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Redsun Services Group Limited

弘陽服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1971)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

HIGHLIGHTS

The Group achieved the following results for the six months ended 30 June 2025:

1. The Group's revenue was RMB510.4 million, representing an increase of 9.7% as compared with RMB465.3 million for the corresponding period of 2024.
2. The Group's revenue generated from its business segments are as follows:
 - i. revenue from property management services was RMB420.0 million, accounting for 82.3% of total revenue, representing an increase of 11.9% as compared with RMB375.4 million for the corresponding period of 2024;
 - ii. revenue from value-added services to non-property owners was RMB11.0 million, accounting for 2.2% of total revenue, representing a decrease of 45.8% as compared with RMB20.3 million for the corresponding period of 2024;
 - iii. revenue from community value-added services was RMB79.4 million, accounting for 15.5% of total revenue, representing an increase of 14.1% as compared with RMB69.6 million for the corresponding period of 2024.

3. Gross profit was RMB113.4 million, representing a decrease of 11.1% as compared with RMB127.5 million for the corresponding period of 2024. Gross profit margin was 22.2%, representing a decrease of 5.2 percentage points as compared with 27.4% for the corresponding period of 2024.
4. Profit for the Reporting Period was RMB28.5 million, representing a decrease of 29.1% as compared with profit of RMB40.1 million for the corresponding period of 2024. Profit for the Reporting Period attributable to equity shareholders of the Company was RMB24.4 million, representing a decrease of 33.2% as compared with profit attributable to equity shareholders of RMB36.6 million for the corresponding period of 2024.
5. As at 30 June 2025, the Group had contracted GFA of approximately 49.9 million sq.m., representing a decrease of approximately 3.7% as compared with contracted GFA of 51.8 million sq.m. as at 30 June 2024. GFA under management was approximately 48.2 million sq.m., representing an increase of approximately 2.3% as compared with GFA under management of 47.1 million sq.m. as at 30 June 2024.
6. The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

INTERIM RESULTS

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June

		2025	2024
	Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
REVENUE	5	510,371	465,332
Cost of services		<u>(396,971)</u>	<u>(337,795)</u>
Gross profit		113,400	127,537
Other income and gains		1,671	1,515
Selling and distribution expenses		(1,020)	(636)
Administrative expenses		(41,387)	(30,727)
Impairment losses on financial assets, net		(26,858)	(40,852)
Other expenses		(1,003)	(1,329)
Finance costs		<u>(545)</u>	<u>(862)</u>
PROFIT BEFORE TAX	6	44,258	54,646
Income tax expense	7	<u>(15,788)</u>	<u>(14,515)</u>
PROFIT FOR THE PERIOD		<u>28,470</u>	<u>40,131</u>
Attributable to:			
Owners of the parent		24,444	36,602
Non-controlling interests		<u>4,026</u>	<u>3,529</u>
		<u>28,470</u>	<u>40,131</u>

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

Six months ended 30 June

	<i>Note</i>	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	9		
Basic and diluted			
– For profit for the period		<u>RMB0.06</u>	<u>RMB0.09</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>–</u>	<u>–</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>28,470</u>	<u>40,131</u>
Attributable to:			
Owners of the parent		24,444	36,602
Non-controlling interests		<u>4,026</u>	<u>3,529</u>
		<u>28,470</u>	<u>40,131</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2025	31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		22,076	25,333
Goodwill		175,050	175,050
Other intangible assets		49,502	57,725
Deferred tax assets		25,530	25,013
Total non-current assets		272,158	283,121
CURRENT ASSETS			
Inventories		4,875	268
Trade receivables	10	308,103	289,936
Prepayments, other receivables and other assets		120,143	133,010
Amounts due from related companies		396,173	391,412
Cash and bank balances		478,039	560,574
Total current assets		1,307,333	1,375,200
CURRENT LIABILITIES			
Trade payables	11	120,924	183,776
Other payables and accruals	12	143,083	177,671
Contract liabilities		258,013	258,594
Interest-bearing bank borrowing		13,861	13,831
Tax payable		84,654	85,136
Total current liabilities		620,535	719,008

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		30 June 2025	31 December 2024
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NET CURRENT ASSETS		686,798	656,192
TOTAL ASSETS LESS CURRENT LIABILITIES		958,956	939,313
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing		10,341	17,235
Deferred tax liabilities		11,067	13,000
Total non-current liabilities		21,408	30,235
Net assets		937,548	909,078
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	3,764	3,764
Reserves		918,738	894,294
		922,502	898,058
Non-controlling interests		15,046	11,020
Total equity		937,548	909,078

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Redsun Services Group Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law on 12 December 2019. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 7 July 2020. The registered office of the Company is located at Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands.

During the Reporting Period, the Group was mainly involved in the provision of property management services, value-added services to non-property owners and community value-added services.

In the opinion of the directors, the holding company of the Company is Redsun Services Group (Holdings) Limited, which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following revised IFRS Accounting Standards for the first time for the current period’s financial information.

Amendments to IAS 21	<i>Lack of Exchangeability</i>
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The nature and impact of the revised IFRS Accounting Standards are described below:

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

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property management services income and value-added services income by project locations for the purpose of making decisions about resource allocation and performance assessment. As all the locations have similar economic characteristics and are similar in the nature of property management services, the nature of the aforementioned business processes, the type or class of the customer for the aforementioned business and the methods used to distribute the property management services and value-added services, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Customer A ¹	<u>(Note)</u>	<u>52,717</u>

¹ Revenue from property management services and value-added services.

Note: This customer did not contribute over 10% of the total revenue of the Group for the six months ended 30 June 2025.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Property management services	420,018	375,410
Value-added services to non-property owners	10,993	20,321
Community value-added services	<u>79,360</u>	<u>69,601</u>
Total	<u>510,371</u>	<u>465,332</u>

5. REVENUE (continued)

Disaggregated revenue information

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from customers and recognised over time		
Property management services	420,018	375,410
Value-added services to non-property owners	<u>7,919</u>	<u>16,216</u>
Total	<u><u>427,937</u></u>	<u><u>391,626</u></u>
Revenue from customers and recognised at a point in time		
Value-added services to non-property owners	3,074	4,105
Community value-added services	<u>79,360</u>	<u>69,601</u>
Total	<u><u>82,434</u></u>	<u><u>73,706</u></u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of services provided	396,971	337,795
Depreciation of property, plant and equipment	4,636	3,530
Depreciation of right-of-use assets	–	629
Amortisation of other intangible assets	7,999	8,133
Net foreign exchange gain	(73)	(132)
Impairment losses on amounts due from related companies	19,831	26,064
Impairment losses on trade receivables	2,086	13,984
Impairment losses on financial assets included in prepayments, other receivables and other assets	4,941	804
Loss on disposal of property, plant and equipment	<u><u>166</u></u>	<u><u>120</u></u>

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profit currently arising in Hong Kong for the six months ended 30 June 2025.

Subsidiaries of the Group operating in Mainland China are generally subject to the PRC corporate income tax at a rate of 25% during the Reporting Period, excluding certain subsidiaries of the Group in the PRC which are either located in western cities (subject to a preferential income tax rate of 15%) or qualified as Small and Micro Enterprises (subject to a preferential income tax rate of 2.5% or 5%) for the six months ended 30 June 2025.

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Corporate income tax	18,237	22,024
Deferred tax	(2,449)	(7,509)
Total tax charge for the period	<u>15,788</u>	<u>14,515</u>

8. DIVIDENDS

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 415,000,000 (2024: 415,000,000) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2025 and 2024 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the periods.

The calculations of basic earnings per share are based on:

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	<u>24,444</u>	<u>36,602</u>
	Number of shares	
	2025	2024
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>415,000,000</u>	<u>415,000,000</u>

10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the date of revenue recognition, net of provision for the loss allowance for impairment, is as follows:

	30 June	31 December
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 1 year	221,541	186,521
1 to 2 years	62,408	71,535
2 to 3 years	17,931	25,855
Over 3 years	<u>6,223</u>	<u>6,025</u>
Total	<u>308,103</u>	<u>289,936</u>

10. TRADE RECEIVABLES (continued)

An impairment analysis was performed using a provision matrix to measure expected credit losses. The provision rates were based on the ageing of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflected the probability-weighted outcome, the time value of money and reasonable and supportable information that was available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 30 June 2025

		Past due			
	Current	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	3.61%	6.50%	16.48%	47.83%	6.63%
Gross carrying amount (RMB'000)	229,844	66,748	21,469	11,928	329,989
Expected credit losses (RMB'000)	<u>8,303</u>	<u>4,340</u>	<u>3,538</u>	<u>5,705</u>	<u>21,886</u>

As at 31 December 2024

		Past due			
	Current	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	2.95%	7.52%	15.32%	37.70%	6.39%
Gross carrying amount (RMB'000)	192,183	77,351	30,531	9,671	309,736
Expected credit losses (RMB'000)	<u>5,662</u>	<u>5,816</u>	<u>4,676</u>	<u>3,646</u>	<u>19,800</u>

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 year	118,556	179,903
Over 1 year	2,368	3,873
Total	120,924	183,776

12. OTHER PAYABLES AND ACCRUALS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Receipts on behalf of community residents for utilities	23,920	49,849
Deposits received	60,861	65,979
Other tax payable	31,514	27,795
Payroll and welfare payable	22,669	22,138
Others	4,119	11,910
Total	143,083	177,671

13. SHARE CAPITAL

Shares

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Issued and fully paid:		
415,000,000 (2024: 415,000,000) ordinary shares of HK\$0.01 each (2024: HK\$0.01 each)	3,764	3,764

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW FOR THE FIRST HALF OF 2025

In the first half of 2025, the property management industry exhibited two distinct characteristics against the backdrop of macroeconomic pressures and deep adjustments in the real estate sector: First, the scale expansion strategy shifted fundamentally, as the leading companies proactively divested projects with low management density and high cross-regional coordination costs, and shifted their focus to core urban clusters such as the Yangtze River Delta and the Greater Bay Area, resulting in a slowdown in the growth rate of site area under management; Second, there was a pronounced structural divergence in service prices, and regional development imbalances became increasingly prominent. The industry accelerated its transformation from scale-driven to quality-based competition.

At the policy level, smart transformation has become a mandatory requirement. The national “14th Five-Year” Plan has established mandatory standards for the smart transformation of property services, and core cities such as Beijing, Shanghai, Guangzhou and Shenzhen have incorporated smart community development into their urban evaluation systems. Enterprises that fail to meet these standards will face the risk of deregistration and elimination from the markets. The policy compliance pressures are driving the industry to accelerate their smart transformations.

In the first half of the year, the Group adhered to the synergistic concept of regional presence and tiered expansion, taking “penetrating the Greater Jiangsu Region (做透大江蘇)” as its foundation, “strengthening foothold in the Yangtze River Delta Region (深耕長三角)” as its link, and “expanding into core cities (做強中心城)” as its engine, to build a national development pattern with clear layers and complementary links. By focusing on high-value regions, enhancing service depth, and integrating regional resources, the Group has transitioned from scale expansion to quality and efficiency-driven development, establishing a property brand with regional penetration and industry influence.

In the first half of the year, the expansion work achieved remarkable results: in the diversified business sector, new school and data center business types were added, while the basic market was simultaneously consolidated, effectively offsetting cyclical industry risks. The investment segment precisely deployed around the new types of business, achieving breakthrough progress and considerable returns.

Adhering to the philosophy of long-termism, the Group upholds the core principles of “Quality First and Customer First (品質第一、客戶至上)”, making dedicated investments to advance granary projects, excellent projects and quality base construction, with a focus on optimizing customer flow design. The new three-year strategic development plan for 2025 was also released in the same period, identifying ten key cities for in-depth development and planning to establish quality strongholds in these cities. The first batch covers 13 projects across 8 cities and has been fully launched. Through the construction of quality bases, the Group will improve service standards and innovate service models, forming a demonstration and leading effect and promoting the overall improvement of project capabilities.

After a year of consolidation, Yunda Mechatronics (運達機電), relying on the Group’s resource advantages and localized deep cultivation strategy, has gradually achieved coverage of projects in Nanjing and the surrounding central and eastern regions. Its external expansion business has also made initial breakthroughs, successfully completing the transformation from serving its own needs to empowering the industry.

Leveraging its steadily improving comprehensive strength and the profound accumulation of service power, operational power and brand power, the Group ranked 16th among the “Top 100 Property Management Companies in 2025 (2025中國物業服務百強企業)”. Concurrently, the Group secured two significant accolades: “2025 China’s Leading Property Management Companies on Customer Satisfaction (2025中國物業服務百強滿意度領先企業)” and “2025 China Service-Red Property Service Leading Company (2025中國紅色物業服務優秀企業)”, fully demonstrating the market’s high recognition of the Group’s professional quality, social responsibility and comprehensive competitiveness.

The Group’s business covers diversified property types such as residential properties, schools and public buildings, as well as specialized consulting services, achieving coordinated and balanced development of residential and commercial properties. As of 30 June 2025, the Group had provided property management and value-added services to 47 cities nationwide, with 340 contracted projects and a contracted gross floor area of approximately 49.9 million sq.m. (a decrease of 3.7% compared to the same period in 2024); the total gross floor area under management was approximately 48.2 million sq.m. (an increase of 2.3% compared to the same period in 2024), continuously consolidating the development trend of synergistic improvement in scale and quality.

During the Reporting Period, affected by unfavorable factors such as the macroeconomic downturn and the overall decline of the upstream real estate industry, the Group achieved revenue of RMB510.4 million, representing an increase of 9.7% as compared with the corresponding period in 2024, gross profit of RMB113.4 million, representing a decrease of 11.1% as compared with the corresponding period in 2024, and net profit of RMB28.5 million, representing a decrease of 29.1% as compared with the corresponding period in 2024.

BUSINESS REVIEW

Our Business Model

Upholding the layout strategy of “penetrating the Greater Jiangsu Region, strengthening foothold in the Yangtze River Delta Region and expanding into major metropolitan areas (做透大江蘇, 深耕長三角, 佈局都市圈)” and surrounding the “customer-centric” service philosophy, we continue to enhance the Redsun Model and are committed to providing owners with warm quality services. We continue to establish and expand our foothold deeply in major cities to achieve optimization of resources effectively. We provide a wide range of property management services to property owners, residents and tenants, value-added services to non-property owners, primarily property developers, and other property management companies, and community value-added services to residential property owners and residents.

Property management services: We provide property owners, residents and tenants with a wide range of comprehensive property management services, including order maintenance, cleaning and sanitation, greenery maintenance, facility management, customer services, repair and maintenance, etc. The types of properties under management are diverse, including residential, commercial and other property types, among which, the scope of services for non-residential properties continues to expand, which covers not only shopping malls, operators’ business halls, home improvement and furnishings malls, hotels and theme parks and other commercial properties, but also extends to office buildings, industrial parks, schools and other diverse property scenarios.

Value-added services to non-property owners: We also provide value-added services to non-property owners, including (i) consulting services to other property management companies; (ii) preliminary planning and design consultancy services to property developers for property development projects; (iii) sales assistance services to property developers to assist with their sales and marketing activities at property sales venues and display units, including visitor reception, cleaning, security inspection and maintenance; (iv) inspection services to property developers; and (v) other value-added services to property developers, such as property repair services.

Community value-added services: We provide community value-added services to residential property owners and residents with an aim to improve their living experiences and preserve and enhance property value. Specific services include eight categories: (i) property brokerage services; (ii) property decoration services; (iii) community living convenience services; (iv) common area value-added services; (v) intelligent services; (vi) retail services; (vii) asset management services; and (viii) home decoration services.

The table below sets forth a breakdown of the Group's total revenue by business lines during the Reporting Period and the corresponding period of 2024:

	As at 30 June 2025		As at 30 June 2024	
	Revenue (RMB'000)	Percentage (%)	Revenue (RMB'000)	Percentage (%)
Property management services	420,018	82.3	375,410	80.6
Value-added services to non-property owners	10,993	2.2	20,321	4.4
Community value-added services	79,360	15.5	69,601	15.0
Total	<u>510,371</u>	<u>100.0</u>	<u>465,332</u>	<u>100.0</u>

By types of developers:

The table below sets forth the Group's total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period of 2024:

	As at 30 June 2025			As at 30 June 2024		
	Revenue (RMB'000)	Number of projects Units	GFA under management ('000 sq.m.)	Revenue (RMB'000)	Number of projects Units	GFA under management ('000 sq.m.)
Redsun Properties Group ⁽¹⁾	166,735	98	17,624	167,530	100	17,255
Third-party property developers	253,283	225	30,607	207,880	199	29,833
Third party developers ⁽²⁾	168,934	170	22,017	149,615	146	22,305
Joint ventures and associates of Redsun Properties Group ⁽³⁾	84,349	55	8,590	58,265	53	7,528
Total	<u>420,018</u>	<u>323</u>	<u>48,231</u>	<u>375,410</u>	<u>299</u>	<u>47,088</u>

Notes:

- (1) Includes projects solely developed by Redsun Properties Group Limited (the shares of which are listed on the Stock Exchange (Stock Code: 1996)) and its subsidiaries (collectively, “**Redsun Properties Group**”) and properties that Redsun Properties Group jointly developed with other property developers for which properties Redsun Properties Group holds a controlling interest.
- (2) Includes properties developed by third-party property developers independent from Redsun Properties Group.
- (3) Includes properties developed by property developers which are joint ventures and associates of Redsun Properties Group in which Redsun Properties Group does not hold a controlling interest.

By types of properties we manage:

The table below sets forth the Group’s total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period of 2024:

We manage residential and non-residential properties. Our non-residential properties under management include office buildings, malls and schools, etc. Although the revenue from residential properties still accounts for a substantial proportion of our revenue, we endeavor to diversify our service offerings, so as to cover other types of properties.

	As at 30 June 2025			As at 30 June 2024		
	Revenue (RMB'000)	Number of projects Units	GFA under management (’000 sq.m.)	Revenue (RMB'000)	Number of projects Units	GFA under management (’000 sq.m.)
Residential properties	352,785	252	43,770	319,418	243	42,584
Non-residential properties	67,233	71	4,461	55,992	56	4,504
Total	<u>420,018</u>	<u>323</u>	<u>48,231</u>	<u>375,410</u>	<u>299</u>	<u>47,088</u>

By types of geographic presence:

The table below sets forth the Group's total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period of 2024:

Since the inception of the Group, we have expanded our geographic presence from Nanjing to 47 cities in China as at 30 June 2025.

City	As at 30 June 2025			As at 30 June 2024		
	Revenue (RMB'000)	Number of projects Units	GFA under management ('000 sq.m.)	Revenue (RMB'000)	Number of projects Units	GFA under management ('000 sq.m.)
Nanjing	118,274	95	12,962	134,980	94	12,966
Jiangsu (excluding Nanjing)	99,567	81	14,644	66,213	75	13,628
Shanghai	4,466	1	601	9,863	2	808
Anhui	47,021	35	7,269	42,713	36	8,210
Shandong	773	1	100	–	–	–
Hunan	9,067	9	1,111	8,806	9	1,110
Henan	2,164	1	239	2,140	1	239
Zhejiang	16,559	11	1,331	22,796	15	1,745
Hubei	76,168	47	5,617	59,913	36	4,558
Chongqing	16,278	8	1,101	10,902	8	1,102
Guangdong	7,634	6	685	745	3	411
Jiangxi	4,210	3	411	2,814	6	685
Sichuan	16,217	17	1,743	11,916	13	1,540
Shaanxi	1,620	8	417	1,609	1	86
Total	<u>420,018</u>	<u>323</u>	<u>48,231</u>	<u>375,410</u>	<u>299</u>	<u>47,088</u>

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to RMB510.4 million, representing an increase of 9.7% from RMB465.3 million for the corresponding period in 2024. The increase was mainly attributable to the increase in the Group's revenue from providing property management services and community value-added services.

Property management services

During the Reporting Period, the Group's revenue from providing property management services amounted to RMB420.0 million, representing an increase of 11.9% from RMB375.4 million for the corresponding period in 2024. This was mainly attributable to the increase of property management projects of the Group.

Value-added services to non-property owners

During the Reporting Period, the Group's revenue from value-added services to non-property owners amounted to RMB11.0 million, representing a decrease of 45.8% from RMB20.3 million for the corresponding period in 2024, mainly attributable to the decrease of sales venue projects served by the Group.

Community value-added services

During the Reporting Period, the Group's revenue from community value-added services amounted to RMB79.4 million, representing an increase of 14.1% from RMB69.6 million for the corresponding period in 2024. During the Reporting Period, the increase in revenue from community value-added services was mainly attributable to the increase in revenue from community retail services.

Cost of services

During the Reporting Period, the Group's cost of services amounted to RMB397.0 million, representing an increase of approximately 17.5% from RMB337.8 million for the corresponding period in 2024. This was mainly attributable to the increase of staff cost and sub-contracting cost of the property management projects by the Group.

Gross profit

As a result of the aforementioned key factors, the Group's gross profit decreased by 11.1% from RMB127.5 million for the six months ended 30 June 2024 to RMB113.4 million for the six months ended 30 June 2025. The decrease was mainly attributable to the increase of costs in property management services.

The Group's gross profit margin by business lines is set forth below:

	Six months ended 30 June	
	2025	2024
Property management services	20.0%	26.4%
Value-added services to non-property owners	15.0%	15.0%
Community value-added services	35.1%	36.6%
Total	<u>22.2%</u>	<u>27.4%</u>

During the Reporting Period, the Group's gross profit margin was 22.2%, representing a decrease of 5.2 percentage points from 27.4% for the corresponding period in 2024. This was mainly attributable to the decrease in the gross profit margin of property management services.

The gross profit margin of property management services was 20.0%, representing a decrease of 6.4 percentage points from 26.4% for the corresponding period in 2024. This was mainly attributable to the increase of staff cost and sub-contracting cost of property management projects during the Reporting Period.

The gross profit margin of value-added services to non-property owners was 15.0%, remaining consistent with 15.0% for the corresponding period in 2024.

The gross profit margin of community value-added services was 35.1%, representing a decrease of 1.5 percentage points from 36.6% for the corresponding period in 2024. This was mainly attributable to the decrease of the average selling price of parking spaces and the increase of the proportion of the income from low gross profit margin of community retail business during the Reporting Period.

Other income and gains

During the Reporting Period, the Group's other income and gains amounted to RMB1.7 million, compared to RMB1.5 million for the corresponding period in 2024, mainly attributable to the increase in government grants received in the period.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB41.4 million, representing an increase of approximately 34.9% from RMB30.7 million for the corresponding period in 2024. This was mainly attributable to the increase of project managers of the Group.

Impairment losses on financial assets, net

The Group's impairment losses on financial assets, net primarily included the impairment allowance for trade receivables and other receivables in accordance with the accounting policy. During the Reporting Period, the Group's impairment losses on financial assets, net amounted to RMB26.9 million, as compared to RMB40.9 million for the corresponding period in 2024, which was mainly due to the decreased amount of impairment allowance for amounts due from related companies during the period.

Profit before tax

During the Reporting Period, the Group's profit before tax amounted to RMB44.3 million, representing a decrease of approximately 19.0% from RMB54.6 million for the corresponding period in 2024.

Income tax expense

During the Reporting Period, the Group's income tax expense amounted to RMB15.8 million, representing an increase of approximately 9.0% from RMB14.5 million for the corresponding period in 2024, which was mainly due to the decrease in provision for the deferred income tax expense for the current period.

Liquidity, reserves and capital structure

The Group maintained a solid financial position during the Reporting Period. As at 30 June 2025, the current assets amounted to RMB1,307.3 million, representing a slight decrease as compared to RMB1,375.2 million as at 31 December 2024. The Group's cash and bank balances were mainly denominated in RMB and amounted to RMB478.0 million, representing a decrease of 14.7% from RMB560.6 million as at 31 December 2024. The gearing ratio (total liabilities divided by total assets) as at 30 June 2025 was 40.6%, representing a decrease of 4.6 percentage points from 45.2% as at 31 December 2024.

As at 30 June 2025, the Group's total equity amounted to RMB937.5 million, representing an increase of 3.1% from RMB909.1 million as at 31 December 2024, which was mainly due to the growth resulting from operating profit.

The Group actively reviews and manages its capital structure on a regular basis to maintain a balance between the relatively high returns to the owners of the Group and possible high level of borrowings and maintains the advantages and security of a sound capital position. The Group also makes adjustments to the capital structure in light of changes in economic conditions.

Trade receivables

The Group's trade receivables primarily include receivables from customers for property management services and community value-added services. As at 30 June 2025, the Group's trade receivables amounted to RMB308.1 million, representing an increase of approximately 6.3% from RMB289.9 million as at 31 December 2024, which was mainly due to increase in the number of projects under management by the Group.

Prepayments, other receivables and other assets

The Group's prepayments, other receivables and other assets primarily consist of prepayments on behalf of customers to utility suppliers, consideration receivables from disposal of subsidiaries, other deposits, amounts due from third parties and other tax recoverable. As at 30 June 2025, the Group's prepayments, deposits and other receivables amounted to RMB120.1 million, representing a decrease of approximately 9.7% from RMB133.0 million as at 31 December 2024, primarily due to the decrease in prepayments on behalf of customers to utility suppliers of projects under management by the Group.

Trade payables

The Group's trade payables mainly comprise amounts due to subcontractors of property management services. As at 30 June 2025, the Group's trade payables amounted to RMB120.9 million, representing a decrease of approximately 34.2% from RMB183.8 million as at 31 December 2024, which was mainly due to the shorter credit periods of outsourcing suppliers of projects under management by the Group.

Contract liabilities

The Group's contract liabilities mainly represent the prepayments made by customers while our underlying services are yet to be provided. As at 30 June 2025, the Group's contract liabilities amounted to RMB258.0 million, remaining consistent with RMB258.6 million as at 31 December 2024.

Other payables and accruals

The Group's other payables and accruals primarily comprise payroll and welfare payable to our employees, receipts from community residents for utilities, business tax and surcharges, and other payables. As at 30 June 2025, the Group's other payables and accruals amounted to RMB143.1 million, representing a decrease of approximately 19.5% from RMB177.7 million as at 31 December 2024, which was mainly due to the decrease of payables on behalf of customers to utility suppliers paid by the Group.

Contingent liabilities

As at 30 June 2025, the Group did not have material contingent liabilities or guarantee.

OUTLOOK FOR THE SECOND HALF OF 2025

In the second half of 2025, the Group will adhere to the original intention of “making life warmer” and uphold the philosophy of “Quality First and Customer First”. It has deeply analyzed the achievement of key performance for the first half of the year in combination with the transformation of the market environment and provided accurate and targeted services with stability, sustainability and high quality.

The Group will continue to broaden the new track, as well as deeply develop its advantageous fields, balance the complementary relationship between business growth and stock, ensure healthy business development in terms of systems. The Group will promote major breakthroughs for new business and improve quality in existing business to achieve sustainable and quality growth in business scale and profits, and offer premium service to form unique features.

In the second half of the year, the Group will focus on developing three core capabilities: “service innovation, resource focus, and efficient operations (服務創新力、資源聚焦力、高效運營力)”. It will drive value transformation through meticulous cultivation and refinement. The detailed plans are as follows:

Sharpening services innovation and forming a differentiated shield

Starting from user value and promoting the iterative upgrade of the service system:

- Quality foundation: deepening customized standards for various business types, and through high-frequency monitoring and feedback loops, bringing basic services from “standard compliance” to “industry benchmark”.
- Value-added expansion: vertically extending the residential community service chains and horizontally expanding non-residential space operation scenarios to achieve a two-wheel drive layout of “building reputation by basic services and creating incremental growth by value-added services (基礎服務樹口碑、增值服務創增量)”;
- Technology empowerment: accelerating the implementation of smart middleware and IoT tools to enhance service precision and response efficiency through data-driven approaches, leveraging technology to drive the improvement of service quality and efficiency.

Integrating resources focus and activating growth momentum across all regions

Taking advantage of resources integration and releasing the synergistic efficiency and growth potential:

- Synergistic efficiency: breaking down departmental barriers, establishing a “headquarters coordination + regional collaboration (總部統籌+區域聯動)” mechanism, and driving core resources toward high-value regions and realizing the reuse of cross-regional capabilities;
- Expanding layout dimensions: strengthening foothold in core urban clusters, expanding into new scenarios such as urban services and public infrastructure, and optimizing the balance of “residential + non-residential” development structure;
- Strengthening foundations: through strategic joint ventures and mergers and acquisitions, remediating shortcomings, entering into new segments, and accelerating the expansion of the ecological landscape with capital strength.

Refining efficient operations and strengthening the foundation of refined management

Taking efficiency improvement as the core and driving the operational system stepping into the lean production stage:

- Taking labor efficiency as the core: optimizing the “selection, cultivation, utilization, and retention (選育用留)” mechanism, leveraging benchmarking experiences replication and performance-based incentives linkage to achieve breakthroughs in per-capita efficiency;
- Taking standards as the axis: preparing the comprehensive service manuals for comprehensive business portfolios to ensure standard implementation through closed-loop evaluations, reduce internal friction, and enhance collaboration;
- Quality improvement by intelligent control: promoting the mobile management platform across all fields to achieve full online processing and digitalization of service workflows, and ensuring service delivery precision through instantly intelligent control.

Taking investment-driven approaches as the strategy to lay the foundation for standardization

In the second half of the year, the Group will focus on the standardizations with its investment-driven strategy as the core: advancing the implementation of standardized operational guidelines across multiple business portfolios such as residential properties and venues, finalizing service plans and operational bottom-line lists, and clarifying operational cost maps; simultaneously optimizing investment mechanisms and integrating the investment system with the budget system. Through comprehensive standardization construction, the Group aims to strengthen management foundations, enhance operational efficiency, and support strategic implementation.

By deeply refining these three core capabilities, the Group will further consolidate the competitiveness in the industry, achieve a transition from scale growth to value growth, create an exceptional user experience, and inject sustained momentum into development.

Enhancing organized leadership to anchor the foundation for strategic implementation

Strengthening organizational construction through strategic leadership: adhering to a flat organizational structure, we will strengthen the talent deployment concept of “advancement of headquarters, enhancement of branches, and optimization of projects (精總部、強區域、優項目)”. By enhancing the complexity of division of labor, we systematically nurture four major key talents groups, namely, “Hongyang Elite”, “Hongyang Housekeeper”, “Hongyang Master” and “Hongyang guard”. Driven by the spirit of innovation, we stimulate vitality and effectiveness within the organization to build a solid organizational foundation for strategic implementation.

Cultivating cultural cohesion and fostering an ecosystem of health and love

Adhering to the core values of “professionalism and building credibility for the long term(在商言人，誠者致遠)”, and upholding our ideals of “health, hard work, love, practicality, vitality, affinity, coordination and facing problems”: we have deepened the penetration of corporate culture, clarified and reached consensus on misaligned concepts, behaviors, and principles of conduct to create consensus among all employees. we will reinforce our principle of “being talent-oriented, fighter-and contributor-oriented” to let the culture of great love become the spiritual foundation for activating team momentum.

In the face of the high-quality development wave in the property management industry, the Group will forge ahead with continuously enhanced service capabilities, operational capabilities and brand influence, striving to become a venerable good life operator, and creating sustainable value for shareholders and society.

CORPORATE GOVERNANCE/OTHER INFORMATION

1. Material Investments, Acquisitions and Disposals

On 17 February 2025, the Company and Redsun Properties Group entered into a parking spaces transfer framework agreement, pursuant to which the Company conditionally agreed to purchase and Redsun Properties Group conditionally agreed to sell the property right or the right of use (as the case may be) of the target parking spaces at a total consideration of approximately RMB230.92 million, subject to the terms and conditions of the agreement.

On the same day, Nanjing Hong Life Real Estate Consulting Co., Ltd. (an indirect wholly-owned subsidiary of the Company) and each of Chengdu Hong Yang Jin Xing Real Estate Development Co., Ltd., Xuzhou Hongqi Real Estate Development Co., Ltd. and Nanjing Hong Tai Pu Yang Property Co., Ltd. (all being indirect wholly-owned subsidiaries of Redsun Properties Group) entered into the respective equity transfer agreements, pursuant to which Nanjing Hong Life Real Estate Consulting Co., Ltd. conditionally agreed to purchase, and each of Chengdu Hong Yang Jin Xing Real Estate Development Co., Ltd., Xuzhou Hongqi Real Estate Development Co., Ltd. and Nanjing Hong Tai Pu Yang Property Co., Ltd. conditionally agreed to sell (a) 70% of the equity interests in the Chengdu Hong Sheng He Ding Real Estate Development Co., Ltd. held by Chengdu Hong Yang Jin Xing Real Estate Development Co., Ltd.; (b) 20% of the equity interests in the Suqian Tong Jin Hong Real Estate Co., Ltd. held by Xuzhou Hongqi Real Estate Development Co., Ltd.; and (c) 19% of the equity interests in Jurong Jin Jia Run Real Estate Development Co., Ltd. held by Nanjing Hong Tai Pu Yang Property Co., Ltd., together with all other assets, liabilities and owners' equity attached to the equity interests abovementioned at a consideration of approximately RMB142.4 million, RMB73.95 million and RMB41.34 million, respectively. For further details of the above acquisitions, please refer to the Company's announcements dated 17 February 2025 and 21 May 2025 and the circular dated 30 April 2025.

Further to the Company's announcement dated 30 April 2025 regarding the very substantial acquisition and connected transaction (the “**Transaction**”), the Group was in the process of finalising the arrangement in accordance with the disclosed terms as at 30 June 2025. The Transaction had not been completed as at 30 June 2025 and remained outstanding as at the approval date of the condensed consolidated financial information.

Save as disclosed above, there was no material investment, acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the Reporting Period.

2. Employment and Remuneration Policies

As at 30 June 2025, the Group had 2,799 employees in total, of which 2,326 employees were engaged in property management and related services for residential properties and 473 employees were engaged in property management and related services for non-residential properties.

The emolument of the employees of the Group is mainly determined based on their duties, performance and the prevailing market level in the respective regions. The Group has formulated a systematic and market-competitive employee incentive plan and a comprehensive talent cultivation scheme based on its business to attract and retain talents through offering competitive salary packages, comprehensive talent training strategies, internal promotion system and a caring corporate culture.

In addition, focusing on the entire process of talent cultivation and development, the Group has also formulated systematic cultivation schemes for enhancing the quality of talents and broadening its pool of talents. The Group has designed three-tier talent team training projects, namely the “Brigadier Scheme (準將計劃)”, “Hongyang Elite Scheme (弘精英計劃)”, and “Hongyang Yao Scheme (弘耀計劃)” for the key talents which focused on individual development and practical courses, and assisted individuals in formulating development plans, which were conducted in conjunction with the “offline training + classes for the front line (線下集訓+送課去一線)” in an orderly manner. At the same time, we have cultivated city companies “Hongyang Elite”, “Hongyang Housekeeper” and “Hongyang Master” for enhancing capabilities of the Company’s customer services, in which systematic arrangements are implemented to provide the employees of the Group with clear development path and secure the demand for talents in different business segments and on various levels.

The Group believes that talent cultivation scheme of the Group will enhance team building, improve team capability, and provide talent pipelines for the business development of the Group.

3. Events after the Reporting Period

There is no significant subsequent event undertaken by the Company after 30 June 2025.

4. Interim Dividend

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

5. Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. As of the end of the Reporting Period, no treasury shares were held by the Company.

6. Exposure to Foreign Exchange Risk

The Group primarily operates in the PRC and the majority of transactions were denominated and settled in RMB. The Group will continue to monitor foreign exchange activities and safeguard the cash value of the Group with its best efforts.

7. Compliance with the Corporate Governance Code

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its corporate governance standards and, to the best knowledge of the Directors, the Company has complied with all applicable code provisions set out in Part 2 of the CG Code during the Reporting Period.

The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

8. The 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**”) set out in Appendix C3 to the Listing Rules as its code for dealing in securities in the Company by the Directors.

The Directors have confirmed their compliance with the required standard set out in the Model Code during the Reporting Period.

9. **Audit Committee and Review of Interim Results**

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with the CG Code.

The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of the Group, oversee the audit process, provide advice and comments to the Board, perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of four members, including three independent non-executive Directors, namely Mr. Zhao Xianbo, Ms. Wang Fen and Mr. Li Xiaohang; and one non-executive Director, Mr. Zeng Junkai. The Audit Committee is chaired by Mr. Zhao Xianbo, an independent non-executive Director who possesses appropriate professional accounting and related financial management expertise. The Audit Committee has reviewed the Company’s unaudited condensed consolidated interim results for the six months ended 30 June 2025 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee has also discussed the matters of audit and financial reporting.

10. **Publication of Interim Results and 2025 Interim Report on the Websites of the Stock Exchange and the Company**

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rsunservice.hk). The interim report of the Company for the six months ended 30 June 2025 will be provided to the Company’s shareholders and published on the above websites in due course.

By order of the Board
Redsun Services Group Limited
Zeng Junkai
Chairman

Hong Kong, 26 August 2025

As of the date of this announcement, Mr. Zeng Junkai is the non-executive Director; Mr. Chen Yichun is the executive Director; and Ms. Wang Fen, Mr. Li Xiaohang and Mr. Zhao Xianbo are the independent non-executive Directors.