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Kangqiao Service Group Limited

康橋悅生活集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2205)

**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

FINANCIAL HIGHLIGHTS FOR THE YEAR

1. Revenue for the Year (as defined below) was approximately RMB931.6 million, representing a decrease of 3.0% as compared with 2024.
2. Revenue by business lines for the Year was as follows:
 - (1) revenue from property management services was approximately RMB730.4 million, accounting for 78.4% of the total revenue, representing an increase of 7.2% as compared with 2024;
 - (2) revenue from value-added services to non-property owners was approximately RMB25.7 million, accounting for 2.7% of the total revenue, representing a decrease of 70.2% as compared with 2024;
 - (3) revenue from community value-added services was approximately RMB96.5 million, accounting for 10.4% of the total revenue, representing a decrease of 14.9% as compared with 2024; and
 - (4) revenue from city services was approximately RMB78.9 million, accounting for 8.5% of the total revenue, representing a decrease of 1.0% as compared with 2024.
3. Gross profit for the Year was approximately RMB198.2 million, representing a decrease of 8.3% as compared with 2024. Gross profit margin was 21.3%, representing a decrease of 1.2 percentage points as compared to that of 22.5% for 2024.

FINANCIAL HIGHLIGHTS FOR THE YEAR

4. Loss for the Year was approximately RMB19.3 million, representing a decrease of approximately 128.1% as compared to the profit of approximately RMB68.8 million for 2024. Loss for the Year attributable to the owners of the Company was approximately RMB36.7 million, representing a decrease of approximately 175.9% as compared to the profit attributable to the owners of the Company of approximately RMB48.4 million for 2024.
5. The contracted GFA (as defined below) in respect of property management services for the Year was approximately 68.6 million sq.m., representing a decrease of 2.3% as compared with 2024, among which approximately 56.0 million sq.m. or 81.6% were from third-party property developers. The GFA under management was approximately 48.5 million sq.m., representing a growth of 5.0% as compared with 2024, among which approximately 38.2 million sq.m. or 78.8% were from third-party property developers.
6. The Board does not recommend the payment of a final dividend for the year ended December 31, 2025.

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, 2025 (the “**Year**”) with comparative figures for the year ended December 31, 2024.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

(All amounts in RMB thousands unless otherwise stated)

| | Notes | Year ended December 31 | |
|--|-------|------------------------|----------------|
| | | 2025 | 2024 |
| | | RMB'000 | RMB'000 |
| Revenue | 4 | 931,553 | 960,846 |
| Cost of sales | 5 | (733,304) | (744,605) |
| Gross profit | | 198,249 | 216,241 |
| Administrative expenses | 5 | (62,910) | (51,105) |
| Selling and marketing expenses | 5 | (5,485) | (7,991) |
| Credit impairment losses | | (161,547) | (74,441) |
| Other income - net | | 939 | 4,407 |
| Other gains - net | | 2,743 | 1,157 |
| Operating (loss) /profit | | (28,011) | 88,268 |
| Finance income | | 4,289 | 4,922 |
| Finance costs | | (1,381) | (853) |
| Finance income - net | | 2,908 | 4,069 |
| Share of profit of investments accounted for using the equity method | | 822 | 344 |
| (Loss)/profit before income tax | | (24,281) | 92,681 |
| Income tax credit/(expenses) | 6 | 4,936 | (23,916) |
| (Loss)/profit for the year | | (19,345) | 68,765 |
| (Loss)/profit attributable to: | | | |
| – Owners of the Company | | (36,748) | 48,412 |
| – Non-controlling interests | | 17,403 | 20,353 |
| | | (19,345) | 68,765 |
| Other comprehensive (loss)/income | | | |
| <i>Item that may be reclassified to profit or loss</i> | | | |
| – Exchange difference on translation of foreign operations | | (786) | 1,417 |
| Total comprehensive (loss)/income for the year | | (20,131) | 70,182 |
| Total comprehensive (loss)/income attributable to: | | | |
| – Owners of the Company | | (37,534) | 49,829 |
| – Non-controlling interests | | 17,403 | 20,353 |
| | | (20,131) | 70,182 |
| (Loss)/earnings per share | | | |
| – Basic and diluted (expressed in RMB yuan per share) | 7 | (0.05) | 0.07 |

CONSOLIDATED BALANCE SHEET

As at December 31, 2025

(All amounts in RMB thousands unless otherwise stated)

| | Notes | As at December 31 | |
|---|-------|-------------------------|-------------------------|
| | | 2025 | 2024 |
| | | RMB'000 | RMB'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | | 11,119 | 12,937 |
| Right-of-use assets | | 2,479 | 4,053 |
| Investment properties | | 22,724 | 21,558 |
| Intangible assets | | 46,718 | 50,807 |
| Deferred income tax assets | | 88,784 | 56,989 |
| Investments accounted for using the equity method | | 4,797 | 4,269 |
| Prepayment | 8 | 42,075 | 59,884 |
| Restricted cash | | 7,697 | 5,997 |
| | | <u>226,393</u> | <u>216,494</u> |
| Current assets | | | |
| Inventories | | 18,765 | 18,841 |
| Prepayment | 8 | 2,857 | 1,495 |
| Trade and other receivables | 9 | 1,418,935 | 939,464 |
| Restricted cash | | 209,215 | 205,985 |
| Financial assets at fair value through profit or loss | | - | 1,500 |
| Cash and cash equivalents | | 157,629 | 132,569 |
| | | <u>1,807,401</u> | <u>1,299,854</u> |
| Total assets | | <u><u>2,033,794</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 | | 504,197 | 504,783 |
| Retained earnings | | 176,662 | 213,610 |
| | | <u>686,690</u> | <u>724,224</u> |
| Non-controlling interests | | <u>61,197</u> | <u>53,896</u> |
| Total equity | | <u><u>747,887</u></u> | <u><u>778,120</u></u> |

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at December 31, 2025

(All amounts in RMB thousands unless otherwise stated)

| | Notes | As at December 31 | |
|-------------------------------------|-------|-------------------|------------------|
| | | 2025 | 2024 |
| | | RMB'000 | RMB'000 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 4,231 | 3,746 |
| Deferred income tax liabilities | | 1,763 | 7,703 |
| Other payables | 10 | - | 98 |
| Contract liabilities | | 13,183 | 4,906 |
| | | <u>19,177</u> | <u>16,453</u> |
| Current liabilities | | | |
| Borrowings - current | | - | 3,000 |
| Lease liabilities | | 5,937 | 5,868 |
| Trade and other payables | 10 | 364,266 | 348,908 |
| Provisions for litigation | 11 | 726,725 | 193,602 |
| Contract liabilities | | 162,330 | 158,846 |
| Current income tax liabilities | | 7,472 | 11,551 |
| | | <u>1,266,730</u> | <u>721,775</u> |
| Total liabilities | | <u>1,285,907</u> | <u>738,228</u> |
| Total equity and liabilities | | <u>2,033,794</u> | <u>1,516,348</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

(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 30, 2026.

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 Accounting Standards and HKCO

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(b) Going concern basis

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing the Group's ability to continue as a going concern.

On December 25, 2024, Kangqiao Yueshenghuo Service Group Co., Ltd. (the "Kangqiao Yueshenghuo"), a wholly-owned subsidiary of the Company, 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 (the "Litigation") initiated by a bank in the PRC (the "Bank") as the plaintiff against Kangqiao Yueshenghuo concerning a purported promissory letter signed (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 High People's Court* (河南省高級人民法院) (the "High Court") issued a summons. The Appeal was heard on March 7, 2025.

On February 12, 2026, Kangqiao Yueshenghuo received a civil judgment (the "Second Civil Judgment") from the High Court in relation to the Appeal. Pursuant to the Second Civil Judgment,

the High Court determined that the Purported Promissory Letter constitutes a valid guarantee and is legally binding on Kangqiao Yueshenghuo. Consequently, Kangqiao Yueshenghuo is liable for approximately RMB473,700,000, being the principal amount under certain loan agreements, together with interest calculated at the agreed interest rate up to the date of repayment. Based on the assessment made by the management, the estimated liabilities were approximately RMB726,725,000 as at December 31, 2025.

The directors have reviewed the Group's cash flow forecasts which cover a period of not less than twelve months from the end of the reporting period. Taking into account of the plans and measures as described above, the directors are of the opinion that the Group will have sufficient working capital to maintain its operations and to meet its financial obligations as and when they fall due for at least twelve months from the end of the reporting period. The directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

The plans and measures that the Company's directors will take, which involve material uncertainties, including but not limited to, Mr. Song Gewei ("**Mr. Song**"), a non-executive director and the chairman of the Board (who is also the controlling shareholder of the Company and a connected person of the borrower of the loan), has committed to fully compensate and indemnify for any losses that may be suffered or incurred by the Company, in accordance with applicable laws and regulations; immediately obtaining the required funds from Mr. Song; and, if necessary, to discuss repayment schedule with the bank.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify its non-current liabilities as current liabilities with consideration of the contractual terms or to make provision for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group.

(c) *Historical cost convention*

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

(d) *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, 2025. The adoption of these standards and amendments does not have significant impact on the consolidated financial statements of the Group.

Amendments to HKAS 21

Lack of Exchangeability

(e) *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 HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments | January 1, 2026 |
| Amendments to HKFRS 9 and HKFRS 7 | Contracts Referencing Nature-dependent Electricity | January 1, 2026 |
| Annual Improvements to HKFRS Accounting Standards - Volume 11 | Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 | January 1, 2027 |
| HKFRS 18 and consequential amendments to other HKFRS Accounting Standards | Presentation and Disclosure in Financial Statements | January 1, 2027 |
| HKFRS 19 and subsequent amendments | Subsidiaries without Public Accountability: Disclosures | 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, except for the following:

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption

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, 2025, all the segments of the Group are domiciled in the PRC and all the revenue of the Group was derived in the PRC (2024: same).

As at December 31, 2025, substantially all assets of the Group were located in the PRC (December 31, 2024: 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 | |
|---|-------------------------------|----------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Property management services | 730,435 | 681,325 |
| Value-added services to non-property owners | 25,732 | 86,402 |
| Community value-added services | 96,515 | 113,429 |
| City services | 78,871 | 79,690 |
| | 931,553 | 960,846 |
| Timing of revenue recognition | | |
| - Over time | 882,648 | 869,737 |
| - At a point in time | 48,905 | 91,109 |
| | 931,553 | 960,846 |

For the year ended December 31, 2025, revenue from entities controlled by Mr. Song contributed 0.7% (2024: 1.5%) 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, 2025 (2024: same).

5 EXPENSES BY NATURE

| | Year ended December 31 | |
|--|-------------------------------|----------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Employee benefit expenses | 223,025 | 197,249 |
| Sales agency service costs | 6,196 | 29,715 |
| Security service costs | 100,372 | 125,523 |
| Greening and cleaning expenses | 210,215 | 201,175 |
| Maintenance and customer service costs | 107,378 | 76,830 |
| Utilities | 35,446 | 47,535 |
| Cost of goods sold | 20,003 | 20,578 |
| Decoration business costs | 8,910 | 12,799 |
| Office expenses | 27,226 | 25,453 |
| Travelling and entertainment expenses | 9,075 | 11,195 |
| Auditor's remuneration | 1,450 | 1,450 |
| Depreciation of property and equipment | 5,152 | 4,835 |
| Depreciation of right-of-use assets | 1,899 | 1,979 |
| Depreciation of investment properties | 1,651 | 1,030 |
| Amortisation of intangible assets | 4,088 | 4,074 |
| Professional fees | 5,325 | 3,478 |
| Others | 34,288 | 38,803 |
| | 801,699 | 803,701 |

6 INCOME TAX (CREDIT)/EXPENSES

| | Year ended December 31 | |
|----------------------------|-------------------------------|----------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Current income tax | | |
| - PRC corporate income tax | 32,800 | 40,557 |
| Deferred income tax | | |
| - PRC corporate income tax | (37,736) | (16,641) |
| | (4,936) | 23,916 |

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly, is exempted from the Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands (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, 2025 (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 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 (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended December 31, 2025.

The Company did not have any potential ordinary shares outstanding during the years ended December 31, 2025 and 2024. Diluted (loss)/earnings per share was equal to basic (loss)/earnings per share.

| | <u>Year ended December 31</u> | |
|--|-------------------------------|----------------|
| | <u>2025</u> | <u>2024</u> |
| (Loss)/profit attributable to owners of the Company (RMB'000) | (36,748) | 48,412 |
| Weighted average number of ordinary shares in issue (in thousands) | <u>700,000</u> | <u>700,000</u> |
| Basic and diluted (loss)/ earnings per share attributable to the owners of the Company during the year (expressed in RMB yuan per share) | <u>(0.05)</u> | <u>0.07</u> |

8 PREPAYMENTS

| | As at December 31 | |
|---|-------------------|-----------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Prepayment | | |
| - Prepayment to thirdparties | 44,932 | 61,379 |
| Less: non-current portion of prepayments (Note (a)) | <u>(42,075)</u> | <u>(59,884)</u> |
| Current portion of prepayment | <u>2,857</u> | <u>1,495</u> |

(a) As at December 31, 2025, the non-current portion of prepayments mainly represented a prepayment of approximately RMB42,075,000 for the acquisition of equity interest in a property management service company (the "Target Company") (as at 31 December 2024: RMB59,884,000).

9 TRADE AND OTHER RECEIVABLES

| | As at December 31 | |
|---|-------------------|------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Trade receivables (Note (a)) | | |
| - Related parties | 335,225 | 327,182 |
| - Third parties | 545,775 | 453,455 |
| | <u>881,000</u> | <u>780,637</u> |
| Less: allowance for impairment of trade receivables | <u>(286,600)</u> | <u>(179,798)</u> |
| | <u>594,400</u> | <u>600,839</u> |
| Other receivables | | |
| - Amounts due from related parties | 81,048 | 93,655 |
| - Amount due from a director (Note 11) | 726,725 | 193,602 |
| - Cash advances to non-controlling interests | 790 | 361 |
| - Deposits | 53,740 | 50,780 |
| - Others | 40,523 | 41,582 |
| | <u>902,826</u> | <u>379,980</u> |
| Less: allowance for impairment of other receivables | <u>(78,291)</u> | <u>(41,355)</u> |
| | <u>824,535</u> | <u>338,625</u> |
| Trade and other receivables | <u>1,418,935</u> | <u>939,464</u> |

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

| | <u>As at December 31</u> | |
|--------------|--------------------------|------------------------|
| | <u>2025</u> RMB'000 | <u>2024</u> RMB'000 |
| Up to 1 year | 426,804 | 378,657 |
| 1 to 2 years | 144,437 | 158,437 |
| 2 to 3 years | 109,960 | 140,438 |
| Over 3 years | 199,799 | 103,105 |
| | <u>881,000</u> | <u>780,637</u> |

- (b) As at December 31, 2025, 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, 2024: same).

10 TRADE AND OTHER PAYABLES

| | <u>As at December 31</u> | |
|---|--------------------------|------------------------|
| | <u>2025</u> RMB'000 | <u>2024</u> RMB'000 |
| Trade payables (Note (a)) | | |
| - Related parties | 6,360 | 6,098 |
| - Third parties | 101,427 | 83,961 |
| | <u>107,787</u> | <u>90,059</u> |
| Other payables | | |
| - Amounts due to related parties | 22,380 | 27,197 |
| - Payables for acquisition of a subsidiary | 5,100 | 5,100 |
| - Deposits from third parties | 98,396 | 86,118 |
| - Accrued payroll | 40,590 | 43,171 |
| - Other tax payables | 7,241 | 4,258 |
| - Others | 82,772 | 93,103 |
| | <u>256,479</u> | <u>258,947</u> |
| Total | <u>364,266</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>364,266</u> | <u>348,908</u> |

- (a) As at December 31, 2025 and 2024, 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 | |
|--------------|--------------------------|---------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Up to 1 year | 91,435 | 82,311 |
| 1 to 2 years | 10,531 | 6,451 |
| 2 to 3 years | 413 | 1,262 |
| Over 3 years | 5,408 | 35 |
| | 107,787 | 90,059 |

11 PROVISIONS FOR LITIGATION

On August 8, 2024, Kangqiao Yueshenghuo 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 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, Kangqiao Yueshenghuo 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 Kangqiao Yueshenghuo pursuant to the Purported Promissory Letter. The total amount demanded from the Bank under the Summons is approximately RMB607,760,000 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 Judgment, 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. As at 31 December 2024, based on valuation performed by an independent professional valuer on the Collateral and assessment by the Board, the Company’s liabilities were approximately RMB193,602,000, 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. On February 12, 2026, the Subsidiary received a civil judgment in relation to the Appeal (the “**Second Civil Judgment**”) from the Henan High People’s Court* (河南省高級人民法院) (the “**High Court**”). Pursuant to the Second Civil Judgment, the High Court held that Henan Chengqiao is neither a shareholder nor the de facto controller of the Subsidiary, and that the guarantee provided by the Subsidiary in favour of Henan Chengqiao does not

fall within the statutory circumstances permitted under paragraphs 2 and 3 of Article 16 of the Company Law of the PRC. The High Court further held that the findings in the Civil Judgment that the Bank had failed to fulfil its duty of reasonable review and was not a bona fide counterparty was insufficiently substantiated. Accordingly, the High Court determined that the Purported Promissory Letter constitutes a valid guarantee and is legally binding on the Subsidiary. Consequently, Kangqiao Yueshenghuo is liable for RMB473,700,000, being the principal amount under certain loan agreements entered into by Henan Chengqiao, together with interest calculated at the agreed interest rate up to the date of repayment.

As at December 31, 2025, provisions for litigations of approximately RMB726,725,000 were 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, 2025.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the independent auditor of the Company:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Kangqiao Service Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages [•] to [•], which comprise the consolidated statement of balance sheet as at 31 December 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significant of the matter as described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

As set out in note 38 to the consolidated financial statements, the Group recognised provision for litigation of approximately RMB726,725,000 in connection with the litigation related to Kangqiao Yueshenghuo Service Group Co., Ltd. (“**Kangqiao Yueshenghuo**”), a wholly-owned subsidiary of the Company.

On February 12, 2026, Kangqiao Yueshenghuo received a civil judgment (the “**Second Civil Judgment**”) from Henan High People’s Court* (河南省高級人民法院) (the “**High Court**”) in relation to an appeal (the “**Appeal**”) filed by a bank in the PRC (the “**Bank**”) concerning a purported promissory letter signed (the “**Purported Promissory Letter**”). Pursuant to the Second Civil Judgment, the High Court determined that the Purported Promissory Letter constitutes a valid guarantee and is legally binding on Kangqiao Yueshenghuo. Consequently, Kangqiao Yueshenghuo is liable for RMB473,700,000, being the principal amount under certain loan agreements, together with interest calculated at the agreed interest rate up to the date of repayment. Based on the assessment made by the management, the estimated liabilities were approximately RMB726,725,000. As at December 31, 2025, cash and cash equivalents of the Group amounted to approximately RMB157,629,000, and the restricted cash of approximately RMB209,215,000.

As set out in note 2.1(b) to the consolidated financial statements, the validity of the use of going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of the plans and measures that the Company’s directors will take, which involve material uncertainties, including, but are not limited to, (i) Mr. Song Gewei (“**Mr. Song**”), a non-executive Director and the chairman of the Board (who is also the controlling shareholder of the Company and a connected person of the borrower of the loan), has committed to fully compensate and indemnify for any losses that may be

suffered or incurred by the Company, in accordance with applicable laws and regulations; and, (ii) if necessary, to discuss repayment schedule with the Bank.

In view of the above-mentioned financial conditions, the directors have reviewed the Group's cash flow forecasts prepared by management of the Group, which cover a period of not less than twelve months from the end of the reporting period. Taking into account the likelihood of the success of the plans and measures as described below, the directors are of the opinion that the Group will have sufficient working capital to maintain its operations and to meet its financial obligations as and when they fall due for at least twelve months from the end of the reporting period.

However, the validity of the going concern assumption depends on the success of the Group's plans and measures, including immediately obtaining the required funds from Mr. Song and successfully negotiated a repayment schedule with the Bank for implementing the aforementioned plans and measures. Due to the unavailability of sufficient appropriate evidence we considered necessary to assess the reasonableness of the plans and measures underlying the cash flow forecasts, we were unable to satisfy ourselves about the appropriateness of the use of the going concern assumptions in the preparation of the consolidated financial statements of the Group. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the appropriateness of the directors' use of the going concern assumption in the preparation of the consolidated financial statements on a going concern basis was appropriate.

Should the Group fails to achieve one or more of its plans and measures on a timely basis, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

CHAIRMAN’S STATEMENT

In 2025, the international landscape was marked by constant change, while the domestic economy underwent profound adjustments. Against the backdrop of a slowing global economy, China adhered to the principle of “seeking progress while maintaining stability”. The real estate sector experienced significant restructuring, and the property management industry faced the dual challenges of intensifying competition and stringent cost control. At the same time, the continued release of policy dividends, the deepening empowerment of technology, and the people’s growing aspirations for a better life opened up new avenues for value creation within the industry.

Amidst such transformative times, the Group has firmly adhered to its service positioning as a “provider of services for a better life and smart cities”. Confronting the changing landscape with “stability” and “resilience”, we have demonstrated the strategic focus necessary to navigate through economic cycles.

Guided by Party building, we steadfastly uphold the strategic direction

By gaining deep insights into industry trends, we have solidified our strategic positioning. In 2025, proactive and effective domestic policies were introduced. We firmly believe that under the leadership of the Party Central Committee, the economy and the real estate sector will continue their recovery. At the same time, we are keenly aware that shifting from “scale expansion” to “value growth” is no longer a choice, but a necessity for survival.

The Group continued to deepen its development direction of “Party-building guidance + Red Property”, steadily improving its ranking among the top 100 property service companies. Adhering to the development strategy of “cash flow is king”, it solidified the quality of its foundational services and enhanced brand value through a strong reputation. The Group accelerated its market-oriented business expansion, achieving continued growth in the non-residential sector and maintaining stable operating cash flow. By increasing investment in technology and innovation, it drove operational efficiency and cost reduction. It also strengthened talent cultivation and team building, laying a solid foundation for the company's long-term sustainable development.

Strengthening the Foundation of Service

Adhering to the business philosophy of “value-for-money equivalence and best quality at the same price”, the Group responded to the pricing transformation within the property service industry. Through the standardization of services, we ensured that service quality is perceptible, evaluable, and traceable, transforming intangible services into tangible value and winning customer recognition with high-quality services.

Strengthening Digital Empowerment

In 2025, the Group has established and continuously optimized a digital technology support system for “business-finance integration” in line with cash flow budgeting needs, enabling more intelligent and refined management of business operations and cost control. As of December 31, 2025, the Group’s digital technology knowledge assets have accumulated 78 copyrights, 29 systems, 16 self-owned source code sets, and 143 code projects. With the Group’s ongoing increase in technology investment and the deepening advancement of smart property management development, per capita management efficiency has significantly improved. Technological capability has become a vital component of the Group’s core competitiveness.

Continued Diversified Expansion

In 2025, the Group achieved significant progress not only in non-residential formats and urban services but also made major breakthroughs in city and regional deployment. While deepening its presence in its home base of Henan, the Group continued to make inroads into cities such as Wuxi, Nanjing, and Qingdao, securing projects including Wuxi Champagne Street, Wuxi Jinglong Plaza, Wuxi Beauty and Health Industrial Park and Technology, Xi'an Longfor Paradise Walk · Yuanjia Village Commercial and Henan University of Technology.

As of December 31, 2025, third-party property developers accounted for 78.8% of the Group's gross floor area ("GFA") under management and 81.6% of its contracted GFA. This independence has provided the Group with broader market opportunities, enabling it to respond flexibly in a complex and volatile market environment.

In response to intensifying competition in the domestic market, the Group assessed the evolving situation and announced the launch of its globalization strategy in the second half of 2025, establishing a North American subsidiary to enter the North American market. This marks a significant milestone in the Group's development, representing a strategic leap from "regional leadership" to "global presence". Concurrently, the Group will closely monitoring geopolitical risks, prudently advance its overseas expansion to ensure the steady and measured implementation of its internationalization strategy.

Risk Management and Corporate Governance

In 2025, the Group deeply recognized that a sound foundation for steady development lies in robust internal controls and corporate governance. Facing an industry-wide risk clearance period, the Group comprehensively reviewed and strengthened its internal control system, strictly regulated key areas such as external guarantees and fund management, and ensured compliant operations.

To the Future with Original Intention

In 2025, 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 2025, the Group adhered to the leadership of Party building, firmly upheld the core competitiveness of “business for good” and the “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, 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 properties, 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 2025, the Group’s revenue was approximately RMB931.6 million, representing a decrease of 3.0% as compared to approximately RMB960.8 million for the corresponding period in 2024.

As of December 31, 2025, the Group provided property management services, value-added services or city services in 36 cities in the People’s Republic of China (the “**PRC**”), with 341 projects under management and a contracted GFA of approximately 68.6 million sq.m., representing a decrease of 2.3% as compared to approximately 70.3 million sq.m. for the corresponding period in 2024, among which approximately 56.0 million sq.m. or 81.6% were from third-party property developers. The GFA under management was approximately 48.5 million sq.m., representing an increase of 5.0% as compared to approximately 46.2 million sq.m. for the corresponding period in 2024, among which approximately 38.2 million sq.m. or 78.8% 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 as compared with 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. In 2025, revenue from property management services was approximately RMB730.4 million, accounting for 78.4% of the total revenue, representing an increase of 7.2% as compared to the corresponding period in 2024.

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 2025, revenue from value-added services to non-property owners of the Group was approximately RMB25.7 million, representing a decrease of 70.2% as compared to approximately RMB86.4 million for the corresponding period in 2024. The decrease in revenue from value-added services to non-property owners was mainly due to the persistent shrinking of real estate business amid a sluggish domestic property market.

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 services in relation to parking spaces and shop spaces. In 2025, revenue from community value-added services provided by the Group was approximately RMB96.5 million, representing a decrease of 14.9% as compared to that of approximately RMB113.4 million for the corresponding period in 2024, which was mainly attributable to the domestic economic transition period, during which consumer sentiment turned cautious, leading 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 both 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 2025, the Group's revenue from the city services was approximately RMB78.9 million, representing a decrease of 1.0% as compared to that of approximately RMB79.7 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. 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 balanced development 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 Services” (悦城服) (for city services). 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 steadily expanding its scale at a low cost, 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 RMB931.6 million, representing a decrease of 3.0% as compared to approximately RMB960.8 million for 2024.

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

| | Year ended December 31, | | | |
|---|-------------------------|--------------|----------------|-------|
| | 2025 | | 2024 | |
| | <i>RMB'000</i> | % | <i>RMB'000</i> | % |
| Property management services | 730,435 | 78.4 | 681,325 | 70.9 |
| Value-added services to non-property owners | 25,732 | 2.7 | 86,402 | 9.0 |
| Community value-added services | 96,515 | 10.4 | 113,429 | 11.8 |
| City services | 78,871 | 8.5 | 79,690 | 8.3 |
| Total | 931,553 | 100.0 | 960,846 | 100.0 |

Property management services

During the Year, the Group's revenue from the provision of property management services amounted to approximately RMB730.4 million, representing an increase of 7.2% as compared to approximately RMB681.3 million for the corresponding period in 2024, 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 RMB25.7 million, representing a decrease of 70.2% as compared to approximately RMB86.4 million for the corresponding period in 2024. 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 RMB96.5 million, representing a decrease of 14.9% as compared to approximately RMB113.4 million for the corresponding period in 2024, which was mainly attributable to the domestic economic transition period, during which consumer sentiment turned cautious, leading 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 both decreased.

City services

During the Year, the Group's revenue from the city services amounted to approximately RMB78.9 million, representing a decrease of 1.0% as compared to approximately RMB79.7 million for the corresponding period in 2024.

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 maintenance 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 RMB733.3 million, representing a decrease of approximately 1.5% as compared to approximately RMB744.6 million for the corresponding period in 2024. The decrease in cost of sales was mainly due to the decrease in the Group's revenue.

Gross profit and gross profit margin

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

| | Year ended December 31, | | | |
|---|-------------------------|---------------------|----------------|---------------------|
| | 2025 | | 2024 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | <i>RMB'000</i> | <i>%</i> | <i>RMB'000</i> | <i>%</i> |
| Property management services | 152,831 | 20.9 | 148,928 | 21.9 |
| Value-added services to non-property owners | 6,063 | 23.6 | 21,795 | 25.2 |
| Community value-added services | 28,832 | 29.9 | 34,771 | 30.7 |
| City services | 10,521 | 13.3 | 10,747 | 13.5 |
| Total | 198,249 | 21.3 | 216,241 | 22.5 |

During the Year, the Group's gross profit margin was approximately 21.3%, representing a decrease of 1.2 percentage points as compared to approximately 22.5% for 2024, which was primarily attributable to a slight decline in the gross profit margins across all four major business segments.

Other income

During the Year, the Group's other income amounted to approximately RMB0.9 million, representing a decrease of 78.7% as compared to approximately RMB4.4 million for the corresponding period in 2024, 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 RMB5.5 million, representing a decrease of 31.4% as compared to approximately RMB8.0 million for the corresponding period in 2024. 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 RMB62.9 million, representing an increase of 23.1% as compared to approximately

RMB51.1 million for the corresponding period in 2024, which was mainly due to the increase in management fee costs and additional compliance costs for the Group.

Credit impairment losses

During the Year, the Group's credit impairment losses was approximately RMB161.5 million, representing an increase of 117.0% as compared to approximately RMB74.4 million for the corresponding period in 2024, which was mainly due to the longer collection period of trade and other receivables and, the higher year-end balances, and the resulting in the increase in the provision for credit impairment losses.

Income tax credit/(expenses)

During the Year, the Group's income tax credit amounted to approximately RMB4.9 million, representing a decrease of 120.6% as compared to the income tax expenses of approximately RMB23.9 million for the corresponding period in 2024, which was mainly due to the slight decrease in the Group's revenue and the increase in the provision for credit impairment losses.

(Loss)/profit for the Year

Loss for the Year was approximately RMB19.3 million, representing a decrease of approximately 128.1% as compared to the profit of approximately RMB68.8 million for the corresponding period in 2024. Loss for the Year attributable to the owners of the Company was approximately RMB36.7 million, representing a decrease of approximately 175.9% as compared to the profit attributable to the owners of the Company of approximately RMB48.4 million for the corresponding period in 2024, which was mainly due to the increase in 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, 2025, the current assets amounted to approximately RMB1,807.4 million, representing an increase of approximately 39.0% as compared to that of approximately RMB1,299.9 million for 2024. As at December 31, 2025, the Group's cash and cash equivalents were mostly denominated in Renminbi ("RMB") and amounted to approximately RMB157.6 million (the restricted cash of approximately RMB 209.2 million), representing an increase of approximately 18.9% from approximately RMB132.6 million (the restricted cash of approximately RMB 206.0 million) as at December 31, 2024. The Group's current ratio (current assets divided by current liabilities) as at December 31, 2025 was approximately 1.4, representing a decrease of 0.4 from approximately 1.8 as at December 31, 2024. The asset-liability ratio (total liabilities divided by total assets) as at December 31, 2025 was 63.2%, representing an increase of 14.5 percentage points from 48.7% as at December 31, 2024.

As at December 31, 2025, the Group's did not have any bank borrowings and the gearing ratio (total borrowings divided by total equity) was nil (2024: 0.4%).

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, 2025, trade and other receivables amounted to approximately RMB1,418.9 million, representing an increase of 51.0% from approximately RMB939.5 million as at December 31, 2024, which was mainly due to an increase of approximately RMB726.7 million (2024:193.6 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, 2025, trade and other payables amounted to approximately RMB364.3million, representing an increase of 4.4% from approximately RMB348.9 million as at December 31, 2024, 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 are 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.

Save as disclosed above, as at December 31, 2025, the Group has not provided other guarantees.

Contingent liabilities

As at December 31, 2025, 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, 2025, 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.

LI FENG ACQUISITION

References are made to the announcements of the Company dated September 30, 2021 and November 12, 2021 in relation to the acquisition (the “**Lifeng Acquisition**”) of 80% of the equity interests in Xi’an Lifeng Property Management Co., Ltd. (西安立豐物業管理有限公司) (“**Lifeng**”). Although the Group has completed the transfer of 80% equity interests in Lifeng and gained control of the board seats, the original shareholders’ liabilities have not yet been settled, and subsequent projects have not been fulfilled and incorporated into Lifeng as agreed, as such the Board considers the Lifeng Acquisition to not have been completed as at December 31, 2025.

As at December 31, 2025, except for the rights and obligations under the first instalment (such as equity registration transfer and handover of seal, license and permit), which have been completed in accordance with the contract, the main rights and obligations under the second, third, fourth, and fifth instalments of the original cooperation agreement have not been fulfilled as scheduled. Although the Group has attempted to communicate with the equity transferor, it remains unclear when the aforementioned main rights and obligations will be fulfilled or when the Lifeng Acquisition is expected to be completed.

Employee and remuneration policy

As at December 31, 2025, the Group had a total of 2,465 employees (December 31, 2024: 2,244).

During the Year, the total remuneration cost of the Company incurred, including Director's remuneration, was RMB223.0 million (year ended December 31, 2024: RMB197.2 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.

As disclosed in the interim report of the Company for the six months ended June 30, 2025, as at June 30, 2025, the Group had utilised approximately HK\$318.4 million of the net proceeds and the unutilised net proceeds amounted to approximately HK\$310.5 million (the "**Unutilised Net Proceeds**").

As disclosed in the announcement of the Company dated November 18, 2025, the Board resolved to re-allocate part of the Utilised Net Proceeds of approximately HK\$275.2 million originally intended for pursuing selective strategic investment and acquisition opportunities to further develop strategic cooperation and expand the business scale of the Group to working capital and general corporate purposes. The Board believes that reallocating the proceeds to enrich and expand the Group's existing service and product offerings would enable the Group to deploy its financial resources more efficiently. Focusing on strengthening core service capabilities and expanding services will allow the Group to enhance competitiveness, improve service quality, and capture new market opportunities.

The following table sets forth the status of use of net proceeds from the global offering as of December 31, 2025:

| Purposes | Original use of net proceeds as disclosed in the Prospectus | Unutilised amount as at December 31, 2024 | Unutilised amount as at June 30, 2025 | Revised allocation of Utilised Net Proceeds | Actual use of net proceeds during the Year | Unutilised amount as at December 31, 2025 | Expected timeline for the use of net proceeds |
|--|--|--|--|--|---|--|--|
| | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | |
| Pursue selective strategic investment and acquisition opportunities to further develop strategic cooperation and expand the Group's business scale | 408.8 | 297.6 | 275.2 | - | 22.4 | - | N/A |
| Invest in our intelligent operational and internal management systems to improve service quality and customer experience | 62.9 | 35.5 | 32.6 | 32.6 | 5.7 | 29.8 | By December 2026 |
| Enrich and expand the Group's service and type of product offerings to develop our diverse business line | 94.3 | 0.6 | 0.6 | 0.6 | 0 | 0.6 | By December 2026 |
| Working capital and other general corporate purposes | 62.9 | 2.1 | 2.1 | 277.3 | 77.0 | 200.3 | By December 2026 |
| Total | 628.9 | 335.8 | 310.5 | 310.5 | 105.1 | 230.7 | |

As at December 31, 2025 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, January 10, 2025 and February 13, 2026 (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.* (康橋悅生活服務集團有限公司), 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 12, 2026, the Subsidiary received the Second Civil Judgment from the Henan High People’s Court* (河南省高級人民法院) (the “**High Court**”). Pursuant to the Second Civil Judgment, the High Court held that Henan Chengqiao is neither a shareholder nor the de facto controller of the Subsidiary, and that the guarantee provided by the Subsidiary in favour of Henan Chengqiao does not fall within the statutory circumstances permitted under paragraphs 2 and 3 of Article 16 of the Company Law of the PRC. The High Court further held that the findings in the Civil Judgment that the Bank had failed to fulfil its duty of reasonable review and was not a bona fide counterparty was insufficiently substantiated. Accordingly, the High Court determined that the Purported Promissory Letter constitutes a valid guarantee and is legally binding on the Subsidiary. Consequently, the Subsidiary is liable for RMB473.7 million, being the principal amount under certain loan agreements entered into by Henan Chengqiao, together with interest calculated at the agreed interest rate up to the date of repayment.

The Company considers that the Second Civil Judgment is inconsistent with the actual circumstances of the case and is consulting its PRC legal advisors regarding the possible appeal to the Second Civil Judgment. The Company is also assessing the financial impact of the Second Civil Judgment on the Group and will keep its shareholders and potential investors informed of any further material developments by way of further announcement(s) as and when appropriate.

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, 2025 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 Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”))). As of December 31, 2025, 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 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, 2025.

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, 2025 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, 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, 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 the preliminary announcement.

PUBLICATION OF AUDITED ANNUAL RESULTS AND 2025 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, 2025 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 30, 2026

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.*