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JAPAN KYOSEI GROUP COMPANY LIMITED
日本共生集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00627)

UPDATE IN RELATION TO DISCLAIMER OPINION ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Reference is made to the annual report (the "**2024 Annual Report**") of Japan Kyosei Group Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2024 ("**FY2024**"). As set out in the 2024 Annual Report, the auditors of the Company, PKF Hong Kong Limited (the "**Auditors**"), had issued a disclaimer of opinion to the Group's consolidated financial statements for FY2023/24 (the "**2024 Disclaimer Opinion**"). The board (the "**Board**") of directors (the "**Directors**") of the Company would like to provide an update to the shareholders of the Company (the "**Shareholders**") in relation to the progress in resolving the issues underlying the 2024 Disclaimer Opinion.

MEASURES TO ADDRESS THE 2024 DISCLAIMER OPINION

As set out in the 2024 Annual Report, the Company has considered different measures to resolve the issues underlying the 2024 Disclaimer Opinion listed out as below:

(1) Expansion of property development business and different income stream

Following the major and connected transaction announced on June 13, 2024, the Group has actively pursued expansion opportunities in its property development business, property management services, and various income streams. The Group plans to diversify beyond its core expertise in commercial and residential property development to capitalize on the growing demand for logistics hubs and data centers. Additionally,

the Group has enhanced its property management services to include downstream offerings. During the interim period, this segment contributed approximately RMB30 million revenue to the Group. These initiatives are expected to strengthen the Group's revenue streams in FY2025.

(2) Exploring other financing options

The Group is actively negotiating with banks and other financial institutions to identify alternative financing solutions and bank loans for refinancing its current financial commitments, including bank loans and bond issuances. In addition, the Group is engaging with potential investors to explore fundraising opportunities in the capital markets, such as placements or the issuance of corporate bonds and other financing mechanisms, to support its upcoming operational and capital expenditures.

(3) Exploring other investment opportunities and potential projects

Alongside the ongoing development of its existing businesses, the Group has been actively seeking new investment opportunities to expand its operations. This includes potential ventures in mainland China and Japan focused on property development as well as upstream and downstream activities. During the year, the Group identified several potential targets, including property development and/or property management services in Harbin, Shenzhen, Guangzhou, and the Yunnan region. As of the date of this announcement, the Group is still exploring these investment opportunities, and no legally binding agreements have been established with the aforementioned potential targets.

(4) Cost Control

The Group has been proactive in implementing strategic measures to effectively manage costs, prioritizing the maintenance of an appropriate headcount to ensure operational efficiency. By thoroughly evaluating workforce requirements, the Group aims to strike a balance between productivity and cost control, minimizing the need for layoffs while optimizing resource utilization. Furthermore, the reduction in certain administrative expenses underscores a commitment to streamlining operations. Notably, administrative costs have decreased from approximately RMB18 million to RMB7 million compared to the previous interim period. The Group aspires to not only lower overhead costs but also cultivate a more agile organizational structure that can adapt to evolving market conditions. Ultimately, these actions are geared toward enhancing financial stability and supporting long-term sustainability.

(5) Actively seeking the opportunity of disposing net liabilities subsidiaries

The Group is currently seeking potential buyers for its subsidiaries that are burdened with net liabilities. This initiative forms part of a comprehensive strategy aimed at enhancing the Group's financial standing and streamlining its operations. At present, the Group is investigating various options to find appropriate buyers who can take on these liabilities and contribute positively to the broader business environment. It is important to emphasize that, as of now, no legally binding agreements have been established with any prospective buyers.

The Board will continue to use its best endeavors to implement the measures to resolve the issues underlying the 2024 Disclaimer Opinion and will publish further announcement(s) when appropriate.

By order of the Board
Japan Kyosei Group Company Limited
Dr. Hiroshi Kaneko
Executive Director and Chief Executive Officer

Hong Kong, 30 September 2025

As of the date of this announcement, the Board comprises one executive Director, namely Dr. Hiroshi Kaneko, one non-executive Director, namely Mr. Chung Ho Wai Alan, and three independent non-executive Directors, namely Mr. Huang Zhongquan, Ms. Tang Ying Sum and Ms. Ha Sze Wan.