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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)

QUARTERLY UPDATE IN RELATION TO DISCLAIMER OF OPINION

References are made to: (i) the annual report of Kangqiao Service Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the financial year ended December 31, 2025 (the "**Annual Report**"); (ii) the quarterly update announcement of the Company dated August 10, 2026 in relation to the disclaimer of opinion contained in the Annual Report (the "**1st QU Announcement**"); (iii) the announcement of the Company dated September 4, 2026 in relation to the update on litigation involving the Subsidiary (the "**SPC Announcement**"); and (iv) the interim report of the Company for the six months ended June 30, 2026 (the "**Interim Report**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report, the 1st QU Announcement, the SPC Announcement and the Interim Report.

As disclosed in the Annual Report, Crowe (HK) CPA Limited, the auditor of the Company, expressed a disclaimer of opinion on the Company's consolidated financial statements for the year ended December 31, 2025 relating to going concern (the "**Disclaimer of Opinion**").

The Board wishes to provide its Shareholders and investors with further updates on the matters underlying the Disclaimer of Opinion.

As disclosed in the SPC Announcement, the Supreme People's Court dismissed the retrial application filed by the Subsidiary in respect of the Second Civil Judgment. As at the date of this announcement, there has been no further material update in relation to the legal proceedings.

The Company has continued to take steps to mitigate the impact of the Second Civil Judgment on the Group and to seek recovery of losses suffered by the Group. Such steps principally include (i) communicating with the Bank in relation to the handling of the relevant collaterals and possible repayment

arrangement, with a view to reducing the amount for which the Subsidiary may ultimately be liable and avoiding disruption to the Subsidiary's normal operations; and (ii) pursuing recourse against Mr. Song pursuant to his undertaking to fully compensate the Group for any losses arising from the Second Civil Judgment (the "**Undertaking**"), including assessing the properties/assets identified by him for the purpose of satisfying his obligations thereunder.

Following communications between the Company and Mr. Song, Mr. Song has identified certain assets under his control, including residential units, commercial units and parking spaces, for the purpose of satisfying his obligations under the Undertaking to compensate the Group for losses suffered in connection with the Second Civil Judgment. The Company has conducted a preliminary review of such assets and has shortlisted certain properties/assets for further consideration. The Company is in the process of engaging an independent valuer in accordance with the Group's internal tender and procurement procedures. Subject to finalisation of the relevant engagement, the valuation work is currently expected to be completed within approximately three months.

Separately, the Company and Henan Chengqiao have continued to communicate with the Bank in relation to the handling of the relevant collaterals and possible repayment arrangement. To the best of the Board's knowledge, the Bank has applied to the Court for enforcement proceedings against the two parcels of land which form part of the collateral for the loan made by the Bank to Henan Chengqiao, with a view to reducing the amount for which the Subsidiary may ultimately be liable under the Second Civil Judgment.

The Board and the audit committee of the Company (the "**Audit Committee**") have reviewed the actions taken by the Company to address the matters giving rise to the Disclaimer of Opinion and have considered the Group's cash flow forecast prepared by management for the period up to December 31, 2027.

In considering why the Group is able to continue as a going concern, the Board and the Audit Committee have taken into account, among other things, that (i) the Group continues to conduct its normal business operations; (ii) the relevant cash flow forecast has been prepared on assumptions which are more conservative than the Group's historical revenue, gross profit margin and operating expenses; (iii) the Company is continuing to take steps to seek recovery of losses suffered by the Group pursuant to the Undertaking; (iv) the Bank has applied to the Court for enforcement proceedings against the two parcels of land which form part of the collateral for the loan made by the Bank to Henan Chengqiao; and (v) the Company has continued to communicate with the Bank in relation to the handling of the relevant collateral and possible repayment arrangement.

Based on the cash flow forecast prepared by management, the assumptions adopted therein and the progress of the measures described above, the Board and the Audit Committee are of the view that it remains appropriate to prepare the Group's financial statements on a going concern basis. As at the date of this announcement, the Board is not aware of any material deviation from the key assumptions adopted in the aforesaid cash flow forecast.

The Board will continue to review the progress of the above measures and monitor their implications for the Group's cash flow position.

The Company will publish further quarterly update announcement(s) and make further announcement(s) on any material development as and when appropriate.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

On behalf of the Board
Kangqiao Service Group Limited
DAI Wei
Chairman

Hong Kong, October 30, 2026

As at the date of this announcement, the Board comprises Mr. DAI Wei as the chairman and executive Director; Mr. CAI Xiqing, Mr. KANG Weiguo, Ms. WANG Na and Mr. SONG Xiangxi as the executive Directors; and Mr. KAM Hou Yin John, Dr. FAN Yun and Mr. WONG Yun Pun as the independent nonexecutive Directors.