	0.0 %
Pillar II impact for Hong Kong, China	43,988	0.9 %
Other foreign jurisdictions	401	0.0 %
Changes in valuation allowances	185,516	4.0 %
Nontaxable or nondeductible items		
Share-based compensation	476,231	10.2 %
Preferential tax benefits	(65,016)	(1.4)%
Research and development super deduction	(143,723)	(3.1)%
Others	214,057	4.5 %
Effective tax rates	**1,686,089**	**36.0 %**

The changes of effective tax rate for the years ended December 31, 2024 and 2025 are primarily driven by the change in valuation allowance as less net operating loss carryforwards are expected to be realized prior to expiration.

The amount of income taxes paid (net of refunds received) disaggregated by geographic area on an annual basis for the year ended December 31, 2025, are as follows:

	For the Year Ended December 31, 2025	
	Amount	Percent
	(RMB in thousands)	
Mainland China	2,346,102	99.9 %
Others	1,386	0.1 %
Total	**2,347,488**	**100.0 %**

The following table sets forth the effect of tax holiday related to Mainland China operations:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands, except for per share data)		
Tax holiday effect	294,698	209,494	65,016
Effect on basic net income per share	0.08	0.06	0.02
Effect on diluted net income per share	0.08	0.06	0.02
Denominator for basic net income per share-weighted average ordinary shares outstanding	3,521,380	3,409,773	3,326,150
Denominator for diluted net income per share-weighted average ordinary shares outstanding	3,611,653	3,537,408	3,472,076

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. TAXATION (Continued)

Composition of deferred tax assets and liabilities

The tax effects of temporary differences that give rise to the deferred income tax assets and liabilities before net off as of December 31, 2024 and 2025 are as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Deferred tax assets		
Net operating loss carrying forward	3,412,316	3,611,291
Asset impairment	916,690	914,823
Deferred rental cost	19,280	30,187
Unrealized profits	252,024	217,117
Accrual expense	463,523	352,620
Others	89,840	136,640
Less: Valuation Allowance	(4,127,927)	(3,924,466)
Deferred tax assets, net of valuation allowance	**1,025,746**	**1,338,212**
Deferred tax liabilities		
Fair value change of certain investments	(69,263)	(67,246)
Intangible assets	(213,183)	(172,891)
Deferred revenue	(55,870)	(157,689)
Total deferred tax liabilities	**(338,316)**	**(397,826)**

The movements of the valuation allowance for the years ended December 31, 2023, 2024 and 2025 are as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Balance at the beginning of the year	**(3,310,975)**	**(3,385,876)**	**(4,127,927)**
Remeasurement due to application of preferential tax rate	(17,011)	(1,839)	—
Additions	(794,643)	(1,280,549)	(687,555)
Reversals	687,180	282,244	549,598
Write-offs	49,573	258,093	341,418
Balance at the end of the year	**(3,385,876)**	**(4,127,927)**	**(3,924,466)**

A valuation allowance is provided against deferred tax assets when the Group determines that it is more-likely-than-not that the deferred tax assets will not be utilized in the future. The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more-likely-than-not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses and forecasts of future profitability. These assumptions require significant judgment and the forecasts of future taxable income are consistent with the plans and estimates the Group is using to manage the underlying businesses. The statutory income tax rate of 25% or applicable preferential income tax rates were applied when calculating deferred tax assets.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. TAXATION (Continued)

Composition of deferred tax assets and liabilities (Continued)

As of December 31, 2023, 2024 and 2025, the Group had net operating loss carryforwards of approximately RMB12.6 billion, RMB13.6 billion and RMB14.7 billion, respectively, which arose from the Group's certain subsidiaries, VIEs and the VIEs' subsidiaries established in the PRC. As of December 31, 2023, 2024 and 2025, deferred tax assets arose from net operating loss carryforwards amounted to RMB3,144.2 million, RMB3,412.3 million and RMB3,611.3 million respectively, out of which, RMB2,848.8 million, RMB3,243.5 million and RMB3,078.5 million deferred tax assets were offset by valuation allowance, respectively, as it was considered more-likely-than-not that the amount of the deferred tax assets will not be realized. The remaining deferred tax assets, net of valuation allowance arose from net operating loss carryforwards as of December 31, 2023, 2024 and 2025 amounted to RMB295.4 million, RMB168.8 million and RMB532.8 million, respectively, are expected to be utilized prior to expiration considering future taxable income for respective entities. As of December 31, 2025, the net operating loss carryforwards of RMB14.7 billion will expire in the years ending December 31, 2026 through 2030, respectively, if not utilized.

Withholding tax on undistributed dividends

The new CIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, property, etc., of a non-PRC company is located". Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC should be considered a resident enterprise for PRC tax purposes.

The new CIT law also imposes a withholding income tax of 10% on dividends distributed by a VIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by a VIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the VIE).

The Group intends to reinvest all PRC subsidiaries' current retained earnings to further expand its business in China. In case the Group decides to distribute dividends in the future, the amount of such dividends will be capped at the profits earned during the corresponding period. The dividend declared by the Group will be paid with priority using offshore funds of the Group, including the existing fund held by offshore subsidiaries of the Group and funds obtained through financing in the future. The Group does not have plans to have any of its PRC subsidiaries or VIEs distribute any undistributed profit of such subsidiaries or VIEs to their direct overseas parent companies. Accordingly, no withholding income tax is accrued on the undistributed earnings of the PRC subsidiaries, VIEs and subsidiaries of the VIEs as of December 31, 2023, 2024 and 2025.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE-BASED COMPENSATION

Compensation expenses recognized for share-based awards granted by the Group are as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Included in:			
Cost of revenues	502,523	521,293	446,120
Sales and marketing expenses	180,465	197,320	181,877
General and administrative expenses	2,345,895	1,821,817	1,111,415
Research and development expenses	186,666	185,645	165,512
Total	**3,215,549**	**2,726,075**	**1,904,924**
Share-based compensation related to share options (a)	771,151	541,956	138,456
Share-based compensation related to restricted share units (b)	813,294	1,097,177	1,250,460
Share-based compensation related to restricted shares (c)	1,631,104	1,086,942	516,008
Total	**3,215,549**	**2,726,075**	**1,904,924**

There was no income tax benefit recognized in the consolidated statements of comprehensive income for share-based compensation expenses and the Group did not capitalize any of the share-based compensation expenses as part of the cost of any assets during the years ended December 31, 2023, 2024 and 2025.

(a) Share-based compensation related to share options

2018 Share Option Plan

On August 20, 2018, the Group adopted the "Pre-IPO Share Option Scheme" (the "2018 Share Option Plan"), an equity-settled share-based compensation plan with the purpose of providing incentives and rewards to its employees, directors and consultants of the Group who have contributed or will contribute to the Group. The maximum number of shares that may be issued under the 2018 Share Option Plan shall be 350,225,435 Class A Ordinary Shares of the Group on December 28, 2018. Share options granted under the 2018 Share Option Plan have a contractual term of ten years from the stated vesting commencement date, and are generally scheduled to be vested over a continuous service period of one to five years.

Under the 2018 Share Option Plan, share options granted to employees of the Group are only exercisable upon the occurrence of an initial public offering of the Group.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE-BASED COMPENSATION (Continued)

(a) Share-based compensation related to share options (Continued)

The following table summarizes activities of the Company's share options under the 2018 Share Option Plan as converted to the number of ordinary shares of the Company:

	Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual life	Aggregate intrinsic value
		US$	In Years	US$ (in thousands)
Outstanding as of December 31, 2022	**59,822,418**	0.00002	7.30	278,373
Exercised	(17,029,713)	0.00002		
Forfeited or Cancelled	(2,443,122)	0.00002		
Outstanding as of December 31, 2023	**40,349,583**	0.00002	6.39	218,022
Outstanding as of December 31, 2023	**40,349,583**	0.00002	6.39	218,022
Exercised	(14,183,427)	0.00002		
Forfeited or Cancelled	(322,209)	0.00002		
Outstanding as of December 31, 2024	**25,843,947**	0.00002	5.47	158,682
Outstanding as of December 31, 2024	**25,843,947**	0.00002	5.47	158,682
Exercised	(15,577,452)	0.00002		
Forfeited or Cancelled	(89,151)	0.00002		
Outstanding as of December 31, 2025	**10,177,344**	0.00002	4.76	53,465
Vested and exercisable as of December 31, 2023	7,610,018	0.00002	5.81	41,119
Vested and exercisable as of December 31, 2024	6,682,319	0.00002	5.30	41,029
Vested and exercisable as of December 31, 2025	6,653,786	0.00002	4.45	34,954

No share option was granted under the 2018 Share Option Plan for the years ended December 31, 2023, 2024 and 2025.

During the years ended December 31, 2023, 2024 and 2025, the aggregate intrinsic value of share options exercised was US$92.8 million, US$72.8 million and US$102.4 million, respectively.

The total share-based compensation expenses recognized for share options during the years ended December 31, 2023, 2024 and 2025 were RMB771.2 million, RMB542.0 million and RMB138.5 million.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE-BASED COMPENSATION (Continued)

(a) Share-based compensation related to share options (Continued)

As of December 31, 2025, there was RMB10.5 million of unrecognized compensation expense related to the share options granted to the Group's employees, which are expected to be recognized over a weighted-average period of 1.0 years and may be adjusted for future changes in forfeitures.

(b) Share-based compensation related to restricted share units

2020 Share Incentive Plan

In July 2020, the Group adopted a 2020 Global Share Incentive Plan (the "2020 Share Incentive Plan"), pursuant to which the maximum number of shares of the Group available for issuance pursuant to all awards under the 2020 Share Incentive Plan (the "Award Pool") shall initially be 80,000,000 shares, plus an annual increase on the first day of each fiscal year of the Group during the ten-year term of this plan commencing with the fiscal year beginning January 1, 2021, by an amount equal to the lesser of (i) 1.0% of the total number of shares issued and outstanding on the last day of the immediately preceding fiscal year, and (ii) such number of shares as may be determined by the Board. The size of the Award Pool to be equitably adjusted in the event of any share dividend, subdivision, reclassification, recapitalization, split, reverse split, combination, consolidation or similar transactions.

In April 2022, the Group adopted the amended 2020 Global Share Incentive Plan (the "Amended 2020 Share Incentive Plan"), under which the maximum aggregate number of Class A Ordinary Shares, per value of US$0.00002 each, may be issued pursuant to all awards under the Amended 2020 Plan is 253,246,913 upon the Listing.

Pursuant to the Amended 2020 Share Incentive Plan, 25,371,822 restricted share units have been granted to employees of the Group during the year ended December 31, 2025, which are generally scheduled to be vested over a continuous service period of one to five years.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE-BASED COMPENSATION (Continued)

(b) Share-based compensation related to restricted share units (Continued)

The following table summarizes activities of the Company's restricted share units under the 2020 Share Incentive Plan:

	Number of RSU outstanding	Weighted average grant-date fair value US$
Outstanding as of December 31, 2022	**41,502,498**	**6.08**
Granted	46,425,615	6.03
Vested	(5,963,517)	5.90
Forfeited or Cancelled	(2,002,524)	6.21
Outstanding as of December 31, 2023	**79,962,072**	**6.07**
Outstanding as of December 31, 2023	**79,962,072**	**6.07**
Granted	29,718,591	5.08
Vested	(22,936,809)	5.85
Forfeited or Cancelled	(2,466,456)	5.48
Outstanding as of December 31, 2024	**84,277,398**	**5.80**
Outstanding as of December 31, 2024	**84,277,398**	**5.80**
Granted	25,371,822	6.06
Vested	(28,080,498)	5.84
Forfeited or Cancelled	(4,543,773)	5.58
Outstanding as of December 31, 2025	**77,024,949**	**5.88**

The total share-based compensation expenses recognized for restricted share units for the years ended December 31, 2023, 2024 and 2025 were RMB813.3 million, RMB1,097.2 million and RMB1,250.5 million.

As of December 31, 2025, there were RMB1,849.2 million of unrecognized compensation expenses related to restricted share units granted to the Group's employees, which are expected to be recognized over a weighted-average period of 2.2 years and may be adjusted for future changes in forfeitures.

The total fair value of shares vested for restricted share units for the years ended December 31, 2023, 2024 and 2025 was RMB231.1 million, RMB901.5 million and RMB1,115.6 million.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE-BASED COMPENSATION (Continued)

(c) Share-based compensation related to restricted shares

2022 Share Incentive Plan

In May 2022, the Group adopted a 2022 Global Share Incentive Plan (the "2022 Share Incentive Plan"), pursuant to which the maximum number of shares of the Group available for issuance pursuant to all awards under the 2022 Share Incentive Plan (the "Award Pool") shall be 125,692,439.

Pursuant to the 2022 Share Incentive Plan, 71,824,250 and 53,868,189 restricted Class A ordinary shares have been issued to Mr. PENG Yongdong, chairman and chief executive officer of the Group, and Mr. SHAN Yigang, an executive director of the Group, on May 5, 2022. Such restricted shares are not transferable and may not be sold, pledged or otherwise disposed of and are not entitled to receive dividends paid. Such restrictions will be removed in whole in five years from May 5, 2022 with restrictions on certain portions being removed each year, subject to the approval by a resolution of the Compensation Committee of the Board. The restricted shares are granted in two agreements and the vesting schedule according to each restricted share agreement is as below:

— 50% of the restrictions on transfer and dividend rights of the restricted shares are removed on the first and second anniversary of the stated vesting commencement date respectively;

— One-third of the restrictions on transfer and dividend rights of the restricted shares are removed on the third, fourth and fifth anniversary of the stated vesting commencement date respectively.

By May 2025, the transfer and dividend rights restrictions of 45,830,712 and 34,373,035 restricted shares granted to Mr. PENG Yongdong and Mr. SHAN Yigang shall have been removed. Mr. PENG Yongdong and Mr. SHAN Yigang voluntarily extended the transfer and dividend rights restrictions of these restricted shares. The restriction of 9,000,000 restricted shares held by Mr. PENG Yongdong were removed in December 2025 and the other restricted shares were still subject to the restrictions on transfer and dividend rights.

The extension of the restriction on the restricted shares met the definition of a modification under ASC 718, with no incremental share-based compensation expense incurred and the restricted shares have been vested under the original vesting conditions.

The total share-based compensation expenses recognized in relation to the above restricted Class A ordinary shares for the years ended December 31, 2023, 2024 and 2025 were RMB1,225.9 million, RMB680.6 million and RMB395.0 million.

Shengdu Acquisition

According to the amended acquisition agreement signed between the Group, Shengdu and Shengdu's original shareholders, the Group issued 44,315,854 restricted Class A Ordinary Shares to the Shengdu's original shareholders to acquired Shengdu's 51% equity interest on April 20, 2022. Such restricted shares are restricted from the transfer, sale, pledge or any other form of disposal. 30%, 30% and 40% of the restrictions on the restricted shares are removed on the first, second and the third anniversary of the stated vesting commencement date respectively.

The total share-based compensation expenses recognized in relation to Shengdu Acquisition for the years ended December 31, 2023, 2024 and 2025 were RMB405.2 million, RMB406.3 million and RMB121.0 million.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE-BASED COMPENSATION (Continued)

(c) Share-based compensation related to restricted shares (Continued)

The following table summarizes activities of the Company's restricted shares under the 2022 Share Incentive Plan and Shengdu Acquisition:

	Number of restricted shares outstanding	Weighted average grant-date fair value
		US$
Outstanding as of December 31, 2022	**170,008,293**	**4.38**
Vested	(13,292,404)	4.29
Outstanding as of December 31, 2023	**156,715,889**	**4.39**
Outstanding as of December 31, 2023	**156,715,889**	**4.39**
Vested	(13,297,108)	4.29
Outstanding as of December 31, 2024	**143,418,781**	**4.40**
Outstanding as of December 31, 2024	**143,418,781**	**4.40**
Vested	(26,726,342)	4.33
Outstanding as of December 31, 2025	**116,692,439**	**4.41**

As of December 31, 2025, there were RMB529.2 million of unrecognized compensation expenses related to restricted shares granted to the Group's employees, which are expected to be recognized over a weighted-average period of 1.4 years and may be adjusted for future changes in forfeitures.

The total fair value of shares vested for restricted shares for the years ended December 31, 2023, 2024 and 2025 was RMB364.9 million, RMB365.1 million and RMB747.3 million.

21. ORDINARY SHARES

Shares

In August 2020, the Company completed its IPO on the New York Stock Exchange ("NYSE"). The Company received total net proceeds of approximately US$2,358.8 million after deducting US$79.2 million of underwriter commissions and relevant offering expenses.

In November 2020, the Company completed a follow-on public offering on the NYSE. The Company received total net proceeds of approximately US$2,322.6 million after deducting US$38.5 million of underwriter commissions and relevant offering expenses.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. ORDINARY SHARES (Continued)

On November 8, 2021, an extraordinary general meeting of shareholders of the Company was held. The Memorandum and Articles of Association were amended that the Class B ordinary shares shall only be held by the Founder and Mr. PENG Yongdong and Mr. SHAN Yigang ("Co-founders"), and the immediate family members, any trust for the benefit of the Co-Founder and/or any of the immediate family members, and any corporation, partnership or any other entity ultimately controlled by the Co-Founder and/or any of the immediate family members (together, the "Co-Founder Affiliates"). And the shareholders approved that 110,116,275 Class A ordinary shares that were held by Ever Orient International Limited and beneficially owned by Mr. PENG Yongdong, chairman and chief executive officer of the Company, and 47,777,775 Class A ordinary shares that were held by Clover Rich Limited and beneficially owned by Mr. SHAN Yigang, an executive director of the Company, were re-designated and re-classified as Class B Ordinary Shares on a 1:1 basis, such Class B Ordinary Shares to rank pari passu in all respects with all other existing Class B Ordinary Shares in the authorized share capital of the Company, and that the rights, preferences, privileges and restrictions attaching to such re-designated shares shall be varied accordingly (the "Share Re-designation"). Immediately prior to the resolutions above become effective, Propitious Global Holdings Limited converted 157,894,050 of its Class B ordinary shares into Class A ordinary shares on a 1:1 basis. Propitious Global Holdings Limited, the Company's principal shareholder, is ultimately controlled by Z&Z Trust, the beneficiaries of which are the immediate family members of Mr. ZUO Hui, who has passed away in May 2021.

On March 31, 2022, the management of the Group, Shengdu and Shengdu's selling shareholders agreed to enter into an amended share purchase agreement, pursuant to which the Group agreed to issue 44,315,854 restricted Class A ordinary Shares to the selling shareholders of Shengdu as a part of consideration for acquisition of Shengdu. The restricted shares were issued on April 20, 2022 subject to a three-year restriction. As of December 31, 2025, all 44,315,854 shares' restriction was removed.

On May 5, 2022, the Group issued 71,824,250 and 53,868,189 restricted Class A ordinary shares under the Company's 2022 Global Share Incentive Plan to Mr. PENG Yongdong and Mr. SHAN Yigang. Such restrictions will be removed in whole in five years from May 5, 2022 with restriction on certain portion being removed in each year, subject to the approval by a resolution of the Compensation Committee of the Board. As of December 31, 2025, 9,000,000 restricted shares held by Mr. PENG Yongdong were released from restrictions, and all the other restricted shares (i.e., 62,824,250 restricted shares held by Mr. PENG Yongdong and 53,868,189 restricted shares held by Mr. SHAN Yigang) were still subject to such restrictions.

On May 11, 2022, Propitious Global Holdings Limited converted 727,407,230 of its Class B ordinary shares into Class A ordinary shares on a 1:1 basis. Propitious Global Holdings Limited, the Company's principal shareholder, is ultimately controlled by Z&Z Trust.

On August 12, 2022, an amendment to the Memorandum and Articles of Association was approved by the shareholders during an annual general meeting, according to which, the authorised share capital of the Company is US$500,000 divided into 25,000,000,000 shares, comprising (i) 24,114,698,720 Class A ordinary shares with a par value of US$0.00002 each and (ii) 885,301,280 Class B ordinary shares with a par value of US$0.00002 each.

During the years ended December 31, 2023, 2024 and 2025, Ever Orient International Limited converted 3,537,486, 4,143,361 and 4,160,498 Class B ordinary shares to Class A Ordinary Shares on a 1:1 basis, and Clover Rich Limited converted 1,534,861, 1,797,742 and 1,805,178 Class B ordinary shares to Class A Ordinary Shares on a 1:1 basis, respectively.

As of December 31, 2025, the Company issued 60,852,775 Class A Ordinary Shares to an employee trust controlled by the Company upon early exercise of options, of which 57,025,016 shares have been exercised by employees.

During the years ended December 31, 2023, 2024 and 2025, the Company issued 88,800,000, 49,500,000 and 30,900,000 Class A Ordinary Shares to the depositary bank for future exercise of employees' share options, of which 128,783,463 shares have been exercised by employees as of December 31, 2025.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. ORDINARY SHARES (Continued)

Holders of Class A Ordinary Shares and Class B Ordinary Shares have the same rights except for conversion and voting rights. Class B Ordinary Shares shall only be held by Mr. PENG Yongdong and Mr. SHAN Yigang (each of whom, a "Co-Founder") a Director Holding Vehicle wholly-owned and wholly-controlled by a Co-Founder, as defined in the currently effective memorandum and articles of association. Class B ordinary shares may be converted into the same number of Class A ordinary shares by the holders thereof at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. Subject to the Hong Kong Listing Rules or other applicable laws or regulations, each Class B ordinary share shall be automatically converted into one Class A ordinary share upon the occurrence of any of the following events: (i) the holder of such Class B ordinary shares dies, ceases to be a director or a Director Holding Vehicle wholly-owned and wholly-controlled by a Co-Founder, or is deemed by the Hong Kong Stock Exchange to be incapacitated for the purpose of performing his or her duties as a director or no longer meet the requirements of a director as set out in the Hong Kong Listing Rules; (ii) the transfer to another person of the beneficial ownership of, or economic interest in, such Class B ordinary share or the control over the voting rights attached to such Class B ordinary share other than (a) the grant of any lien, pledge, charge or other encumbrance over such share which does not result in the transfer of the legal title or beneficial ownership of, or the voting rights attached to, such share, until the same is transferred upon the enforcement of such lien, pledge, charge or other encumbrance and (b) a transfer of the legal title to such share by a Co-Founder to a Director Holding Vehicle wholly-owned and wholly-controlled by him, or by a Director Holding Vehicle wholly-owned and wholly-controlled by a Co-Founder to the Co-Founder holding and controlling it or another Director Holding Vehicle wholly-owned and wholly-controlled by such Co-Founder; and (iii) a Director Holding Vehicle holding such Class B Ordinary Shares no longer complies with the principle that the weighted voting rights attached to a beneficiary's shares must cease upon transfer to another person of the beneficial ownership of, or economic interest in, those shares or the control over the voting rights attached to them. Upon any sale, transfer, assignment or disposition of any Class B ordinary share by a holder thereof to any person other than the Co-Founders or Co-Founder affiliates, or upon a change of control of the ultimate beneficial ownership of any Class B ordinary share to any person other than the Co-Founders or Co-Founder Affiliates, such Class B ordinary share shall be automatically and immediately converted into one Class A ordinary share. Holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members at any general meeting of the Company. Each Class A ordinary share shall be entitled to one vote on all matters subject to the vote at general meetings of the Company, and each Class B ordinary share shall be entitled to ten votes on all matters subject to the vote at general meetings of the Company.

Share repurchase program

In May 2022, the board of directors of the Company authorized a share repurchase program under which the Company may repurchase up to US$1 billion of its ADSs and/or Class A ordinary shares in the open market at prevailing market prices, through privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations, over a 12-month period, subject to obtaining general mandate from shareholders. On August 12, 2022, a general mandate was obtained from the shareholders during Annual General Meeting. The share repurchase program has been extended in 2023, 2024 and 2025, respectively, under which the Company may repurchase up to US$5 billion of its ADSs and/or Class A ordinary shares in the open market before August 31, 2028.

During the years ended December 31, 2023, 2024 and 2025, the Company repurchased 141,064,215, 144,663,195 and 150,367,893 Class A ordinary shares in the open market at prevailing market prices, and the total consideration paid for the purchases was US$723.2 million (RMB5,150.6 million), US$716.0 million (RMB5,101.1 million) and US$921.5 million (RMB6,581.2 million), respectively.

During the years ended December 31, 2023, 2024 and 2025, the Company cancelled 123,459,369, 147,784,335 and 149,704,635 Class A ordinary shares with a par value of US$0.00002 per share, which were repurchased under the share repurchase program, respectively.

As of December 31, 2025, 477,803,217 Class A ordinary shares have been purchased under the repurchase program with total consideration of approximately US$2,548.0 million (RMB18,152.0 million) since the share repurchase program launched, and 456,194,967 Class A ordinary shares have been cancelled with a par value of US$0.00002 per share, which were repurchased between September 2022 and October 2025.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. FAIR VALUE MEASUREMENT

The following table sets forth the financial instruments, measured at fair value, by level within the fair value hierarchy on a recurring basis as of December 31, 2024 and 2025:

		Fair value measurement at reporting date using		
	December 31, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
	RMB	RMB	RMB	RMB
		(in thousands)		
Assets				
Fair value disclosure				
Short-term investments				
Short-term time deposits	14,874,498	—	14,874,498	—
Held-to-maturity debt investments	5,420,043	—	5,420,043	—
Long-term investments				
Long-term time deposits	15,568,643	—	15,568,643	—
Held-to-maturity debt investments	1,798,444	—	1,798,444	—
Fair value measurements on a recurring basis				
Short-term investments				
Wealth management products	20,474,093	—	19,224,772	1,249,321
Available-for-sale debt investments	551,348	—	551,348	—
Long-term investments				
Equity investments without readily determinable fair value using the NAV practical expedient (i)	60,691			
Investments accounted for at fair value	1,014,400	56,164	891,192	67,044
Available-for-sale debt investments	4,935,699	—	4,935,699	—
Total	**64,697,859**	**56,164**	**63,264,639**	**1,316,365**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. FAIR VALUE MEASUREMENT (Continued)

		Fair value measurement at reporting date using		
	December 31, 2025	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
	RMB	RMB	RMB	RMB
		(in thousands)		
Assets				
Fair value disclosure				
Short-term investments				
Short-term time deposits	7,057,770	—	7,057,770	—
Held-to-maturity debt investments	5,453,966	—	5,453,966	—
Long-term investments				
Long-term time deposits	11,477,840	—	11,477,840	—
Held-to-maturity debt investments	1,079,884	—	1,079,884	—
Fair value measurements on a recurring basis				
Short-term investments				
Wealth management products	21,625,789	—	20,736,797	888,992
Available-for-sale debt investments	5,370,207	—	5,370,207	—
Long-term investments				
Equity investments without readily determinable fair value using the NAV practical expedient (i)	59,446			
Investments accounted for at fair value	5,717,276	53,674	5,580,750	82,852
Total	**57,842,178**	**53,674**	**56,757,214**	**971,844**

(i) Investments are measured at fair value using the NAV as a practical expedient. These investments have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. FAIR VALUE MEASUREMENT (Continued)

Reconciliations of assets categorized within Level 3 under the fair value hierarchy are as follow:

Short-term investments:

	Amounts RMB (in thousands)
Fair value as of December 31, 2023	**2,415,208**
Addition	357,930
Change in fair value (i)	57,579
Exchange adjustment	30,163
Disposal	(1,611,559)
Fair value as of December 31, 2024	**1,249,321**
Addition	—
Change in fair value (i)	73,241
Exchange adjustment	(27,396)
Disposal	(406,174)
Fair value as of December 31, 2025	**888,992**

(i) Recognized as "Fair value changes in investments, net" on the consolidated statements of comprehensive income.

Long-term investments:

	Amounts RMB (in thousands)
Fair value as of December 31, 2023	**115,167**
Addition	100
Change in fair value (i)	(43,196)
Disposal	(5,027)
Fair value as of December 31, 2024	**67,044**
Addition	12,088
Change in fair value (i)	3,820
Disposal	(100)
Fair value as of December 31, 2025	**82,852**

(i) Recognized as "Fair value changes in investments, net" on the consolidated statements of comprehensive income.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. FAIR VALUE MEASUREMENT (Continued)

Assets Measured at Fair Value on a Non-Recurring Basis

Investments without readily determinable fair value

The Group measures equity method investments at fair value on a non-recurring basis only if an impairment charge is recognized.

For those equity investments without readily determinable fair value and accounted for other than under the equity method, the Group measures them at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. If this measurement alternative is elected, changes in the carrying value of the equity investments will be required to be made whenever there are observable price changes in transactions for identical or similar investments of the same issuer. The implementation guidance notes that an entity should make a "reasonable effort" to identify price changes that are known or that can reasonably be known.

As of December 31, 2024 and 2025, certain investments were assessed for impairment by considering factors, including but not limited to, the stage of development, the business plan, the financial condition, the sufficiency of funding and the operating performance of the investee companies. These investments were measured using unobservable inputs (Level 3) and written down from their respective carrying values to fair value,with impairment charges incurred and recorded in consolidated statements of comprehensive income for the years then ended.

Non-financial assets

The Group's non-financial assets, such as intangible assets, goodwill and property, plant and equipment, would be measured at fair value only if they were determined to be impaired.

The Group reviews long-lived assets and certain identifiable intangible assets other than goodwill for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Impairment loss for those assets was recognized based on the impairment test using the discounted cash flow method. The impairment recognized on the intangible assets and long-lived assets based on management's assessment amounted to nil, RMB53.4 million and nil for the years ended December 31, 2023, 2024 and 2025, respectively.

The Group has a policy to perform goodwill impairment testing at the reporting unit level on December 31 annually, and between annual tests whenever a triggering event occurs. When performing the quantitative impairment test at the reporting unit level, the Group considers a number of factors including but not limited to expected future cash flows, growth rates, discount rates, and comparable multiples from publicly traded companies in the industry. The impairment recognized on goodwill based on management's assessment amounted to RMB93.4 million, RMB98.2 million and RMB116.3 million for the years ended December 31, 2023, 2024 and 2025, respectively. The fair value of reporting units was determined using Level 3 inputs.

23. SEGMENT INFORMATION

(a) Description of segments

The Group's organizational structure is based on a number of factors that the Chief Operating Decision Maker (the "CODM") uses to evaluate, view and run its business operations which include, but are not limited to, customer base, homogeneity of services and technology. The Group's operating segments are based on this organizational structure and information reviewed by the Group's CODM to evaluate the operating segment results.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. SEGMENT INFORMATION (Continued)

In view of the increased scale and business importance of the Group's home rental services, with reported revenues exceeding the quantitative threshold of reportable segment, effective beginning with the first quarter of 2024, the Group split out the home rental services as a separate reportable segment from emerging and other services segment and aligned its internal financial and segment reporting in accordance with this change. Prior period amounts have been recast to conform to the reporting structure for the current year.

The Group now operates its businesses in five segments: existing home transaction services, new home transaction services, home renovation and furnishing, home rental services, and emerging and other services. The following summary describes the operations in each of the Group's reportable segments:

(1) Existing home transaction services: The existing home transaction segment provides services in existing home market including i) agency services to sales or leases of existing homes, either through acting as the principal agent or a participating agent in collaboration with the principal agents; ii) platform and franchise services to brokerage firms on Beike platform who provide agency services in existing home market; and iii) other transaction services, such as transaction closing service through the Group's transaction center.

(2) New home transaction services: The new home transaction business segment provides new home transaction services in new home market. New home transaction services refer to marketing services provided to real estate developers to facilitate sales of new properties developed by the real estate developers to property buyers. The Group signs the new home transaction services contracts with the sales companies of the developers and then mobilizes all agents registered with the platform to fulfil such contracts.

(3) Home renovation and furnishing: The home renovation and furnishing business segment provides a one-stop solution to give housing customers access to a comprehensive range of home renovation and furnishing, ranging from interior design, renovation, re-modeling, furnishing, supplies, to after-sales maintenance and repair.

(4) Home rental services: The home rental business provides rental property management and operation services with respect to dispersed and centralized properties, and other rental-related services including monetization of platform traffic and online rental management services.

(5) Emerging and other services: Emerging and other services include financial service business and other newly developed businesses.

The Group discloses segment contribution as its measure of segment performance, reconciled to income from operations. The Group defines contribution for each service line as the revenue less variable costs directly attributable to the reportable segment. For existing home and new home transaction services, variable costs include direct compensation to the Group's internal agents and sales professionals, split commission to connected agents and other sales channels for such services. For home renovation and furnishing services, variable costs include material costs and compensation costs to renovation workers who are the Group's employees or contractors. For home rental services, variable costs include property leasing costs paid to property owners according to corresponding lease contracts and direct compensation to sales professionals.

The Group's CODM reviews segment contribution to evaluate performance and allocate resources, predominately in the budgeting, planning, and forecasting processes. For segment contribution, the Group's CODM reviews the month-over-month and quarter-over-quarter change in contribution, sequential change in contribution, and change in contribution from internal forecasts/budgets. Expense information is provided to and reviewed by the CODM on a consolidated basis to evaluate cost efficiency and company level performance.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. SEGMENT INFORMATION (Continued)

(b) Segments data

The following tables present summarized information by segment:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Existing home transaction services			
Net revenues	27,954,135	28,201,003	25,020,035
Commission and compensation costs	(14,762,910)	(16,016,079)	(15,185,117)
Contribution	**13,191,225**	**12,184,924**	**9,834,918**
New home transaction services			
Net revenues	30,575,778	33,653,403	30,597,319
Commission and compensation costs	(22,455,253)	(25,304,481)	(22,950,571)
Contribution	**8,120,525**	**8,348,922**	**7,646,748**
Home renovation and furnishing			
Net revenues	10,850,497	14,768,947	15,426,141
Material costs, commission and compensation	(7,705,325)	(10,229,696)	(10,581,816)
Contribution	**3,145,172**	**4,539,251**	**4,844,325**
Home rental services			
Net revenues	6,099,747	14,334,479	21,900,320
Property leasing costs, commission and compensation	(6,163,044)	(13,619,506)	(20,020,954)
(Deficit)/Contribution	**(63,297)**	**714,973**	**1,879,366**
Emerging and other services			
Net revenues	2,296,775	2,499,666	1,636,390
Commission and compensation costs	(217,341)	(350,183)	(393,901)
Contribution	**2,079,434**	**2,149,483**	**1,242,489**
Reconciliation of profit			
Cost related to stores	(2,872,093)	(2,854,988)	(2,851,831)
Other costs	(1,882,952)	(2,138,510)	(2,383,938)
Amounts not allocated to segment:			
Sales and marketing expenses	(6,654,178)	(7,783,341)	(7,328,909)
General and administrative expenses	(8,236,569)	(8,960,747)	(8,075,414)
Research and development expenses	(1,936,780)	(2,283,424)	(2,580,564)
Impairment of goodwill, intangible assets and other long-lived assets	(93,417)	(151,576)	(116,332)
Total operating expenses	**(16,920,944)**	**(19,179,088)**	**(18,101,219)**
Income from operations	**4,797,070**	**3,764,967**	**2,110,858**

The Group does not allocate assets to its segments as the CODM does not evaluate the performance of segments using asset information.

As substantially all of the Group's long-lived assets are located in the PRC and substantially all of the Group's revenue of reportable segments is derived from China based on the geographical locations where services and products are provided to customers, no geographical information is presented. There were no customers that individually accounted for 10% or more of the Group's consolidated net sales for the years ended December 31, 2023, 2024 and 2025.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24. NET INCOME PER SHARE

Basic net income per share is the amount of net income attributable to each share of ordinary shares outstanding during the reporting period. Diluted net income per share is the amount of net income attributable to each share of ordinary shares outstanding during the reporting period adjusted to include the effect of potentially dilutive ordinary shares.

The following table sets forth the computation of basic and diluted net income per share for the years and periods indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands, except for share and per share data)		
Numerator:			
Net income attributable to KE Holdings Inc.	**5,883,224**	**4,064,900**	**2,993,975**
Net income attributable to KE Holdings Inc.'s ordinary shareholders	**5,883,224**	**4,064,900**	**2,993,975**
Denominator:			
Denominator for basic net income per share-weighted average ordinary shares outstanding	3,521,379,938	3,409,772,592	3,326,149,994
Adjustments for dilutive share options	9,338,346	11,026,547	4,954,186
Adjustments for dilutive restricted shares	72,916,553	104,034,579	113,084,875
Adjustments for dilutive restricted share units	8,018,183	12,574,311	27,887,094
Denominator for diluted net income per share-weighted average ordinary shares outstanding	3,611,653,020	3,537,408,029	3,472,076,149
Net income per share attributable to ordinary shareholders:			
—Basic	1.67	1.19	0.90
—Diluted	1.63	1.15	0.86

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

During the years ended December 31, 2023, 2024 and 2025, other than disclosed elsewhere, the Group had the following material related party transactions.

Related Party	Relationship with the Group
Ziroom Inc. and its subsidiaries ("Ziroom")	A group whose management or operating policies are significantly influenced by a director of the Company
Yuanjing Mingde (Beijing) Holding Group Co., Ltd. and its subsidiaries ("Yuanjing Mingde")	A group whose management or operating policies are significantly influenced by a director and/or a principal shareholder of the Company
IFM Investments Limited ("IFM")	An affiliate company of the Group
Shanghai Xinhewan Industrial Development Co., Ltd. ("Xinhewan")	An affiliate company of the Group
Brokerage firms	Firms that the Group has significant influence in
Beihaojia business investees	Investees that the Group has significant influence in
Tencent Holdings Limited, its subsidiaries and its controlled affiliated entities ("Tencent")	A shareholder of the Company that can significantly influence the management and operating policies of the Group
Suofeiya Shengdu Home (Zhejiang) Co., Ltd. ("Suofeiya Shengdu")	An affiliate company of the Group

Yuanjing Mingde was a group whose management or operating policies were significantly influenced by a director and/or a principal shareholder of the Company. Such director ceased to be a director of Yuanjing Mingde from July 18, 2024 and the principal shareholder of the Company ceased to be a shareholder of Yuanjing Mingde from November 25, 2024. Transactions between the Group and Yuanjing Mingde before November 25, 2024 were disclosed as related party transactions.

Xinhewan was an affiliate company of the Group. On January 9, 2023, the Group terminated the investment in Xinhewan and Xinhewan was no longer a related party thereafter.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25. RELATED PARTY TRANSACTIONS (Continued)

(i) The Group entered into the following transactions with related parties:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Revenues from related parties			
Commission support services provided to brokerage firms	606,062	473,539	368,038
Platform services provided to IFM	91,825	98,180	91,980
Online marketing services provided to Ziroom	74,961	55,386	30,587
Agency services provided to Ziroom	51,118	16,185	11,652
Platform and franchise services provided to brokerage firms	27,184	24,325	9,082
Agency services provided to Yuanjing Mingde	6,901	2,192	—
Agency services provided to Beihaojia business investees	—	—	73,975
Operating lease income from Suofeiya Shengdu	3,046	3,895	3,118
Others	4,550	3,465	62
Total	**865,647**	**677,167**	**588,494**

Commission support services refer to transaction facilitation services provided to brokerage firms.

Platform services refer to the fees the Group charges for using the Group's ACN and SaaS system. Franchise services refer to the fees the Group charges for using the Group's franchise brands such as Deyou.

Online marketing services mainly refer to the technical support, marketing and promotion services provided to the above related parties to promote their own services and products.

Agency services provided to Ziroom and Yuanjin Mingde mainly refer to services to facilitate home sales or leases. Agency services commission is recognized upon the completion of contracts between referred customers and the related parties stated above.

Agency services provided to Beihaojia business investees refer to new home transaction agency services provided to Beihaojia business investees to facilitate new home property sales. Commission is recognized upon receipt of the sales confirmations.

Others refer to lease rental income from related parties, which have been disclosed above.

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Purchase services and goods from related parties			
Referral services from brokerage firms	853,139	602,845	319,402
Technical services and online marketing from Tencent	122,452	186,970	239,721
Purchase of home furnishing from Suofeiya Shengdu	144,119	111,541	47,506
Rental and property management services from Yuanjing Mingde	21,882	13,949	—
Referral services from IFM	6,339	5,618	5,197
Purchase of services and renovation from Ziroom	10,661	4,774	8,890
Others	35,917	3,464	575
Total	**1,194,509**	**929,161**	**621,291**

Referral services provided by related parties mainly refer to customer referrals from related parties.

Technical services and online marketing mainly refer to the cloud, marketing and promotion services provided by Tencent.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25. RELATED PARTY TRANSACTIONS (Continued)

Services from Ziroom include referral, cleaning, maintenance and renovation provided by Ziroom.

Rental and property management services mainly include the office rental from Yuanjing Mingde, which was charged based on fair market price.

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Interest income, net			
Interest income from loans provided to IFM	5,076	3,421	1,552
Interest income from loans provided to Beihaojia business investees	—	2,258	10,014
Interest income from loans provided to others	1,911	1,331	329
Total	**6,987**	**7,010**	**11,895**

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Operating lease cost related to lease with related parties			
Operating lease cost related to lease with Yuanjing Mingde	12,133	6,050	—
Operating lease cost related to lease with Ziroom	72	—	—
Operating lease cost related to lease with brokerage firms	35	42	42
Total	**12,240**	**6,092**	**42**

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Operating lease income from related parties			
Operating lease income from Suofeiya Shengdu	3,046	3,895	3,118
Total	**3,046**	**3,895**	**3,118**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25. RELATED PARTY TRANSACTIONS (Continued)

(ii) As of December 31, 2024 and 2025, the Group had the following balances with related parties:

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Amounts due from and prepayments to related parties		
Ziroom	337,752	340,993
IFM	4,170	5,203
Tencent	3,115	2,056
Brokerage firms	20,074	21,196
Beihaojia business investees	2,393	36,430
Others	11,714	3,989
Total	**379,218**	**409,867**
Amounts due to related parties		
Tencent	52,645	60,999
Ziroom	27,940	29,712
IFM	39,252	45,687
Brokerage firms	271,125	206,680
Beihaojia business investees	—	4,031
Others	484	1,358
Total	**391,446**	**348,467**

As of December 31, 2025, all amounts due from and prepayments to related parties and amounts due to related parties were trade in nature.

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Loan receivables from related parties (a)		
Short-term loans to IFM	10,000	12,000
Short-term loans to Beihaojia business investees	—	289,275
Short-term loans to others	8,797	14,480
Long-term loans to IFM	22,360	10,360
Long-term loans to Beihaojia business investees	109,050	15,900
Long-term loans to others	—	13,313
Total	**150,207**	**355,328**
Loan payable to related parties (b)		
Short-term loans from Beihaojia business investees	—	497,939
Long-term loans from Beihaojia business investees	—	259,249
Total	**—**	**757,188**

(a) The balance of loans included loans the Group provided to entities over which the Group had significant influence, net of allowance for credit losses.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25. RELATED PARTY TRANSACTIONS (Continued)

(b) Loan payable to related parties primarily arised from surplus funds generated from the pre-sales of corresponding real estate projects, which were repatriated to the Group by Beihaojia business investees.

As of December 31, 2025, all loan receivables from related parties were non-trade in nature. The interest rates of the loans provided to the related parties stated above ranged from 0.1% to 12%, and cash flows arising from the loans were presented within investing activities in the consolidated statements of cash flows.

As of December 31, 2025, all loan payable to related parties were non-trade in nature. Loan payable to related parties were with interest rates ranging from 0% to 3% and with payment terms ranging from 6 to 36 months or without fixed payment terms. Balances without fixed payment terms were expected to be repaid within one year.

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands)	
Operating Leases		
Administrative office leases from brokerage firms	7	48
Total operating lease assets	**7**	**48**
Operating lease liabilities, current from brokerage firms	7	41
Operating lease liabilities, non-current from brokerage firms	—	7
Total operating lease liabilities	**7**	**48**

(iii) On September 5, 2022, Beike Zhaofang (Beijing) Technology Co., Ltd., a wholly-owned subsidiary of the Company, entered into a donation agreement, or the Donation Agreement, with one of our principal shareholders, or the Donator. According to the Donation Agreement, the Donator agreed to donate RMB30 million free of charge during a three-year period to set up a scholarship for Huaqiao Academy run by the Group, or the Huaqiao Scholarship. The Group agreed to manage the Huaqiao Scholarship on behalf of the Donator by solely acting on its instructions. The Huaqiao Scholarship shall only be used to subsidize outstanding students of Huaqiao Academy, who will use the Huaqiao Scholarship to pay the tuition payable to Huaqiao Academy. The Huaqiao Scholarship shall be managed and accounted independently, and shall not be used for any other purpose unless instructed by the Donator, who is responsible for overseeing the use of the donated fund. In July 2025, the above two parties signed another Donation Agreement which is worth RMB30 million. As of December 31, 2025, accumulated donation payment of RMB40 million was made by the Donator under the aforementioned agreements, out of which payment of RMB10 million was made during the year ended December 31, 2025. As of December 31, 2025, RMB3.4 million of Huaqiao Scholarship has not been awarded.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

26. COMMITMENTS AND CONTINGENCIES

(a) Commitments

Properties under development and construction in progress

As of December 31, 2025, the Group's commitments under existing construction contracts for self-developed properties amounted to RMB402.4 million. The Group expects to make the majority of these payments within the next two years, assuming that the contractors meet the contractual construction milestones.

Other Commitments

Future minimum payments under other non-cancellable agreements consist of the following as of December 31, 2025:

	As of December 31, 2025 RMB (in thousands)
Operating leases commitments(i)	771,354
Investment commitments(ii)	240,000
Capital commitments (iii)	232,009
Purchase of services	1,307
Total	**1,244,670**

	Amounts RMB (in thousands)
2026	544,667
2027	312,016
2028	249,266
2029	90,934
2030	38,981
Thereafter	8,806
Total	**1,244,670**

(i) Lease commitment represents future minimum payments under non-cancelable agreements for operating leases that have not commenced or with lease terms of 12 months or less as of December 31, 2025. Future minimum lease payments for operating lease liabilities as of December 31, 2025 are disclosed in Note 11.

(ii) Investment commitments primarily relate to capital contributions obligation pursuant to one investment arrangement related to Beihaojia business.

(iii) Capital commitments primarily relate to commitment on construction of office buildings.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

26. COMMITMENTS AND CONTINGENCIES (Continued)

(b) Contingencies

From time to time, the Group is involved in claims and legal proceedings that arise in the ordinary course of business.

On December 30, 2021, the Company and certain of its current officers and directors were named as defendants in a putative securities class action filed in federal court, captioned Chin v. KE Holdings Inc. et al., No. 1:21-cv-11196 (U.S. District Court for the Southern District of New York). On February 26, 2024, the Court granted in part and denied in part defendants' motion to dismiss, and plaintiffs were granted leave to replead to address the complaint's deficiencies identified by the Court. On March 18, 2024, plaintiff filed its Second Amended Complaint with all Exchange Act claims removed. On April 10, 2024, the Court ordered motion-to-dismiss briefing for the Second Amended Complaint to be completed in June 2024. On May 13, 2024, plaintiff filed its Third Amended Complaint, which removes all Exchange Act claims and asserts claims under Sections 11, 12 (a) (2) and 15 of the Securities Act regarding the disclosed total number of stores and agents on the Company's platform as of September 30, 2020 in the November 19, 2020 follow-on offering documents. On June 17, 2024, the Company filed its answer. On October 24, 2024, plaintiff voluntarily dismissed the officer and director defendants. The Company has accrued for the potential damages in connection with this case as of December 31, 2024. On April 15, 2025, the Company informed the court that it had reached a settlement agreement with the plaintiff on principle. On September 8, 2025, the Company signed a settlement agreement with the plaintiff, settling the dispute with a settlement amount of US$4.95 million (RMB35 million). On September 9, 2025, the plaintiff filed a motion for preliminary approval of the settlement, and the court approved it on October 24, 2025. On November 7, 2025, the Company paid the settlement amount. On February 27, 2026, the Court entered final approval of the settlement.

Except for the above, management does not believe that the ultimate outcome of the unresolved matters, individually and in the aggregate, are likely to have a material adverse effect on the Group's financial position, results of operations or cash flows. However, litigations are subject to inherent uncertainties and the Group's view of these matters may change in the future.

27. DIVIDENDS

In August 2023, the Group's board of directors approved a special cash dividend of US$0.057 per ordinary share, or US$0.171 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on September 15, 2023, Beijing/Hong Kong Time and New York Time, respectively, payable in U.S. dollars. As a result, US$198.5 million dividend has been paid out during 2023, which funded by surplus cash on the Company's balance sheet.

In March 2024, the Group's board of directors approved a final cash dividend of US$0.117 per ordinary share, or US$0.351 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on April 5, 2024, Beijing/Hong Kong Time and New York Time, respectively, payable in U.S. dollars. As a result, US$398.8 million dividend has been paid out during 2024, which funded by surplus cash on the Company's balance sheet.

In March 2025, the Group's board of directors approved a final cash dividend of US$0.12 per ordinary share, or US$0.36 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on April 9, 2025, Beijing/Hong Kong Time and New York Time, respectively, payable in U.S. dollars. As a result, US$401.6 million dividend has been paid out during 2025, which funded by surplus cash on the Company's balance sheet.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28. STATUTORY RESERVES AND RESTRICTED NET ASSETS

Pursuant to laws applicable to entities incorporated in the PRC, the Group's subsidiaries in the PRC must make appropriations from after tax profit to statutory surplus reserve, which requires an annual appropriation of 10% of after tax profit (as determined under accounting principles generally accepted in the PRC at each year end) until the accumulative amount of statutory surplus reserve reaches 50% of a company's registered capital. Subject to approval from the relevant authorities, the statutory surplus reserve may be used to offset losses or increase paid-in capital. During the years ended December 31, 2023, 2024 and 2025, appropriations to the statutory reserve have been made by the Group, which was RMB150.3 million, RMB115.9 million and RMB127.9 million, respectively.

In addition, due to restrictions on the distribution of share capital from the Group's PRC subsidiaries and also as a result of these entities' unreserved accumulated losses, total restrictions placed on the distribution of the Group's PRC subsidiaries' net assets was RMB26.0 billion as of December 31, 2025.

Cash transfers from the Company's PRC subsidiaries to their parent companies outside of China are subject to PRC government control of currency conversion. Shortages in the availability of foreign currency may temporarily restrict the ability of the PRC subsidiaries and consolidated affiliated entities to remit sufficient foreign currency to pay dividends or other payments to the Company, or otherwise satisfy their foreign currency denominated obligations.

The Company performed a test on the restricted net assets of consolidated subsidiaries in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the financial statements for the parent company.

For the purpose of presenting parent only financial information, the Company records its investments in its subsidiaries under the equity method of accounting. Such investments are presented on the separate condensed balance sheets of the Company as "Investment in subsidiaries" and "Net assets of VIEs" and the income of the subsidiaries is presented as "Share of income of subsidiaries" and "Income of the VIEs". Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted.

The Company became parent company of the Group upon the completion of the Reorganization on December 28, 2018. The following disclosures present the financial positions of the parent company as of December 31, 2024 and 2025, the operation results for the years ended December 31, 2023, 2024 and 2025, and the statements of cash flows for the years ended December 31, 2023, 2024 and 2025. The Company did not have significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2024 and 2025.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28. STATUTORY RESERVES AND RESTRICTED NET ASSETS (Continued)

Condensed balance sheets of the parent company

	As of December 31,	
	2024	2025
	RMB	RMB
	(in thousands, except for share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	40,415	646,909
Short-term investments	1,946,964	2,771,550
Amounts due from subsidiaries and VIEs	1,476,789	1,434,821
Prepayments, receivables and other assets	7,641	3,495
Non-current assets:		
Investment in subsidiaries	66,782,487	61,861,571
Net assets of the VIEs	2,744,068	2,931,280
Long-term investments, net	362,992	—
TOTAL ASSETS	**73,361,356**	**69,649,626**
LIABILITIES		
Current liabilities		
Accrued expenses and other current liabilities	168,079	45,209
Amounts due to subsidiaries and VIEs	1,869,461	3,163,129
TOTAL LIABILITIES	**2,037,540**	**3,208,338**
SHAREHOLDERS' EQUITY		
Ordinary shares (US$0.00002 par value; 25,000,000,000 ordinary shares authorized, comprising of 24,114,698,720 Class A ordinary shares and 885,301,280 Class B ordinary shares as of both December 31, 2024 and 2025. 3,479,616,986 Class A ordinary shares issued and 3,337,567,403 Class A ordinary shares outstanding[(1)] as of December 31, 2024; 3,366,778,024 Class A ordinary shares issued and 3,233,808,859 Class A ordinary shares outstanding[(1)] as of December 31, 2025; and 145,413,446 and 139,447,770 Class B ordinary shares issued and outstanding as of December 31, 2024 and 2025, respectively)	461	450
Treasury shares	(949,410)	(848,433)
Additional paid-in capital	72,460,562	64,802,176
Accumulated other comprehensive income	609,112	290,029
(Accumulated deficit) / Retained earnings	(796,909)	2,197,066
Total shareholders' equity	**71,323,816**	**66,441,288**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**73,361,356**	**69,649,626**

(1) Excluding the Class A ordinary shares registered in the name of the depositary bank for future issuance of ADSs upon the exercise or vesting of awards granted under our share incentive plans and the Class A ordinary shares repurchased but not cancelled in the form of ADSs.

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28. STATUTORY RESERVES AND RESTRICTED NET ASSETS (Continued)

Condensed statements of comprehensive income of the parent company

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
General and administrative expenses	(45,781)	(33,862)	(92,616)
Interest income, net	52,460	(117)	6,647
Share of income of subsidiaries	5,618,262	3,734,104	2,581,208
Income of the VIEs	194,884	252,952	187,213
Fair value changes through earnings on investments, net	45,235	40,780	95,325
Foreign currency exchange loss	(30,089)	(40,093)	(21,420)
Other income, net	48,253	111,136	237,618
Income before income tax expense	**5,883,224**	**4,064,900**	**2,993,975**
Income tax expense	—	—	—
Net income	**5,883,224**	**4,064,900**	**2,993,975**
Net income attributable to KE Holdings Inc.'s ordinary shareholders	**5,883,224**	**4,064,900**	**2,993,975**
Net income	**5,883,224**	**4,064,900**	**2,993,975**
Other comprehensive income (loss)			
Currency translation adjustments	574,223	217,142	(429,040)
Unrealized gains on available-for-sale investments, net of reclassification	82,800	147,668	109,957
Total comprehensive income	**6,540,247**	**4,429,710**	**2,674,892**
Total comprehensive income attributable to KE Holdings Inc.'s ordinary shareholders	**6,540,247**	**4,429,710**	**2,674,892**

Condensed statements of cash flows of the parent company

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		(in thousands)	
Net cash provided by operating activities	62,063	194,920	131,872
Net cash provided by investing activities	6,933,723	7,749,040	9,950,599
Net cash used in financing activities	(6,576,333)	(7,931,793)	(9,462,344)
Effect of exchange rate changes on cash and cash equivalents	(422,857)	18,834	(13,633)
Net increase (decrease) in cash and cash equivalents	**(3,404)**	**31,001**	**606,494**
Cash and cash equivalents at the beginning of the year	**12,818**	**9,414**	**40,415**
Cash and cash equivalents at the end of the year	**9,414**	**40,415**	**646,909**

KE Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

29. SUBSEQUENT EVENTS

The Board approved a final cash dividend of US$0.092 per ordinary share, or US$0.276 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on April 8, 2026, Beijing/Hong Kong Time and New York Time, respectively, payable in U.S. dollars. The aggregate amount of the Dividend to be paid will be approximately US$0.3 billion, which will be funded by cash surplus on the Company's balance sheet.

Exhibit 8.1

List of Significant Subsidiaries and Variable Interest Entities of the Registrant

Subsidiary	Place of Incorporation
Beike Group (Cayman) Limited	Cayman Islands
Beike Finance Holdings (Cayman) Limited	Cayman Islands
Beike Fintech Holdings (Cayman) Limited	Cayman Islands
Beike Investments (Cayman) Limited	Cayman Islands
Shengdu Co., Ltd.	Cayman Islands
Beike Investments (BVI) Limited	BVI
Beike Group (BVI) Limited	BVI
Beike Fintech Holdings (BVI) Limited	BVI
Sharehome HK International Limited	Hong Kong
Beike Kestone Holdings (Hong Kong) Limited	Hong Kong
Shengdu (Hong Kong) Company Limited	Hong Kong
Shanghai Beike Investment Holdings Group Co., Ltd.	PRC
Beixi (Tianjin) Technology Co., Ltd.	PRC
Beihan (Tianjin) Technology Co., Ltd.	PRC
Beike (Tianjin) Investment Co., Ltd.	PRC
Lianjia (Tianjin) Enterprise Management Co., Ltd.(1)	PRC
Beijing Lianjia Zhidi Real Estate Brokerage Co., Ltd.	PRC
Beijing Lianjia Gaoce Real Estate Brokerage Co., Ltd.	PRC
Beijing Haichuan Xingye Real Estate Management Consulting Co., Ltd.	PRC
Deyou Real Estate Agency Co., Ltd.	PRC
Shanghai Xiaoheng Internet Technology Co., Ltd.	PRC
Shanghai Deyou Property Consulting Co., Ltd.	PRC
Sichuan Lianjia Real Estate Brokerage Co., Ltd.	PRC
Ningbo Fangjianghu Internet Technology Co., Ltd.	PRC
Tianjin Haibei Information Technology Co., Ltd.(2)	PRC
Beike Zhaofang (Beijing) Technology Co., Ltd.	PRC
Beike Zhaofang Technology Co., Ltd.	PRC
Beike Technology Co., Ltd.	PRC
Deyou (Tianjin) Real Estate Brokerage Service Co., Ltd.	PRC
Shanghai Huibeiju Technology Co., Ltd.	PRC
Shanghai Chenhaibei Internet Technology Co., Ltd.	PRC
Beijing Beike Jiaju Technology Co., Ltd.(3)	PRC
Qingdao Shengjia Huazhang Enterprise Management Co., Ltd.	PRC
Beike Meijia Technology (Zhejiang) Co., Ltd.	PRC
Beike Meijia Zhijia Technology (Zhejiang) Co., Ltd.(4)	PRC
Beijing Beiwoo Decoration Co., Ltd.	PRC
Shengdu Home Renovation Co., Ltd.	PRC
Beijing Meichen Information Consulting Co., Ltd.(5)	PRC
Beijing Xinfu Housing Rental Co., Ltd.	PRC
Tianjin Haibei Technology Service Co., Ltd.	PRC
Shanghai Shengyi Investment Management Co., Ltd.	PRC
Beike Meijia Supply Chain Management (Zhejiang) Co., Ltd.	PRC
Beike Shengdu (Zhejiang) Architectural Decoration Engineering Co., Ltd.	PRC
Shanghai Haibi Technology Co., Ltd.	PRC

Consolidated Variable Interest Entity	Place of Incorporation
Beijing Lianjia Real Estate Brokerage Co., Ltd.	PRC
Beijing Yiju Taihe Technology Co., Ltd.	PRC
Tianjin Xiaowu Information & Technology Co., Ltd.	PRC

Subsidiary of Consolidated Variable Interest Entity	Place of Incorporation
Beijing Zhongrongxin Financing Guarantee Co., Ltd.	PRC
Beijing Ehomepay Technologies Co., Ltd.	PRC

Notes:

(1) 11 wholly-owned PRC subsidiaries for home transaction services were omitted.

(2) 31 wholly-owned PRC subsidiaries for home transaction services were omitted.

(3) Three wholly-owned PRC subsidiaries for home rental services were omitted.

(4) Six wholly-owned PRC subsidiaries for home renovation and furnishing were omitted.

(5) Seven wholly-owned PRC subsidiaries for home rental services were omitted.

Exhibit 12.1

Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, PENG Yongdong, certify that:

1. I have reviewed this annual report on Form 20-F of KE Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 24, 2026

By: /s/ PENG Yongdong
Name: PENG Yongdong
Title: Chief Executive Officer

Exhibit 12.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, XU Tao, certify that:

1. I have reviewed this annual report on Form 20-F of KE Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 24, 2026

By: /s/ XU Tao
Name: XU Tao
Title: Chief Financial Officer

Exhibit 13.1

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of KE Holdings Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, PENG Yongdong, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 24, 2026

By: /s/ PENG Yongdong
Name: PENG Yongdong
Title: Chief Executive Officer

Exhibit 13.2

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of KE Holdings Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, XU Tao, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 24, 2026

By: /s/ XU Tao
Name: XU Tao
Title: Chief Financial Officer

Exhibit 15.1

HARNEYS

24 April 2026

056790.0002

KE Holdings Inc. 贝壳控股有限公司
4/F, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Dear Sir or Madam

KE Holdings Inc. 贝壳控股有限公司 **(the *Company*)**

We have acted as legal advisers as to the laws of the Cayman Islands to the Company, an exempted company incorporated with limited liability in the Cayman Islands, in connection with the filing by the Company with the United States Securities and Exchange Commission (the ***SEC***) of an annual report on Form 20-F for the year ended 31 December 2025 (***Form 20-F***).

We hereby consent to the reference of our name under the headings "Item 3. Key Information—D. Risk Factors," "Item 6. Directors, Senior Management and Employees—E. Share Ownership—Enforceability of Civil Liabilities" and "Item 10. Additional Information—E. Taxation—Cayman Islands" in the Form 20-F and further consent to the incorporation by reference in KE Holdings Inc.'s Registration Statements on Form S-8 (File No. 333-254262 and 333-273495) and Registration Statement on Form F-3 (File No. 333-264782) of the summary of our opinion under the headings "Item 3. Key Information—D. Risk Factors," "Item 6. Directors, Senior Management and Employees—E. Share Ownership—Enforceability of Civil Liabilities" and "Item 10. Additional Information—E. Taxation—Cayman Islands."

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Harney Westwood & Riegels

Harney Westwood & Riegels

Exhibit 15.2

9/F, Office Tower C1, Oriental Plaza, 1 East Chang An Avenue., Dongcheng District
Beijing 100738, PRC
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www.hankunlaw.com

Consent of Han Kun Law Offices

To:
KE Holdings Inc.
Oriental Electronic Technology Building
No. 2 Chuangye Road
Haidian District, Beijing 100086
People's Republic of China

Date: April 24, 2026

Dear Sirs,

We hereby consent to the reference of our name under the headings "Item 3. Key Information—Our Holding Company Structure and the VIE Contractual Arrangements," "Item 3. Key Information—Permissions Required from the PRC Authorities for Our Operations," "Item 3. Key Information—D. Risk Factors," "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders," "Item 6. Directors, Senior Management and Employees—E. Share Ownership—Enforceability of Civil Liabilities" and "Item 10. Additional Information—E. Taxation" in KE Holdings Inc.'s Annual Report on Form 20-F for the year ended December 31, 2025 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the "**SEC**") in the month of April 2026, and further consent to the incorporation by reference in KE Holdings Inc.'s Registration Statements on Form S-8 (File No. 333-254262 and 333-273495) and Form F-3 (File No. 333-264782) of the summary of our opinion under the headings "Item 3. Key Information—Our Holding Company Structure and the VIE Contractual Arrangements," "Item 3. Key Information—Permissions Required from the PRC Authorities for Our Operations," "Item 3. Key Information—D. Risk Factors," "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders," "Item 6. Directors, Senior Management and Employees—E. Share Ownership—Enforceability of Civil Liabilities" and "Item 10. Additional Information—E. Taxation" in this Annual Report. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,
/s/ HAN KUN LAW OFFICES
HAN KUN LAW OFFICES

Exhibit 15.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File No. 333-254262 and 333-273495) of KE Holdings Inc. of our report dated April 24, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People's Republic of China
April 24, 2026