

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

FINANCIAL HIGHLIGHTS FOR THE YEAR

1. Revenue for the Year (as defined below) was approximately RMB960.8 million, representing an increase of 2.9% as compared with 2023.
2. Revenue by business lines for the Year was as follows:
 - (1) revenue from property management services was approximately RMB681.3 million, accounting for 70.9% of the total revenue, representing an increase of 14.7% as compared with 2023;
 - (2) revenue from value-added services to non-property owners was approximately RMB86.4 million, accounting for 9.0% of the total revenue, representing a decrease of 37.6% as compared with 2023;
 - (3) revenue from community value-added services was approximately RMB113.4 million, accounting for 11.8% of the total revenue, representing a decrease of 16.9% as compared with 2023; and
 - (4) revenue from city services was approximately RMB79.7 million, accounting for 8.3% of the total revenue, representing an increase of 22.7% as compared with 2023.
3. Gross profit for the Year was approximately RMB216.2 million, representing a decrease of approximately 2.0% compared with 2023. Gross profit margin was 22.5%, representing a decrease of 1.1 percentage points as compared to that of 23.6% for 2023.

FINANCIAL HIGHLIGHTS FOR THE YEAR

4. Profit for the Year was approximately RMB68.8 million, representing an increase of approximately 30.8% as compared to that of approximately RMB52.6 million for 2023. Profit for the Year attributable to the owners of the Company was approximately RMB48.4 million, representing an increase of approximately 25.8% as compared to that of approximately RMB38.5 million for 2023.
5. The contracted GFA (as defined below) in respect of property management services for the Year was approximately 70.3 million sq.m., representing a growth of 4.7% as compared with 2023, among which approximately 57.6 million sq.m. or 82.0% were from third-party property developers. The GFA under management was approximately 46.2 million sq.m., representing a growth of 12.5% as compared with 2023, among which approximately 36.3 million sq.m. or 78.6% were from third-party property developers. The GFA under management of non-residential properties was approximately 7.4 million sq.m., representing a growth of 11.1% as compared with 2023, among which approximately 99.2% of non-residential properties were from third-party property developers.
6. The Board does not recommend the payment of a final dividend for the year ended December 31, 2024.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Kangqiao Service Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended December 31, 2024 (the “**Year**”) with comparative figures for the year ended December 31, 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

(All amounts in RMB thousands unless otherwise stated)

	Notes	Year ended December 31	
		2024	2023
		RMB'000	RMB'000
Revenue	4	960,846	934,016
Cost of sales	5	(744,605)	(713,321)
Gross profit		216,241	220,695
Administrative expenses	5	(51,105)	(60,441)
Selling and marketing expenses	5	(7,991)	(11,129)
Credit impairment losses		(74,441)	(88,648)
Other income		4,407	9,531
Other gains/(losses)- net		1,157	(601)
Operating profit		88,268	69,407
Finance income		4,922	4,051
Finance costs		(853)	(2,705)
Finance income - net		4,069	1,346
Share of profit of investments accounted for using the equity method		344	1,397
Profit before income tax		92,681	72,150
Income tax expenses	6	(23,916)	(19,582)
Profit for the year		68,765	52,568
Profit attributable to:			
– Owners of the Company		48,412	38,484
– Non-controlling interests		20,353	14,084
		68,765	52,568
Other comprehensive income			
<i>Item that may be reclassified to profit or loss</i>			
– Exchange difference on translation of foreign operations		1,417	1,548
Total comprehensive income for the year		70,182	54,116
Total comprehensive income attributable to:			
– Owners of the Company		49,829	40,032
– Non-controlling interests		20,353	14,084
		70,182	54,116
Earnings per share			
– Basic and diluted (expressed in RMB yuan per share)	7	0.07	0.05

CONSOLIDATED BALANCE SHEET

As at December 31, 2024

(All amounts in RMB thousands unless otherwise stated)

	Notes	As at December 31	
		2024	2023
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property and equipment		12,937	12,314
Right-of-use assets		4,053	1,598
Investment properties		21,558	5,020
Intangible assets		50,807	54,783
Deferred income tax assets		56,989	39,346
Investments accounted for using the equity method		4,269	3,197
Prepayments		59,884	65,629
Restricted cash		5,997	1,302
		216,494	183,189
Current assets			
Inventories		18,841	13,911
Prepayments	8	1,495	5,280
Trade and other receivables	9	939,464	690,518
Restricted cash		205,985	3,794
Financial assets at fair value through profit or loss		1,500	-
Cash and cash equivalents		132,569	355,684
		1,299,854	1,069,187
Total assets		1,516,348	1,252,376
EQUITY			
Equity attributable to owners of the Company			
Share capital		5,831	5,831
Other reserves		504,783	520,686
Retained earnings		213,610	184,978
		724,224	711,495
Non-controlling interests		53,896	52,330
Total equity		778,120	763,825

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at December 31, 2024**(All amounts in RMB thousands unless otherwise stated)*

		As at December 31	
	Notes	2024	2023
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		3,746	2,247
Deferred income tax liabilities		7,703	6,701
Other payables	10	98	165
Contract liabilities		4,906	4,147
		<u>16,453</u>	<u>13,260</u>
Current liabilities			
Borrowings-current		3,000	-
Lease liabilities		5,868	7,179
Trade and other payables	10	348,908	313,960
Provisions for litigation	11	193,602	-
Contract liabilities		158,846	146,193
Current income tax liabilities		11,551	7,959
		<u>721,775</u>	<u>475,291</u>
Total liabilities		<u>738,228</u>	<u>488,551</u>
Total equity and liabilities		<u>1,516,348</u>	<u>1,252,376</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in RMB thousands unless otherwise stated)

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on October 8, 2020 as an exempted company with limited liability under the Companies Act, Cap 22 of the Cayman Islands. The address of its registered office is Floor 4, Willow House, Cricket Square, Grand Cayman, KY1-9010, Cayman Islands.

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since July 16, 2021 by way of its initial public offering.

The Company is an investment holding company. The Group is principally engaged in provision of property management services, related value-added services and city services in the People's Republic of China (the "PRC"). The ultimate controlling shareholder of the Group is Mr. Song Gewei ("Mr. Song").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on March 26, 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards ("HKAS")
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value.

(c) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing January 1, 2024. The adoption of these standards and amendments does not have significant impact on the consolidated financial statements of the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

(d) *New and amendments to existing standards that have been issued but are not effective for the financial year beginning on January 1, 2025 and have not been early adopted by the Group are as follows:*

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	January 1, 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to HKFRS and HKFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
Annual improvements to HKFRS Accounting Standards	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	January 1, 2026
HKFRS 18 and consequential amendments to other HKFRS s	Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected in the period of initial application. So far, it has concluded that the application of them is unlikely to have a significant impact on the consolidated financial statements of the Group in the foreseeable future.

3 SEGMENT INFORMATION

The Group's management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in provision of property management services, related value-added services and city services in the PRC. The Group's management reviews the operating results of the business as a single reporting segment as the nature of services, the type of customers for services, the method used to provide their services and the nature of regulatory environment are the same in different regions.

During the year ended December 31, 2024, all the segments of the Group are domiciled in the PRC and all the revenue of the Group was derived in the PRC (2023: same).

As at December 31, 2024, substantially all assets of the Group were located in the PRC (December 31, 2023: same).

4 REVENUE

Revenue mainly comprises of proceeds from the provision of property management services, related value-added services and city services. An analysis of the Group's revenue by category for the year is as follows:

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Property management services	681,325	594,104
Value-added services to non-property owners	86,402	138,381
Community value-added services	113,429	136,575
City services	79,690	64,956
	960,846	934,016
Timing of revenue recognition		
- Over time	869,737	794,267
- At a point in time	91,109	139,749
	960,846	934,016

For the year ended December 31, 2024, revenue from entities controlled by Mr. Song contributed 1.5% (2023: 7.7%) of the Group's revenue. None of the Group's customers contributed 10% or more of the Group's revenue during the year ended December 31, 2024 (2023: same).

5 EXPENSES BY NATURE

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Employee benefit expenses	197,249	198,312
Sales agency service costs	29,715	56,081
Security service costs	125,523	125,300
Greening and cleaning expenses	201,175	168,510
Maintenance and customer service costs	76,830	62,822
Utilities	47,535	43,638
Cost of goods sold	20,578	27,335
Decoration business costs	12,799	18,036
Office expenses	25,453	20,225
Travelling and entertainment expenses	11,195	8,183
Auditor's remuneration	1,450	2,684
- Audit services	1,450	2,584
- Non - audit services	-	100
Depreciation of property and equipment	4,835	4,065
Depreciation of right-of-use assets	1,979	1,415
Depreciation of investment properties	1,030	1,706
Amortisation of intangible assets	4,074	3,466
Professional fees	3,478	5,090
Others	38,803	38,023
	803,701	784,891

6 INCOME TAX EXPENSES

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Current income tax		
- PRC corporate income tax	40,557	35,389
- Withholding income tax	-	1,500
	40,557	36,889
Deferred income tax		
- PRC corporate income tax	(16,641)	(18,407)
- Withholding income tax	-	1,100
	(16,641)	(17,307)
	23,916	19,582

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Island (the "BVI") were incorporated under the International Business Companies Act of the BVI and accordingly, are exempted from the BVI income tax.

The Group's subsidiaries incorporated in Hong Kong did not have assessable profits in Hong Kong during the year ended December 31, 2024 (2023: same).

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate is 25%. Under the relevant regulations of the Corporate Income Tax Law, certain subsidiaries of the Group qualifying as small enterprises earning low profits in the PRC are subject to a reduced income tax rate of 20%.

Pursuant to the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC issued on December 6, 2007, dividends distributed from the profits generated by the PRC companies after January 1, 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the subsidiaries in Mainland China are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between Mainland China and Hong Kong.

7 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended December 31, 2024.

The Company did not have any potential ordinary shares outstanding during the years ended December 31, 2024 and 2023. Diluted earnings per share was equal to basic earnings per share.

	Year ended December 31	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	48,412	38,484
Weighted average number of ordinary shares in issue (in thousands)	700,000	700,000
Basic and diluted earnings per share attributable to the owners of the Company during the year (expressed in RMB yuan per share)	0.07	0.05

8 TRADE AND OTHER PREPAYMENTS

	As at December 31	
	2024	2023
	RMB'000	RMB'000
Prepayments		
- Prepayments to third-party	61,379	70,909
Less: non-current portion of prepayments (Note (a))	(59,884)	(65,629)
Current portion of prepayments	1,495	5,280

- (a) As at December 31, 2024, the non-current portion of prepayments mainly represented a prepayment of approximately RMB59,884,000 for the acquisition of equity interest in a property management service company (as at 31 December 2023: RMB65,929,000). The change was resulted from the decrease in project management service project of the Company based on the valuation performed by an independent professional valuation firm.

9 TRADE AND OTHER RECEIVABLES

	As at December 31	
	2024	2023
	RMB'000	RMB'000
Trade receivables (Note (a))		
- Related parties	327,182	321,400
- Third parties	453,455	355,751
	780,637	677,151
Less: allowance for impairment of trade receivables	(179,798)	(132,940)
	600,839	544,211
Other receivables		
- Amounts due from related parties	93,655	92,073
- Amount due from a director	193,602	-
- Cash advances to non-controlling interests	361	230
- Deposits	50,780	52,058
- Others	41,582	21,463
	379,980	165,824
Less: allowance for impairment of other receivables	(41,355)	(19,517)
	338,625	146,307
Trade and other receivables	939,464	690,518

(a) As at December 31, 2024, the ageing analysis of the trade receivables based on recognition date was as follows:

	As at December 31	
	2024	2023
	RMB'000	RMB'000
Up to 1 year	378,657	324,937
1 to 2 years	158,437	207,501
2 to 3 years	140,438	121,632
Over 3 years	103,105	23,081
	780,637	677,151

(b) As at December 31, 2024, trade and other receivables were denominated in RMB and the carrying amounts of trade and other receivables approximated their fair values (as at December 31, 2023: same).

10 TRADE AND OTHER PAYABLES

	As at December 31	
	2024	2023
	RMB'000	RMB'000
Trade payables (Note (a))		
- Related parties	6,098	1,400
- Third parties	83,961	82,985
	90,059	84,385
Other payables		
- Amounts due to related parties	27,197	13,848
- Payables for acquisition of a subsidiary	5,100	5,024
- Deposits from third parties	86,118	71,986
- Accrued payroll	43,171	43,745
- Other tax payables	4,258	6,903
- Others	93,103	88,234
	258,947	229,740
Total	349,006	314,125
Less: non-current portion of other payables	(98)	(165)
Current portion of trade and other payables	348,908	313,960

(a) As at December 31, 2024 and 2023, the ageing analysis of the trade payables (including amounts due to related parties which were trade in nature) based on invoice date was as follows:

	As at December 31	
	2024	2023
	RMB'000	RMB'000
Up to 1 year	82,311	80,687
1 to 2 years	6,451	1,944
2 to 3 years	1,262	974
Over 3 years	35	780
	90,059	84,385

11 PROVISIONS FOR LITIGATION

On August 8, 2024, Kangqiao Yueshenghuo Service Group Co., Ltd.* (康橋悅生活服務集團有限公司), a wholly-owned subsidiary of the Company (the “**Subsidiary**”), has received a summons (the “**Summons**”) and a notice of appearance issued by the Intermediate People’s Court of Zhengzhou City, Henan Province* (河南省鄭州市中級人民法院) (the “**Court**”), informing that the Court has accepted the case filed by a bank (the “**Bank**”) in the People’s Republic of China (the “**PRC**”) as the plaintiff against the Subsidiary in relation to a debt undertaking dispute (the “**Litigation**”). The dispute arises from the fact that Henan Chengqiao Properties Limited* (河南誠橋置業有限公司) (“**Henan Chengqiao**”), a company which Mr. Song is the controlling shareholder, had defaulted on certain loan agreements (the “**Loan**”) with the Bank. For the purpose of the application of the Loan, the Subsidiary had purportedly signed a promissory letter (the “**Purported Promissory Letter**”) to the Bank which was signed solely to satisfy the Bank’s internal review procedures. The Loan was secured by a piece of land owned by Henan Chengqiao (the “**Collateral**”).

The Bank had subsequently obtained two Enforcement Certificates* (執行證書) against Henan Chengqiao. The Bank has subsequently applied for compulsory enforcement actions (強制執行) against Henan Chengqiao with the Court and proceeded with the compulsory enforcement actions against Henan Chengqiao. The Bank is seeking to recover compensation from the Subsidiary pursuant to the Purported Promissory Letter. The total amount demanded from the Bank under the Summons is approximately RMB607.8 million plus all litigation costs, legal costs, preservation costs, and other costs incurred to collect the Bank’s debt in the case.

On December 25, 2024, the Subsidiary received a civil judgement (the “**Civil Judgment**”) from the Court in relation to the Litigation. Pursuant to the Civil Judgement, the Bank should have known at the time that the Subsidiary failed to follow the proper approval procedures in executing the Purported Promissory Letter. The Bank had also failed to fulfil its duty of reasonable diligence and cannot be considered a bona fide counterparty. As such, the Purported Promissory Letter is invalid as a guarantee.

While the Purported Promissory Letter was ruled by the Court to be invalid, both the creditor and the guarantor were found to be at fault. Consequently, the Subsidiary remains liable for 40% of any remaining debt unpaid after the realisation of the Collateral. Based on valuation performed by an independent professional valuer on the Collateral and assessment by the Board, the Company’s liabilities is approximately RMB193.6 million, including potential liabilities and other related costs incurred. The final amount will depend on the actual value of the Collateral as determined by court auction, sale, discount or other means.

Following the Civil Judgment, the Bank has filed an appeal (the “**Appeal**”) on January 8, 2025. Subsequently on February 26, 2025, Henan Province Higher People’s Court* (河南省高級人民法院) issued a summons and the hearing for the Appeal was held on March 7, 2025. Up to the date of this announcement, the Appeal is still in process.

As at December 31, 2024, provisions for litigations of approximately RMB193.6 million was recognised. Mr. Song has committed to fully compensate and indemnify for any losses that may be suffered or incurred by the Company in relation to the Litigation.

* For identification purpose only.

12 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024.

A final dividend of RMB0.053 per ordinary share for the year ended December 31, 2023, totaling RMB37.1 million, was approved by the shareholders of the Company at the annual general meeting of the Company held on June 18, 2024 and settled in 2024. These final dividends have been distributed out of the Company's share premium.

CHAIRMAN’S STATEMENT

In 2024, the global economic landscape was accelerating its evolution, with the domestic economy continuing to recover under the main theme of “stabilizing expectations, reducing inventory, and preventing risks”. The real estate industry is undergoing a deep adjustment, and the value of the property management industry is being reshaped. In such a wave of times, the property service industry is endowed with vast opportunities: people’s aspirations for a better life, policies that encourage property development, and property improvements that reduce costs and increase efficiency. The Group implements the leadership policy of the Communist Party of China (the “CPC” or the “Party”), adheres to the development concept of “sustainable growth with quality”, successfully crosses the market cycle, and demonstrates strong business resilience and development potential.

Anchoring Strategic Direction in Change

Insight into industry trends and anchoring strategic positioning

In 2024, the property service industry slowed down its development pace due to the deep adjustment of the global economy and the real estate industry. However, we firmly believe that under the leadership of the CPC Central Committee, the economic and real estate industry will further recover. At the same time, we firmly believe in the development potential of the property service industry, including stable cash flow, light asset service attributes, and long-tail value chain of customers.

In 2024, the Group continued to fully implement the development direction of “Party Building Leading + Red Property”, and the Yuesheng Life Party Branch was upgraded to a General Party Branch; was firmly positioning as “a service provider for a better life and smart city”, and the ranking has risen to 25th among the top 100 property service providers; continued to strengthen the core competitiveness of “Five Forces and Four Modernizations” and steadily implement the development strategy of “Cash Flow is King”; solidified the foundation service quality, creating value through word-of-mouth to support steady development, with increasing satisfaction by 5.0 percentage points shown in online survey regarding comprehensive services; continuously expanded the scale and optimized projects to achieve self-balancing cash flow for each project, with an additional contract area of approximately 6.4 million sq.m.; continued technological innovation to help increase efficiency, speed up, and maximize value, and self-developed quality verification and refined collection systems, etc; and continued to cultivate team growth and unify corporate values to ensure the longevity of the Company.

Taking the “Five Forces and Four Modernizations” as the core, we will consolidate the source of service

In the context of increasingly fierce industry competition, the Group relies on “service capability, operational strength, organizational strength, digital science strength, and brand power” as support, and transforms intangible services into tangible value through the path of “service standardization, standardized productization, product branding, and brand value creation”. This strategic idea is gradually decomposed into specific measures and work execution items. For example, based on on-site service experience and satisfaction, the Group has established a solid foundation of four guarantee services, and tested the unified effect in multiple dimensions and modes, such as daily quality inspections of projects, monthly quality unannounced inspections of the Group and the theater, and regular quality replacement actions. Periodic Party building activities and the “Four Seasons One Hall” social and cultural activities of Linlihui, such as the homeowners’ table tennis

competition and summer happy camp, have achieved a satisfaction rate of up to 98.0%, which effectively improves the experience and satisfaction of homeowners and customers with the service.

Empowering with digital technology to drive service upgrades

In 2024, the Group combined the core pain points and frontline demands in the business side work process to achieve and continuously optimize the “business-finance integration” digital technology support system, and carried out more intelligent and refined management of business management and cost control, completing the interconnection of customers, services, and equipment. Our independently developed energy consumption control system effectively prevented “leakage” in project energy management. We have also developed quality inspection software, which can achieve online project self-inspection and quality unannounced inspection, improve the efficiency of problem detection and handling, standardize quality inspection actions, strengthen quality inspection standards, and thus help the projects to improve service quality. In addition, the refined collection software designed and developed can achieve refined management of historical arrears collection, further consolidate the basic data of the Group’s historical arrears, and help to improve the efficiency of collection.

As of December 31, 2024, the Group’s digital knowledge assets have been accumulated to a total of 72 copyrights, 29 systems, 16 self-owned source codes, and 131 code projects.

Steady performance growth and diversified layout

Continuous performance growth: steady and resilient

In 2024, the Group achieved a total revenue of approximately RMB 960.8 million, representing a year-on-year increase of 2.9%. Despite the deep adjustment faced by the real estate industry, the Group achieved a 14.7% increase in property management service revenue and a 22.7% increase in urban service revenue through diversified business layout and robust business strategy. This achievement reflects the stability of the Group in traditional businesses and highlights its breakthroughs in emerging businesses.

Diversified business layout: business types and cities

In 2024, the Group not only made significant progress in non-residential business types and urban services area but also made significant breakthroughs in urban and regional layout. In addition to deepening its base in Henan, the Group also continuously breaks through in cities such as Hangzhou, Nanjing, Qingdao, and Wuxi. By winning bids for projects such as Zhengzhou People’s Hospital, Nanjing University of Science and Technology, Nanjing Niushou Mountain Scenic Area, Nanjing Qixia Ancient Town, and Qingdao Metro Innovation Industrial Park, the Group has successfully established various benchmark projects for non-residential business types and urban service businesses in key expansion areas and cities, forming standardized operating procedures and further tapping into the potential of project expansion in this industry. This layout not only enriches the business matrix of the Group, but also meets the demand for high-quality services in the process of urbanization.

More stable independence: market competitiveness

In 2024, although the real estate industry was still in a period of deep adjustment and the overall scale of new investment in the real estate industry continued to decline, our determination to

continue development remains unchanged. We have increased our bidding for stock businesses and signed new third-party service contracts with a total amount of approximately RMB17.1 million. The newly signed third-party contracts have a construction area of approximately 6.4 million sq.m., of which approximately 4.8 million sq.m. are under management. The proportion of third-party property developers in the managed area of the Group is 78.6%, and the proportion of third-party property developers in the contracted area is as high as 82.0%. This data not only reflect the independence of the Group's operations, but also highlights its competitiveness and attractiveness in the market. Independence has brought a broader market space for the Group, enabling it to respond flexibly in complex and ever-changing market environments.

Layout the future with a strategic perspective

From “scale expansion” to “value growth”

The Group has shifted from rapid “scale expansion” to sustained “value growth”. By optimizing service quality, improving operational efficiency, expanding diversified business models, and selecting projects based on merit, the Group will further enhance the added value of services and achieve a leap from “quantitative change” to “qualitative change”.

From “numerical tools” to “core competitiveness”

The Group will continue to increase technology investment based on cash flow management needs and promote the upgrade of the “business-finance integration” digital technology system. Through technologies such as the Internet of Things, big data, and artificial intelligence, the Group will achieve intelligent and refined management of services, further enhancing customer experience and service efficiency. Technology is not only a tool for improving efficiency, but also the core competitiveness of the Group, enhancing its ability to generate revenue from exports.

From “small business” to “everyone in the society”

While pursuing economic benefits, the Group will continue to fulfill its social responsibility. In 2024, the Group adhered to the leadership of Party building and the construction of red property, continued to expand its scale and contribute to tax and service positions, and paid employees' salaries on time and in full, so as to contribute to social stability; organized and carried out public welfare activities such as “Learning the Red Spirit of the Red Flag Canal” and “Volunteer Activities to Help Farmers with Love”; and participated in industry exchange activities such as “Jinggangshan Study” organized by the Municipal Property Association and “Sharing of Technical Knowledge with Property Association” to establish a good corporate citizenship image. Brand is not only the logo of the Group, but also the trust bond between the Group, the customers, and the society.

From “self-awareness” to “value unity”

Talent is the core driving force for the development of the Group. We will continue to focus on business goals, build internal and external talent supply and development chains, and promote talent lifecycle management. In 2024, the Group actively organized industry benchmark and cross-industry benchmark enterprise exchanges and learning, and enhanced the management's visibility through external training. We adapted to the actual needs of the business and continuously optimized the internal training system mode and content, with an annual internal training ratio of up to 65.8%, establishing a good talent pool. The satisfaction rate of surveyed employees in 2024 increased by 2.7% year-on-year. In 2025, the Group will continue to improve the talent

development system, connect online and offline empowerment through Kangqiao Academy + training base, and enhance employees' professional and management abilities. At the same time, the Group will further optimize its organizational structure, create an efficient and agile organizational system, and provide solid guarantees for future development.

To the future with original intention

In 2024, the Group successfully crossed the market cycle in a complex and ever-changing market environment, demonstrating strong business resilience and strategic vision through keen market insight, firm strategic determination, and excellent execution. Looking ahead to the future, we will continue to be guided by Party building, customer-centric, and technology-driven approach, continuously enhancing our core competitiveness, expanding market share, and achieving sustainable development.

In the tide of the times, the Group will firmly adhere to the service positioning as “a service provider for good life and smart city services”, uphold the original intention of “continuously providing high-quality services”, and respond to the ever-changing market. We firmly adhere to the four aspects of satisfaction, including employee satisfaction, shareholder satisfaction, and social satisfaction, constantly forging ahead and steadily moving forward, realizing the dream of building a career for employees, empowering customers to stay at home, creating value for shareholders, and contributing stability to the society.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

(1) Business Overview

In 2024, the Group adhered to the leadership of Party building, firmly upheld the core competitiveness of business goodness and “Five Forces and Four Modernizations”, sought endogenous growth, built core competitiveness, and continuously created customer value; and improved operational efficiency, ensured customer satisfaction, maintained stable and orderly operation of the Group with capital preservation, promoted sustainable development of the enterprise, strengthened brand promotion, enhanced brand influence, deepened refined management, and promoted the stable development of the Group’s business.

At present, the Group’s business covers provision of services to a variety of property types, including residential property and non-residential property (such as commercial, office buildings, industrial parks, hospitals and other public infrastructure), and provision of city services (such as rail transit sanitation, city environmental sanitation and other services). The Group’s business involves basic property management services, value-added services to non-property owners, community value-added services and city services. All business areas are interconnected and market-oriented for balanced development. In 2024, the Group’s revenue was approximately RMB960.8 million, representing an increase of 2.9% as compared to approximately RMB934.0 million for the corresponding period in 2023.

As of December 31, 2024, the Group provided property management services, value-added services or city services in 35 cities in the People’s Republic of China (the “**PRC**”), with 328 projects under management and a contracted gross floor area (the “**GFA**”) of approximately 70.3 million sq.m., representing an increase of 4.7% as compared to approximately 67.1 million sq.m. for the corresponding period in 2023, among which approximately 57.6 million sq.m. or 82.0% were from third-party property developers. The GFA under management was approximately 46.2 million sq.m., representing an increase of 12.5% as compared to approximately 41.0 million sq.m. for the corresponding period in 2023, among which approximately 36.3 million sq.m. or 78.6% were from third-party property developers. The GFA under management of non-residential properties was approximately 7.4 million sq.m., representing an increase of 11.1% as compared to approximately 6.6 million sq.m. for the corresponding period in 2023, among which approximately 99.2% of non-residential properties were from third-party property developers.

(2) Four Major Business Lines

The Group is a reputable comprehensive property management services provider in the PRC, with a leading position in Henan. In April 2024, the Group was awarded the title of “2024 China Top 100 Property Management Companies” by China Index Academy, with its overall industry strength ranking increased by two places to 25th as compared with 2023. The Group generates its revenue mainly from four business lines: (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) city services.

Property management services

The Group provides property owners, property developers, residents of residential properties as well as tenants in non-residential properties with a wide range of property management services, which typically include security, cleaning, greening, gardening, repairs and maintenance services. The Group’s portfolio of properties under management comprises of residential properties and non-residential properties, such as commercial properties, office buildings, industrial parks, hospitals and other public infrastructure. In 2024, revenue from property management services was approximately RMB681.3 million, accounting for 70.9% of the total revenue, representing an increase of 14.7% as compared to the corresponding period in 2023.

Value-added services to non-property owners

The value-added services provided by the Group to non-property owners (mainly being major customers like property developers) primarily include (i) sales office management services to property developers' sales offices and show flats, such as visitor reception, cleaning and security services; (ii) pre-delivery services that the Group offers to property developers at different stages before the delivery of properties from the perspective of property owners and future property management services, primarily including optimization of construction blueprints at the drawing design stage, quality control during the construction process, measurement and inspection of completed units prior to delivery; (iii) sales agency services in which the Group mainly facilitates property developers in selling their first-hand properties prior to property delivery; (iv) construction site management services in which the Group provides daily security services to constructors and property developers, such as video surveillance, emergency response, access control and visitor management; and (v) consultancy services for property developers and property management companies in relation to sales and management of projects. In 2024, revenue from value-added services to non-property owners of the Group was approximately RMB86.4 million, representing a decrease of 37.6% as compared to approximately RMB138.4 million for the corresponding period in 2023. The decrease in revenue from value-added services to non-property owners was mainly due to the shrinking of real estate business under the influence of policies.

Community value-added services

The Group also provides a comprehensive range of community value-added services to property owners and residents to improve their living experiences and to preserve and increase the value of their assets. These services primarily include (i) home-living services, such as housekeeping and cleaning services, home maintenance services, decoration and move-in furnishing services and shopping services; (ii) community operation services with respect to managing community spaces and optimizing the utilization of public resources, such as assisting third-party vendors in seeking suitable places to operate or promote their businesses, facilitating their promotional events, daily cleaning and equipment maintenance; and (iii) asset operation services, primarily including property agency services with respect to second-hand properties and unsold parking spaces after property delivery, as well as rental service in relation to parking spaces and shop spaces. In 2024, revenue from community value-added services provided by the Group was approximately RMB113.4 million, representing a decrease of 16.9% as compared to that of approximately RMB136.6 million for the corresponding period in 2023, which was mainly attributable to factors such as the domestic economy downturn, which led to a downward trend in overall business demand for community value-added services. As a result, the revenue from the Group's home-living services and asset operation services was decreased.

City services

The Group can also provide the city with a wide range of city services, which mainly include (i) rail transit sanitation services; (ii) city environmental sanitation; (iii) waste sorting and treatment; (iv) installation of road facilities; (v) landscaping project; (vi) old communities renovation; and (vii) smart block construction, etc. In 2024, the Group's revenue from the city services was approximately RMB79.7 million, representing an increase of 22.7% as compared to that of approximately RMB64.9 million for the corresponding period in 2023.

II. OUTLOOK AND STRATEGY

The Group is committed to becoming a better life and smart city service provider, and has always adhered to the original intention of providing customers with “Satisfaction + Surprise” and worked hard to move forward. According to the Group’s strategy for the next four years, the Group shall continue to improve its product strength, organizational strength, operational strength, digital science strength and brand power to ensure service standardization, product standardization, product branding and brand value creation. The Group shall adhere to the bottom line of safety in projects, the property owner and the employees, the bottom line of providing services with quality corresponding to price, the bottom line of providing best service under the same price, the bottom line of standardization of service products, the bottom line of the performance of employees and the bottom line of business performance. Efforts will be made to expand the layout of non-residential properties and city services product lines horizontally, in order to gradually realize the three pillars of “Joyful Living” (悅生活) (for residential properties), “Joyful Commercial Property Management” (悅商管) (for non-residential properties) and “Joyful City Services” (悅城服) (for city service). The vertical industry sector will be deeply cultivated and incubated, in order to realize the service ecology with the characteristics of the Group with people as the core.

Under the clear strategic layout of the Group, it will be able to continue to increase its market capitalization by rapidly expanding its scale, securing contracted GFA as well as expanding the portion of the GFA from third-party property developers, the portion of non-residential properties and the scale of city services, and thereby calmly responding to the intensive competition in the capital market and generating returns to the shareholders of the Company (the “**Shareholders**”), customers and employees of the Company.

III. FINANCIAL REVIEW

Revenue

The Group's revenue was mainly generated from four major businesses: (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) city services. During the Year, the Group's total revenue was approximately RMB960.8 million, representing an increase of 2.9% as compared to approximately RMB934.0 million for 2023.

The following table sets out the Group's revenue contribution of each business line for the years indicated:

	Year ended December 31,			
	2024		2023	
	RMB'000	%	RMB'000	%
Property management services	681,325	70.9	594,104	63.6
Value-added services to non-property owners	86,402	9.0	138,381	14.8
Community value-added services	113,429	11.8	136,575	14.6
City services	79,690	8.3	64,956	7.0
Total	960,846	100.0	934,016	100.0

Property management services

During the Year, the Group's revenue from the provision of property management services amounted to approximately RMB681.3 million, representing an increase of 14.7% as compared to approximately RMB594.1 million for the corresponding period in 2023, which was mainly attributable to the rapid increase in the total GFA under management as a result of the Group's business expansion.

Value-added services to non-property owners

During the Year, the Group's revenue from the provision of value-added services to non-property owners amounted to approximately RMB86.4 million, representing a decrease of 37.6% as compared to approximately RMB138.4 million for the corresponding period in 2023. The decrease in revenue from value-added services to non-property owners was mainly due to the shrinking of real estate business under the influence of policies.

Community value-added services

During the Year, the Group's revenue from the provision of community value-added services amounted to approximately RMB113.4 million, representing a decrease of 16.9% as compared to approximately RMB136.6 million for the corresponding period in 2023, which was mainly attributable to factors such as the domestic economy downturn, which led to a downward trend in overall business demand for community value-added services. As a result, the revenue from the Group's home-living services and asset operation services was decreased.

City services

During the Year, the Group's revenue from the city services amounted to approximately RMB79.7 million, representing an increase of 22.7% as compared to approximately RMB64.9 million for the corresponding period in 2023, which was mainly due to the increase in city services projects under management.

Cost of sales

The Group's cost of sales primarily consists of employee benefit expenses, greening and cleaning expenses, utilities, maintenance and customer service costs, security service costs, sales agency service costs, office expenses, travelling and entertainment expenses, depreciation and amortisation charges and others.

During the Year, the Group's cost of sales was approximately RMB744.6 million, representing an increase of approximately 4.4% as compared to approximately RMB713.3 million for the corresponding period in 2023. The increase in cost of sales was mainly due to the expansion of the Group's business scale.

Gross profit and gross profit margin

The following table sets out the Group's gross profit and gross profit margin by business line for the years indicated:

	Year ended December 31,			
	2024		2023	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Property management services	148,928	21.9	130,227	21.9
Value-added services to non-property owners	21,795	25.2	34,914	25.2
Community value-added services	34,771	30.7	46,854	34.3
City services	10,747	13.5	8,700	13.4
Total	216,241	22.5	220,695	23.6

During the Year, the Group's gross profit margin was approximately 22.5%, representing a decrease of 1.1 percentage points as compared to approximately 23.6% for 2023, which was primarily attributable to the lower gross margin in community product retail operations.

The gross profit margin of property management services was 21.9% (2023: same).

The gross profit margin of value-added services to non-property owners was 25.2% (2023: same).

The gross profit margin of community value-added services was 30.7%, representing a decrease from 34.3% for 2023, which was primarily attributable to the lower gross margin in community product retail operations.

The gross profit margin of city services was 13.5%, representing a slightly increase from 13.4% for 2023.

Other income

During the Year, the Group's other income amounted to approximately RMB4.4 million, representing a decrease of 53.8% as compared to approximately RMB9.5 million for the corresponding period in 2023, which was mainly due to the decrease of government subsidies.

Selling and marketing expenses

During the Year, the Group's selling and marketing expenses amounted to approximately RMB8.0 million, representing a decrease of 28.2% as compared to approximately RMB11.1 million for the corresponding period in 2023. The decrease in selling and marketing expenses was mainly due to the Group's cost control and focus on expanding business on low-cost projects.

Administrative expenses

During the Year, the Group's administrative expenses amounted to approximately RMB51.1 million, representing a decrease of 15.4% as compared to approximately RMB60.4 million for the corresponding period in 2023, which was mainly due to the reduction in cost control and additional listing expenses for the Group.

Credit impairment losses

During the Year, the Group's credit impairment losses was approximately RMB74.4 million, representing a decrease of 16.0% as compared to approximately RMB88.6 million for the corresponding period in 2023.

Income tax expenses

During the Year, the Group's income tax expenses amounted to approximately RMB23.9 million, representing an increase of 22.1% as compared to approximately RMB19.6 million for the corresponding period in 2023.

Profit for the Year

Profit for the Year was approximately RMB68.8 million, representing an increase of approximately 30.8% as compared to that of approximately RMB52.6 million for the corresponding period in 2023. Profit for the Year attributable to the owners of the Company was approximately RMB48.4 million, representing an increase of approximately 25.8% as compared to that of approximately RMB38.5 million for the corresponding period in 2023, which was mainly due to the decrease in sales and marketing expenses, administrative expenses, and credit impairment losses.

Liquidity, reserves and capital structure

The Group maintained a strong financial position during the Year. As at December 31, 2024, the current assets amounted to approximately RMB1,299.9 million, representing an increase of approximately 21.6% as compared to that of approximately RMB1,069.2 million for 2023. As at December 31, 2024, the Group's cash and cash equivalents were mostly denominated in Renminbi (“**RMB**”) and amounted to approximately RMB123.6 million, and the restricted cash of approximately RMB 206.0 million, representing a decrease of approximately 5.8% from approximately RMB355.7 million (including restricted cash of approximately RMB 3.8 million) as at December 31, 2023. The Group's current ratio (current assets divided by current liabilities) as at December 31, 2024 was approximately 1.8, representing a decrease of 0.4 from approximately 2.2 as at December 31, 2023. The asset-liability ratio (total liabilities divided by total assets) as at December 31, 2024 was 48.7%, representing an increase of 9.7% from 39.0% as at December 31, 2023.

As at December 31, 2024, the Group's bank borrowings amounted to RMB3 million (2023: 0) and the gearing ratio (total borrowings divided by total equity) was 0.4% (2023: 0).

The Group actively reviews and manages its capital structure on a regular basis and strikes a balance between retaining higher returns for the Group's owners and the possible high level of borrowing, while maintaining the advantages and security of a strong capital position and adjusting the capital structure in response to changes in economic conditions.

Trade and other receivables

As at December 31, 2024, trade and other receivables amounted to approximately RMB939.5 million, representing an increase of 36.1% from approximately RMB690.5 million as at December 31, 2023, which was mainly due to an increase of RMB 19.36 million in receivables from a Director and a slower recovery rate for the Group's trade receivables.

Trade and other payables

As at December 31, 2024, trade and other payables amounted to approximately RMB348.9 million, representing an increase of 11.1% from approximately RMB314.0 million as at December 31, 2023, which was mainly due to an increase in the amount of trade payables and deposits caused by the increase in the Group's business volume.

Foreign exchange risk

The Group operates its business primarily in the PRC. RMB is the currency used by the Group for valuation and settlement of all transactions. Any depreciation of RMB would adversely affect the value of any dividends paid by the Group to the Shareholders outside the PRC. Majority of the Group's cash and cash equivalents is denominated in RMB. The Group is currently not engaged in hedging activities that are designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange activities and make its best efforts to protect the cash value of the Group.

Pledge of assets

In May 2020, Henan Dingfeng Property Service Co., Ltd. (河南鼎峰物業服務有限公司) (“**Dingfeng Property**”, whose 51% equity interests were acquired by the Group in October 2021, i.e. the “**Dingfeng Acquisition**”) has provided a guarantee (the “**Dingfeng-Pingdingshan Guarantee**”) for the loan repayment obligation of Pingdingshan Yufu Trading Co., Ltd. (平頂山市裕富商貿有限公司) (“**Yufu Trading**”), in favour of Henan Wugang Rural Commercial Bank Co., Ltd. (河南舞鋼農村商業銀行股份有限公司). The loan amount was RMB30 million. The loan was also secured by third parties' pledging of assets valued at around RMB18 million. Further, prior to the Dingfeng Acquisition, Henan Jiatian Industrial Group Co., Ltd. (河南佳田實業集團有限公司) (“**Jiatian**”), an independent third party, also executed a counter-guarantee (the “**Dingfeng-Pingdingshan Counter-guarantee**”) to indemnify Dingfeng Property against any loss as a result of the Dingfeng-Pingdingshan Guarantee. As a measure to shield the Group against any loss as a result of the Dingfeng-Pingdingshan Guarantee, under the agreement for the Dingfeng Acquisition, the Group would be entitled to acquire at no additional cost the remaining 49% equity interest in Dingfeng Property to cover any losses as a result the Dingfeng-Pingdingshan Guarantee.

Due to the default of Yufu Trading, the bank accounts of Dingfeng Property were frozen by the court on February 9, 2023. In July 2023 and August 2023, an aggregate of approximately RMB12.5 million in the frozen bank account has been enforced. In fulfilling its obligations under the Dingfeng-Pingdingshan Counter-guarantee and compensate the Group for its loss of the bank deposits of approximately RMB12.5 million, Jiatian transferred certain car parking spaces to the Group.

During the Year, certain properties held by a wholly-owned subsidiary of the Company were pledged to a bank as security for a loan of RMB5 million to a third-party supplier.

Save as disclosed above, as at December 31, 2024, the Group has not provided other guarantees.

Contingent liabilities

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

Material acquisitions and disposals

The Company does not have other major investments, material acquisitions or disposals of subsidiaries, associates and joint ventures held as at December 31, 2024, nor are there any plans for other significant investments or additions to capital assets as authorized by the Board.

Significant investments

During the Year, the Group did not hold any significant investments.

Future plans for major investments

The Group intends to utilize part of the net proceeds raised from the global offering to acquire property management companies and professional service companies, and to cooperate with local municipal investment companies or local property developers through capital injection or forming joint ventures according to the prospectus of the Company dated June 29, 2021 (the “**Prospectus**”). As at the date of this annual results announcement, the Group does not have any other material plans to invest in the future.

Employee and remuneration policy

As at December 31, 2024, the Group had a total of 2,244 employees (December 31, 2023: 2,088).

During the Year, the total remuneration cost of the Company incurred, including Director’s remuneration, was RMB197.2 million (year ended December 31, 2023: RMB198.3 million).

The Group has a well-established recruitment system and internal promotion system in place and strives to hire talented employees by offering competitive wages, bonuses, benefits, systematic training opportunities and internal promotions. The Group hires employees through a combination of online recruitment, job fairs, campus recruitment and referrals. To provide employees with fair competition opportunities, in addition to external recruitment, selections for management positions are open to all employees for their application.

The Group offers employee with benefits such as housing allowances, cultural and social events, as well as holiday and birthday gifts. The Group is also committed to embracing diversity within the Group’s organization and treating all of the Group’s employees with equality and respect in recruitment, training, wellness, as well as professional and personal development. While maximizing equal career opportunities for everyone, the Group will continue to promote work-life balance and create a culture of fun for all employees in the Group’s workplace and pantry.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on July 16, 2021, and the total net proceeds from the global offering, after deduction of the listing expenses, amounted to approximately HK\$628.9 million.

Proceeds from the global offering are and will continue to be applied in accordance with the plans disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The following table sets forth the status of use of net proceeds from the global offering as at December 31, 2024:

Purposes	Percentage of total amount (approximate)	Net proceeds as disclosed in the Prospectus (HK\$ million)	Unutilised amount as at December 31, 2023 (HK\$ million)	Actual use of net proceeds during the Year (HK\$ million)	Unutilised amount as at December 31, 2024 (HK\$ million)	Expected timeline for the use of net proceeds
Pursue selective strategic investment and acquisition opportunities to further develop strategic cooperation and expand our business scale	65%	408.8	319.4	21.8	297.6	By December 2025
Invest in our intelligent operational and internal management systems to improve service quality and customer experience	10%	62.9	41.9	6.4	35.5	By December 2025
Enrich and expand our service and type of product offerings to develop our diverse business line	15%	94.3	0.6	0	0.6	By December 2025
Working capital and other general corporate purposes	10%	62.9	2.1	0	2.1	By December 2025
Total	100%	628.9	364.0	28.2	335.8	

As at December 31, 2024 and up to the date of this annual results announcement, the proceeds were deposited in short-term interest-bearing bank accounts with domestic and overseas licensed financial institutions.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

References are made to the announcements of the Company dated July 7, 2024, August 18, 2024, December 30, 2024 and January 10, 2025 (the “**Announcements**”). Terms used herein shall have the same meanings as those defined in the Announcements unless otherwise specified.

According to the Announcements, on December 25, 2024, Kangqiao Yueshenghuo Service Group Co., Ltd., a wholly-owned subsidiary of the Company (the “**Subsidiary**”), received a civil judgement (the “**Civil Judgment**”) from the Intermediate People’s Court of Zhengzhou City, Henan Province* (河南省鄭州市中級人民法院) (the “**Court**”) in relation to the Litigation

initiated by a bank in the PRC (the “**Bank**”) as the plaintiff against the Subsidiary under the Purported Promissory Letter.

Following the Civil Judgment, the Bank filed an appeal (the “**Appeal**”) on January 8, 2025. On February 26, 2025, Henan Province Higher People’s Court* (河南省高級人民法院) issued a summons. The Appeal was heard on March 7, 2025. As at the date of this announcement, no judgment in respect of the Appeal has been handed down yet.

Details of the Purported Promissory Letter, the Litigation, the Civil Judgement and the Appeal are set out in the Announcements.

Saved as disclosed above, there have been no other material events from December 31, 2024 to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares (as defined in the Listing Rules)). As of December 31, 2024, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its code of governance. During the Year, the Company has complied with all applicable code provisions under the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code for dealing in the securities of the Company by the Directors. After specific enquiries made to all Directors, each of the Directors has confirmed their compliance with the required standard set out in the Model Code throughout the Year.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The notice of the forthcoming annual general meeting of the Company (the “**AGM**”), which contains the date, time and place of the AGM, as well as details of the period during which the register of members and the registration of share transfers is closed, will be published and

dispatched to the Shareholders in due course.

AUDIT COMMITTEE

The Board has established the audit committee of the Company (the “**Audit Committee**”) which consisted of one non-executive Director, namely Mr. SONG Gewei, and two independent non-executive Directors, namely Mr. WONG Yun Pun and Dr. FAN Yun. Mr. WONG Yun Pun is the chairman of the Audit Committee. Mr. WONG Yun Pun is an independent non-executive Director possessing appropriate professional accounting and related financial management expertise. The primary duties of the Audit Committee are to review the financial information of the Company, and supervise the financial reporting system, risk management and internal control process of the Company.

The Audit Committee has reviewed and agreed the annual results of the Group for the year ended December 31, 2024 together with the management and the external auditor of the Company and considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the Group’s consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended December 31, 2024 as set out in this audited annual results announcement have been agreed by the auditor of the Company, Crowe (HK) CPA Limited (“**Crowe**”), to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Crowe in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe on this audited annual results announcement.

PUBLICATION OF AUDITED ANNUAL RESULTS AND 2024 ANNUAL REPORT

This audited annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kqysh.com.cn). The annual report of the Company for the year ended December 31, 2024 will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Kangqiao Service Group Limited
SONG Gewei
Chairman

Hong Kong, March 26, 2025

As at the date of this announcement, the Board comprises Mr. SONG Gewei as the chairman

and non-executive Director; Mr. DAI Wei, Mr. KANG Weiguo and Ms. WANG Na as the executive Directors; and Mr. KAM Hou Yin John, Dr. FAN Yun and Mr. WONG Yun Pun as the independent non-executive Directors.

* *The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.*