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INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025

FINANCIAL HIGHLIGHTS

1. Revenue for the six months ended June 30, 2025 was approximately RMB455.2 million, representing a decrease of 6.6% as compared to the corresponding period in 2024.
2. Revenue by business lines for the Reporting Period was as follows: (i) revenue from property management services was approximately RMB353.7 million, accounting for 77.7% of the total revenue, representing an increase of 5.6% as compared to the corresponding period in 2024; (ii) revenue from value-added services to non-property owners was approximately RMB15.7 million, accounting for 3.5% of the total revenue, representing a decrease of 72.3% as compared to the corresponding period in 2024; (iii) revenue from community value-added services was approximately RMB45.5 million, accounting for 10.0% of the total revenue, representing a decrease of 21.3% as compared to the corresponding period in 2024; and (iv) revenue from city services was approximately RMB40.2 million, accounting for 8.8% of the total revenue, representing an increase of 7.3% as compared to the corresponding period in 2024.
3. Gross profit for the Reporting Period was approximately RMB98.5 million, representing a decrease of 6.7% as compared to the corresponding period in 2024. Gross profit margin was 21.6%, representing a decrease of 0.1% as compared to the corresponding period in 2024.
4. Profit for the Reporting Period was approximately RMB43.4 million, representing a decrease of 18.6% as compared to the corresponding period in 2024. Profit for the Reporting Period attributable to owners of the Company was approximately RMB33.5 million, representing a decrease of 21.8% as compared to the corresponding period in 2024.

5. The contracted GFA in respect of property management services during the Reporting Period was approximately 68.3 million sq.m., representing a decrease of 4.0% as compared to approximately 71.1 million sq.m. for 2024, among which, approximately 55.7 million sq.m. or 81.5% were from third party property developers. The GFA under management was approximately 46.2 million sq.m., representing an increase of 6.9% as compared to approximately 43.2 million sq.m. for 2024, among which, approximately 36.2 million sq.m. or 78.3% were from third party property developers.
6. The Board resolved not to declare any interim dividend for the six months ended June 30, 2025.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Kangqiao Service Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**” or “**Kangqiao Service**”) for the six months ended June 30, 2025 (the “**Reporting Period**”) with comparative figures for the corresponding period in 2024 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

June 30, 2025

(All amounts expressed in RMB thousand unless otherwise stated)

	Notes	Six months ended June 30,	
		2025 (Unaudited)	2024 (Unaudited)
Revenue	5	455,202	487,273
Cost of sales	6	(356,713)	(381,726)
Gross profit		98,489	105,547
Administrative expenses	6	(21,791)	(23,938)
Selling and marketing expenses	6	(2,491)	(4,271)
Net impairment losses on financial assets		(18,071)	(15,130)
Other income		179	3,622
Other (losses)/gains - net		(521)	1,933
Operating profit		55,794	67,763
Finance income		1,850	1,858
Finance costs		(838)	(1,077)
Finance income - net		1,012	781
Share of profit of investments accounted for using the equity method		48	667
Profit before income tax		56,854	69,211
Income tax expenses	7	(13,503)	(15,924)
Profit for the period		43,351	53,287
Profit attributable to:			
– Owners of the Company		33,483	42,811
– Non-controlling interests		9,868	10,476
		43,351	53,287

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

June 30, 2025

(All amounts expressed in RMB thousand unless otherwise stated)

		Six months ended June 30,	
	Notes	2025	2024
		(Unaudited)	(Unaudited)
Other comprehensive income			
<i>Item that may be reclassified to profit or loss</i>			
– Exchange difference on translation of foreign operations		<u>(799)</u>	<u>765</u>
Total comprehensive income for the period		<u>42,552</u>	<u>54,052</u>
Total comprehensive income attributable to:			
– Owners of the Company		<u>32,684</u>	<u>43,576</u>
– Non-controlling interests		<u>9,868</u>	<u>10,476</u>
		<u>42,552</u>	<u>54,052</u>
Earnings per share			
– Basic and diluted (expressed in RMB per share)	8	<u>0.048</u>	<u>0.061</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

June 30, 2025

(All amounts expressed in RMB thousand unless otherwise stated)

	Notes	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
ASSETS			
Non-current assets			
Property and equipment		12,603	12,937
Intangible assets		48,763	50,807
Investment properties		23,578	21,558
Right-of-use assets		2,858	4,053
Investments accounted for using the equity method		4,317	4,269
Deferred income tax assets		61,492	56,989
Prepayments	9	59,884	59,884
Restricted cash		1,541	5,997
		<u>215,036</u>	<u>216,494</u>
Current assets			
Inventory		18,815	18,841
Prepayments	9	3,057	1,495
Trade and other receivables	9	997,098	939,464
Financial assets at fair value through profit or loss		16,700	1,500
Cash and cash equivalents		136,193	132,569
Restricted cash		213,214	205,985
		<u>1,385,077</u>	<u>1,299,854</u>
Total assets		<u><u>1,600,113</u></u>	<u><u>1,516,348</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		5,831	5,831
Other reserves		503,984	504,783
Retained earnings		247,093	213,610
		<u>756,908</u>	<u>724,224</u>
Non-controlling interests		57,543	53,896
Total equity		<u><u>814,451</u></u>	<u><u>778,120</u></u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

June 30, 2025

(All amounts expressed in RMB thousand unless otherwise stated)

	Notes	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		3,146	3,746
Deferred income tax liabilities		5,551	7,703
Trade and other payables	10	-	98
Contract liabilities		14,097	4,906
		<u>22,794</u>	<u>16,453</u>
Current liabilities			
Borrowings		3,000	3,000
Contract liabilities		198,445	158,846
Trade and other payables	10	337,678	348,908
Provisions for litigation		205,767	193,602
Current income tax liabilities		12,322	11,551
Lease liabilities		5,656	5,868
		<u>762,868</u>	<u>721,775</u>
Total liabilities		<u>785,662</u>	<u>738,228</u>
Total equity and liabilities		<u>1,600,113</u>	<u>1,516,348</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

(All amounts expressed in RMB thousand 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 (Revised) 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 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 entity of the Group is Hung Fai Property Limited, which is controlled by Mr. Song Gewei ("Mr. Song", the "Controlling Shareholder").

The interim condensed consolidated balance sheet as at June 30, 2025, and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the "Interim Financial Information") of the Group have been approved for issuance by the Board on August 27, 2025.

The Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

The Interim Financial Information has not been audited.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended June 30, 2025 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The Interim Financial Information for the six months ended June 30, 2025 should be read in conjunction with the consolidated financial statements for the year ended December 31, 2024 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), and any public announcements made by the Group during the Reporting Period.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those applied in the preparation of the Group's consolidated financial statements for the period ended December 31, 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21

Lack of Exchangeability

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Interim Financial Information.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 SEGMENT INFORMATION

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

During the six months ended June 30, 2025 and 2024, the Group is principally engaged in provision of property management services, related value-added services and city services in the PRC. Management of the Company reviews the operating results of the business as a single reportable 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 six months ended June 30, 2025 and 2024, all the revenue of the Group was derived in the PRC. As at June 30, 2025, substantially all assets of the Group were located in the PRC.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts expressed in RMB thousand unless otherwise stated)

5 REVENUE

Revenue of the Group 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 categories for the six months ended June 30, 2025 and 2024 was as follows:

	Six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Property management services	353,711	335,036
Value-added services to non-property owners	15,749	56,864
Community value-added services	45,534	57,887
City services	40,208	37,486
	<u>455,202</u>	<u>487,273</u>
Timing of revenue recognition:		
- Over time	433,124	437,386
- At a point in time	22,078	49,887
	<u>455,202</u>	<u>487,273</u>

For the six months ended June 30, 2025, revenue from entities controlled by Mr. Song contributed 0.9% (six months ended June 30, 2024: 1.6%) of the Group's revenue. None of the Group's customers contributed 10% or more of the Group's revenue during the six months ended June 30, 2025 (six months ended June 30, 2024: same).

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts expressed in RMB thousand unless otherwise stated)

6 EXPENSES BY NATURE

	Six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Employee benefit expenses	95,561	106,195
Greening and cleaning expenses	91,137	88,201
Security service costs	69,167	64,056
Maintenance and customer service costs	41,160	39,048
Utilities	30,598	25,563
Sales agency service costs	10,083	21,373
Cost of goods sold	9,353	10,723
Office expenses	4,657	6,491
Travelling and entertainment expenses	3,149	3,761
Decoration business costs	2,690	5,281
Amortisation of intangible assets	2,044	1,914
Depreciation of property and equipment	1,774	2,282
Depreciation of right-of-use assets	1,195	943
Depreciation of investment properties	493	740
Auditors' remuneration	725	784
Others	17,209	32,580
	<u>380,995</u>	<u>409,935</u>

7 INCOME TAX EXPENSES

	Six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Current income tax		
- PRC corporate income tax	19,179	21,838
Deferred income tax		
- PRC corporate income tax	(5,676)	(5,914)
	<u>13,503</u>	<u>15,924</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts expressed in RMB thousand unless otherwise stated)

7 INCOME TAX EXPENSES (CONTINUED)

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

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the six months ended June 30, 2025 (six months ended June 30, 2024: 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 periods, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate is 25% for the reporting period. 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% in the respective periods. Income tax expenses is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

Pursuant to the Detailed Implementation Regulations of the Corporate Income Tax Law 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 the PRC are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its subsidiaries in the PRC during the six months ended June 30, 2025 as the Group is able to control the timing of distributions from subsidiaries and is not expected to distribute these profits out of the PRC in the foreseeable future.

8 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 six months ended June 30, 2025 and 2024.

The Company did not have any potential ordinary shares outstanding during the six months ended June 30, 2025 and 2024. Diluted earnings per share was equal to basic earnings per share.

	Six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB thousand)	33,483	42,811
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 period (expressed in RMB per share)	0.048	0.061

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts expressed in RMB thousand unless otherwise stated)

9 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Trade receivables (Notes (a) and (b))		
- Related parties	325,590	327,182
- Third parties	520,136	453,455
	<u>845,726</u>	<u>780,637</u>
Less: allowance for impairment of trade receivables	(200,174)	(179,798)
	<u>645,552</u>	<u>600,839</u>
Other receivables		
- Amounts due from related parties	91,252	93,655
- Amounts due from director	208,767	193,602
- Loans to non-controlling interests	2,000	-
- Cash advances to non-controlling interests	230	361
- Deposits	49,958	50,780
- Others	39,201	41,582
	<u>391,408</u>	<u>379,980</u>
Less: allowance for impairment of other receivables	(39,862)	(41,355)
	<u>351,546</u>	<u>338,625</u>
Prepayments		
- Prepayments to third-party suppliers	62,941	61,379
Less: non-current portion of prepayment (Note (c))	(59,884)	(59,884)
	<u>3,057</u>	<u>1,495</u>
Current portion of trade and other receivables and prepayments	<u>1,000,155</u>	<u>940,959</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts expressed in RMB thousand unless otherwise stated)

9 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

- (a) Trade receivables mainly arise from property management services income and related value-added services income and city services income.

Property management services income is received in accordance with the terms of the relevant services agreements. Property management services income is due for payment by the residents upon the issuance of demand note.

Value-added services income is usually with a credit term ranges from 0 to 180 days.

- (b) As at June 30, 2025 and December 31, 2024, the ageing analysis of the trade receivables based on recognition date was as follows:

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Up to 1 year	285,729	378,657
1 to 2 years	244,104	158,437
2 to 3 years	151,116	140,438
Over 3 years	164,777	103,105
	<u>845,726</u>	<u>780,637</u>

- (c) As at June 30, 2025 and December 31, 2024, the non-current portion of prepayments mainly represented a prepayment of RMB59,884,000 for the acquisition of 80% equity interest in a property management service company.

- (d) As at June 30, 2025 and December 31, 2024, trade and other receivables were denominated in RMB and the carrying amounts of trade and other receivables approximated their fair values.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

(All amounts expressed in RMB thousand unless otherwise stated)

10 TRADE AND OTHER PAYABLES

	As at <u>June 30,</u> 2025 (Unaudited)	As at <u>December 31,</u> 2024 (Audited)
Trade payables (Note (a))		
- Related parties	923	6,098
- Third parties	<u>107,821</u>	<u>83,961</u>
	<u>108,744</u>	<u>90,059</u>
Other payables		
- Amounts due to related parties	25,250	27,197
- Payables for acquisition of a subsidiary	5,100	5,100
- Deposits	76,974	86,118
- Accrued payroll	37,609	43,171
- Dividend payables	1,030	-
- Other tax payables	3,621	4,258
- Others	<u>79,350</u>	<u>93,103</u>
	<u>228,934</u>	<u>258,947</u>
	<u>337,678</u>	<u>349,006</u>
Less: non-current portion of other payables	<u>-</u>	<u>(98)</u>
Current portion of trade and other payables	<u><u>337,678</u></u>	<u><u>348,908</u></u>

(a) As at June 30, 2025 and December 31, 2024, the ageing analysis of the trade payables based on the invoice date was as follows:

	As at <u>June 30,</u> 2025 (Unaudited)	As at <u>December 31,</u> 2024 (Audited)
Up to 1 year	93,594	82,311
1 to 2 years	12,773	6,451
2 to 3 years	1,347	1,262
Over 3 years	<u>1,030</u>	<u>35</u>
	<u>108,744</u>	<u>90,059</u>

(b) As at June 30, 2025 and December 31, 2024, trade and other payables were mainly denominated in RMB and the carrying amounts of trade and other payables approximated their fair values.

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 litigation (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 procedure. 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 RMB205.8 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 actual value determined 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 June 30, 2025, provisions for litigation of approximately RMB205.8 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.

11 DIVIDENDS

The Board does not recommend any payment of an interim dividend for the six months ended June 30, 2025 (six months ended June 30, 2024: same).

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

(1) Business Overview

Currently, the property management industry is undergoing a profound transformation toward modern services, with its operating environment and development logic undergoing systemic restructuring. On one hand, the state continues to regulate the market through policy, rectifying disorder in property management and driving the industry toward greater transparency in services and alignment between quality and price. On the other hand, intensified industry competition has shifted strategies from scale expansion to efficiency-seeking, while revenue structures have undergone significant changes. Even as these structural shifts occur, property owners and clients continue to raise their expectations and demands for property services — transforming “customer satisfaction” from a performance metric into a survival baseline.

In the first half of 2025, the Group advanced its work across the board in an orderly manner, guided by the “Five More” framework: ensuring “higher quality of life in customers, greater dignity in employees’ work, enhanced vitality in organizational management, stronger confidence in the company’s sustainability, and a more prominent position for the industry”.

At present, the Group’s business covers a variety of property types, including residential property, 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 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. During the Reporting Period, the Group’s revenue was approximately RMB455.2 million, representing a decrease of 6.6% as compared to approximately RMB487.3 million for the corresponding period in 2024.

As at June 30, 2025, the Group provided property management services and value-added services in 36 cities in the PRC, with a number of 331 projects under management and a contracted gross floor area (the “GFA”) of approximately 68.3 million sq.m., representing a decrease of 4.0% as compared to the corresponding period in 2024, among which, approximately 55.7 million sq.m. or 81.5% were from third party property developers. The GFA under management was approximately 46.2 million sq.m., representing an increase of 6.9% as compared to approximately 43.2 million sq.m. for the corresponding period in 2024, among which, approximately 36.2 million sq.m. or 78.3% 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 2025, the Group was awarded the title of “2025 China Top 100 Property Management Companies” by China Index Academy, with its overall industry strength ranking increased by two places to 23th compared with the year of 2024. 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. Revenue from property management services was approximately RMB353.7 million, accounting for 77.7% of the total revenue, representing an increase of 5.6% as compared to the corresponding period in 2024.

Value-added services to non-property owners — the Group provides value-added services to non-property owners, primarily property developers, mainly consisting of (i) office management services to property developers' sales offices and show flats, such as visitor reception, cleaning and security maintenance services; (ii) pre-delivery services, the Group offers pre-delivery services to property developers at different stages of 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, the services of 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 maintenance 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. Revenue from value-added services to non-property owners provided by the Group was approximately RMB15.7 million, representing a decrease of 72.3% as compared to that of approximately RMB56.9 million for the corresponding period in 2024. The decrease of the revenue from value-added services to non-property owners was due to the shrinking of real estate business.

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 utilizing 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 shops. Revenue from community value-added services provided by the Group was approximately RMB45.5 million, representing a decrease of 21.3% as compared to that of approximately RMB57.9 million for the corresponding period in 2024. The decrease of the revenue from community value-added services was primarily driven by fluctuations in the consumer market and intensified competition, which resulted in reduced revenues from

both the Group's home-living services and asset operation services.

City services — the Group provides 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) setting up smart block construction, etc. During the Reporting Period, the Group's revenue from the city services was approximately RMB40.2 million, representing an increase of 7.3% as compared to that of approximately RMB37.5 million for the corresponding period in 2024.

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. In the second half of 2025, the Group shall continue to improve its product strength, organizational strength, operational strength, digital science strength and brand strength to ensure service standardization, product standardization, product branding and brand value. 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 and providing the best 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 non-residential property and city services business lines horizontally, in order to gradually realize the balanced development trend of the three pillars of “Joyful Living” (悦生活) (for residential properties), “Joyful Commercial Property Management” (悦商管) (for non-residential properties) and “Joyful City Service” (悦城服) (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 continuously 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, 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 Reporting Period, the Group's revenue was approximately RMB455.2 million, representing a decrease of 6.6% as compared to approximately RMB487.3 million for the corresponding period in 2024.

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

	Six months ended June 30,			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	353,711	77.7	335,036	68.7
Value-added services to non-property owners	15,749	3.5	56,864	11.7
Community value-added services	45,534	10.0	57,887	11.9
City services	40,208	8.8	37,486	7.7
Total	455,202	100.0	487,273	100.0

Property management services

During the Reporting Period, the Group's revenue from the provision of property management services amounted to approximately RMB353.7 million, representing an increase of 5.6% as compared to approximately RMB335.0 million for the corresponding period in 2024, which was mainly attributable to the 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 Reporting Period, the Group's revenue from the provision of value-added services to non-property owners amounted to approximately RMB15.7 million, representing a decrease of 72.3% as compared to approximately RMB56.9 million for the corresponding period in 2024. The decrease in revenue from value-added services to non-property owners was due to the shrinking of real estate business.

Community value-added services

During the Reporting Period, the Group's revenue from the provision of community value-added services amounted to approximately RMB45.5 million, representing a decrease of 21.3% as compared to approximately RMB57.9 million for the corresponding period in 2024. The decrease in the revenue from community value-added services was primarily driven by fluctuations in the consumer market and intensified competition, which resulted in reduced revenues from both the Group's home-living services and asset operation services.

City services

During the Reporting Period, the Group's revenue from the city services amounted to approximately RMB40.2 million, representing an increase of 7.3% as compared to approximately RMB37.5 million for the corresponding period in 2024, which was mainly due to the increase in business volume of the city services.

Cost of sales

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

During the Reporting Period, the Group's cost of sales was approximately RMB356.7 million, representing a decrease of approximately 6.6% as compared to approximately RMB381.7 million for the corresponding period in 2024. The decline in cost of sales was primarily due to the contraction of the Group's value-added services to non-property owners.

Gross profit and gross profit margin

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

	Six months ended June 30,			
	2025		2024	
	Gross profit	Gross profit	Gross profit	Gross profit
	RMB'000	margin	RMB'000	margin
		%		%
Property management services	74,939	21.2	71,580	21.4
Value-added services to non-property owners	4,012	25.5	11,624	20.4
Community value-added services	14,603	32.1	17,648	30.5
City services	4,935	12.3	4,695	12.5
Total	98,489	21.6	105,547	21.7

During the Reporting Period, the Group's gross profit margin was 21.6%, representing a slightly decrease from 21.7% for the corresponding period in 2024.

During the Reporting Period, the gross profit margin of property management services was 21.2%, representing a decrease of 0.2 percentage points as compared to 21.4% for the corresponding period in 2024, which was mainly due to increase in costs of greening and engineering renovations for projects, undertaken by the Company to ensure service quality of service for properties

under management.

During the Reporting Period, the gross profit margin of value-added services to non-property owners was 25.5%, representing an increase of 5.1 percentage points as compared to 20.4% for the corresponding period in 2024, which was mainly due to the downturn in the real estate market, as the Company proactively phased out low-margin, slow-payment businesses such as new home distribution services.

During the Reporting Period, the gross profit margin of community value-added services was 32.1%, representing an increase of 1.6 percentage points as compared to 30.5% for the corresponding period in 2024, which was mainly due to the addition of source supplier cooperation for some products.

During the Reporting Period, the gross profit margin of city services was 12.3%, representing a slight decrease from 12.5% for the corresponding period in 2024.

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB0.2 million, representing a decrease of 95.1% as compared to approximately RMB3.6 million for the corresponding period in 2024. The decrease was mainly due to a reduction in government subsidies received during the Reporting Period.

Selling and marketing expenses

During the Reporting Period, the Group's selling and marketing expenses amounted to approximately RMB2.5 million, representing a decrease of 41.7% as compared to approximately RMB4.3 million for the corresponding period in 2024. The decrease was mainly due to the implementation of effective cost control measures by the Group.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB21.8 million, representing a decrease of 9.0% as compared to approximately RMB23.9 million for the corresponding period in 2024, mainly due to the implementation of effective cost control measures by the Group during the Reporting Period.

Income tax expenses

During the Reporting Period, the Group's income tax expenses amounted to approximately RMB13.5 million, representing a decrease of 15.2% as compared to approximately RMB15.9 million for the corresponding period in 2024.

Profit for the period

During the Reporting Period, the Group's profit amounted to approximately RMB43.4 million, representing a decrease of 18.6% as compared to that of approximately RMB53.3 million for the corresponding period in 2024. Net profit margin was 9.5%, representing a decrease of 1.4% from 10.9% for the corresponding period in 2024. Profit for the Reporting Period attributable to owners of the Company was approximately RMB33.5 million, representing a decrease of 21.8% as

compared to that of approximately RMB42.8 million for the corresponding period in 2024.

Liquidity, reserves and capital structure

The Group maintained a stable financial position and the Group has sufficient capital during the Reporting Period. As at June 30, 2025, the current assets amounted to approximately RMB1,385.1 million, representing an increase of approximately 6.6% as compared to that of approximately RMB1,299.9 million for 2024. The Group's cash and cash equivalents were mostly denominated in RMB and amounted to RMB136.2 million, and the restricted cash of approximately RMB213.2 million, representing an increase of approximately 3.2% from approximately RMB338.6 million (including restricted cash of approximately RMB206.0 million) as at December 31, 2024. The Group's current ratio (current assets divided by current liabilities) as at June 30, 2025 was 1.8 (December 31, 2024: same). The asset-liability ratio (total liabilities divided by total assets) as at June 30, 2025 was 49.1%, representing a slight increase from 48.7% as at December 31, 2024.

Gearing ratio is total borrowings divided by total equity. It is calculated as the sum of long-term and short-term interest-bearing bank loans and other loans as at the corresponding dates divided by total equity as at the same dates. As of June 30, 2025, the Group's gearing ratio was 0.4% (December 31, 2024: 0.4%).

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

Trade and other receivables

As at June 30, 2025, the Group's trade and other receivables amounted to approximately RMB 997.1 million, representing an increase of 6.1% from approximately RMB939.5 million as at December 31, 2024, which was mainly attributable to the delayed collection progress of certain trade receivables under the current economic environment. To enhance the collection efficiency of trade receivables, the Group has strengthened relevant internal control measures.

Trade and other payables

As at June 30, 2025, the Group's trade and other payables amounted to approximately RMB337.7 million, representing a decrease of 3.2% from approximately RMB348.9 million as of December 31, 2024, which was due to the accelerated payment progress of trade and other payables.

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 most transactions. Any depreciation of RMB would adversely affect the value of any dividends paid by the Group to Shareholders outside the PRC. 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.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended June 30, 2025.

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 of 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.

Save as disclosed above, as at June 30, 2025, the Group has not provided other guarantees.

CONTINGENT LIABILITIES

As of June 30, 2025, the Group did not have any material contingent liabilities and capital commitments.

MATERIAL ACQUISITIONS AND DISPOSALS

The Company does not have major investments, material acquisitions or disposals of subsidiaries, associates and joint ventures held as at June 30, 2025, nor are there any plans for significant investments or additions to capital assets as authorized by the Board.

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL 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 announcement, the Group did not have any other future plans for material investments.

EMPLOYEE AND REMUNERATION POLICY

As of June 30, 2025, the Group had a total of 2,322 employees (June 30, 2024: 2,108). The Group's employee benefit expenses (including Director's emoluments) amounted to RMB95.6 million for the six months ended June 30, 2025 (six months ended June 30, 2024: RMB106.2 million).

The Group has a well-established recruitment and internal promotion system in place and strive 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 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 of June 30, 2025:

Purposes	Percentage of total amount	Net proceeds as disclosed in the Prospectus	Unutilised amount as of December 31, 2024	Actual use of proceeds for the Reporting Period	Unutilised amount as of June 30, 2025	Expected timeline for the use of proceeds
	(approximate)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
Pursue selective strategic investment and acquisition opportunities to further develop strategic cooperation and expand our business scale	65%	408.8	297.6	22.4	275.2	By December 2025
Invest in our intelligent operational and internal management systems to improve service quality and customer experience	10%	62.9	35.5	2.9	32.6	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	355.8	25.3	310.5	

As at the date of this announcement, the proceeds were deposited in short-term interest-bearing bank accounts with domestic and overseas licensed financial institutions and will continue to be used in accordance with the purposes set out in the Prospectus and are expected to be used up by December 2025.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

There were no material events of the Group after the Reporting Period and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of 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 of Hong Kong Limited (the “**Listing Rules**”) as its code of governance. During the Reporting Period, the Company has complied with all applicable principles and 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 as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code for dealing in

the securities of the Group by the Directors. After specific enquiries made to all Directors, each of the Directors have confirmed their compliance with the required standard set out in the Model Code during the Reporting Period.

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

During the Reporting Period, 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 June 30, 2025, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The Board has established an audit committee of the Company (the “**Audit Committee**”) in accordance with the CG Code 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. The Audit Committee is chaired by Mr. WONG Yun Pun. 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 the unaudited interim condensed consolidated results of the Group for the six months ended June 30, 2025 together with the Board, and confirmed that the unaudited interim condensed consolidated results of the Group for the six months ended June 30, 2025 have complied with all applicable accounting principles, standards and requirements, and that sufficient disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND 2025 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kqysh.com.cn). The interim report of the Company for the six months ended June 30, 2025 will be dispatched to the Shareholders and published on the above websites in due course.

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

Hong Kong, August 27, 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.

**For identification purpose only*