

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



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)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by Kangqiao Service Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

DISCOVERY OF IRREGULARITY IN THE SUBSIDIARY’S ACCOUNTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company hereby announces that during the preparation of the Company’s interim results for the six months ended 30 June 2024, the Company discovered that a deposit of RMB200 million (the “**Deposit**”) was withdrawn on 11 June 2024 from the bank account of Kangqiao Yueshenghuo Service Group Co., Ltd.* (康橋悅生活服務集團有限公司), a wholly-owned subsidiary of the Company (the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**”), maintained with a bank in the People’s Republic of China (the “**PRC Bank**”). On 30 June 2024, the Deposit was returned to the Subsidiary’s bank account with the same PRC bank.

BACKGROUND AND IMMEDIATE ACTIONS

Upon discovering the temporary withdrawal of the Deposit, the Company immediately approached the PRC Bank for clarification. The PRC Bank informed the Company that the Deposit was withdrawn because a company controlled by Mr. Song Gewei (“**Mr. Song**”), a non-executive Director and the chairman of the Board, had applied for a loan (the “**Loan**”) from the PRC Bank, and that the Subsidiary had purportedly signed a “Promissory Letter” (the “**Purported Promissory Letter**”) for that purpose. The Purported Promissory Letter

was signed by Mr. Dai Wei (“**Mr. Dai**”), an executive Director, in 2021. Prior to the signing of the Purported Promissory Letter, the financing personnel responsible for the Loan informed Mr. Dai that the company controlled by Mr. Song proposed to apply for the Loan from the PRC Bank and had provided collateral security of sufficient value for the Loan. The Purported Promissory Letter was signed solely to satisfy the PRC Bank’s internal review procedures.

Mr. Dai was never provided with a copy of the executed Purported Promissory Letter, and no record of the Purported Promissory Letter ever existed in the Company’s files.

For the past three years, in all of the audit confirmations provided by the PRC Bank to the Company, which should confirm the Company’s balances and any encumbrances and guarantees related to the Company’s accounts, there was no indication of the existence of the Purported Promissory Letter. To the best of the Company’s knowledge, there are no outstanding “Other Possible Guarantees” (as defined in the Company’s announcement dated 16 October 2023) as of the date of this announcement.

REMEDIAL ACTIONS

Although the Deposit has been returned to the Subsidiary’s bank account and there is no material financial impact on the daily operations of the Company, the Company has serious concerns regarding the uncertainty of the Purported Promissory Letter and the legality of the actions of the PRC Bank.

The Company has consulted its PRC legal advisors who have confirmed that the withdrawal of the Deposit from the Subsidiary’s bank account did not comply with the relevant rules and regulations. In such connection, the Company is contemplating the option to file a formal report with the relevant local regulatory authorities. The report will include details of the PRC Bank’s unauthorized withdrawal of the Deposit and its potential breach of the relevant banking regulations and fiduciary duties. The Company is also considering reporting the matter to higher authorities in the PRC if necessary and appropriate in order to ensure a thorough investigation and appropriate action can be taken to protect the interest of the Company.

The Company reserves the right to take further legal action and make any claim against the PRC Bank, including but not limited to filing lawsuits for breach of contract, negligence, and any other applicable legal grounds under PRC law in order to seek compensation for any losses incurred (if any) and to safeguard the interests of the Company and its shareholders.

COMMITMENT OF CONTROLLING SHAREHOLDER

The Company is currently confirming the specific details of the Purported Promissory Letter and assessing the potential losses that it may incur as a result of this incident. The Company has also negotiated with Mr. Song about the matter and has reached a preliminary consensus that Mr. Song, being the controlling shareholder of the Company and the controlling shareholder of the borrower of the Loan, will provide compensation and indemnity for any losses that may be suffered or incurred by the Company in relation to the Purported Promissory Letter in accordance with the relevant laws and regulations.

The Company will keep the shareholders of the Company and potential investors informed of any further development in compliance with the Listing Rules and the SFO as and when appropriate.

On behalf of the Board
Kangqiao Service Group Limited
Dai Wei
Executive Director

Hong Kong, 7 July 2024

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 Dr. LI Haitao, Dr. FAN Yun and Mr. WONG Yun Pun as the independent non-executive Directors.

** For identification purpose only*