

SUNOY 宋服務

臻 享 幸 福 +

# Sundy Service Group Co. Ltd 宋都服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 9608

INTERIM  
REPORT  
2021



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Ms. YU Yun (*Chairman of the Board*)  
Ms. ZHU Jin (*Chief Executive Officer*)  
Mr. ZHU Yihua (*Appointed on 1 March 2021*)  
Mr. CHENG Huayong  
Mr. SHEN Guangming (*Resigned on 1 March 2021*)

### Independent Non-executive Directors

Mr. ZHANG Jingzhong  
Mr. XU Rongnian  
Mr. LAU Kwok Fai Patrick

## AUDIT COMMITTEE

Mr. LAU Kwok Fai Patrick (*Chairman*)  
Mr. ZHANG Jingzhong  
Mr. XU Rongnian

## REMUNERATION COMMITTEE

Mr. ZHANG Jingzhong (*Chairman*)  
Mr. XU Rongnian  
Mr. LAU Kwok Fai Patrick

## NOMINATION COMMITTEE

Ms. YU Yun (*Chairman*)  
Mr. ZHANG Jingzhong  
Mr. XU Rongnian  
Mr. LAU Kwok Fai Patrick

## JOINT COMPANY SECRETARIES

Ms. ZHANG Qisi  
Mr. TSANG Ho Yin

## AUTHORISED REPRESENTATIVES

Ms. ZHU Jin  
Mr. TSANG Ho Yin

## HONG KONG LEGAL ADVISOR

Stevenson, Wong & Co.  
in association with AllBright Law Offices  
39/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## AUDITOR

KPMG  
*Public Interest Entity Auditor*  
*registered in accordance with*  
*the Financial Reporting*  
*Council Ordinance*  
8th Floor, Prince's Building  
10 Charter Road  
Central, Hong Kong

## COMPLIANCE ADVISER

Cinda International Capital Limited  
45/F, COSCO Tower  
183 Queen's Road Central  
Hong Kong

## PRINCIPAL BANKERS

Bank of Hangzhou  
Jiangcheng Sub-branch  
  
China Merchants Bank  
Zhijiang Sub-branch

## COMPANY'S WEBSITE

<http://songduwuye.com>

**STOCK CODE**

9608

**LISTING DATE**

18 January 2021

**REGISTERED OFFICE IN CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O.Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

**HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA**

127, Hanghai Road  
Jiangan district  
Hangzhou  
Zhejiang Province  
PRC

**PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

39/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

**PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited  
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**HONG KONG BRANCH SHARE REGISTRAR**

Computershare Hong Kong Investor  
Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

**INVESTOR RELATIONSHIP CONTACT**

[ir9608@songduwuye.com](mailto:ir9608@songduwuye.com)

## Financial Summary

The following is a summary of the results and assets and liabilities of Sundy Service Group Co. Ltd (the “Company”) and its subsidiaries (collectively, the “Group”) for each of the six months ended 30 June 2021 (the “Period”) and the corresponding period in 2020.

### RESULTS

	Note	For the six months ended 30 June		Changes (%/ percentage points ("p.p"))
		2021  (Unaudited)	2020	
Revenue (RMB'000)		139,370	116,729	19.4%
Gross profit (RMB'000)		47,738	32,183	48.3%
Gross profit margin	(1)	34.3%	27.6%	6.7p.p
Profit for the Period (RMB'000)		23,463	16,350	43.5%
Profit margin	(2)	16.8%	14.0%	2.8p.p
Profit attributable to equity shareholders of the Company (RMB'000)		23,434	16,190	44.7%

Notes :

- (1) Gross profit margin is calculated as gross profit divided by revenue.
- (2) Profit margin is calculated as profit for the period divided by revenue.

## ASSETS AND LIABILITIES

	Note	As at 30 June 2021 (Unaudited)	As at 31 December 2020	Changes (%)
Cash and cash equivalents <i>(RMB'000)</i>		279,712	192,195	45.5%
Current assets <i>(RMB'000)</i>		408,760	252,520	61.9%
Total assets <i>(RMB'000)</i>		437,037	281,161	55.4%
Current liabilities <i>(RMB'000)</i>		155,980	163,880	-4.8%
Total liabilities <i>(RMB'000)</i>		155,980	163,888	-4.8%
Total equities attributable to equity shareholders of the Company <i>(RMB'000)</i>		279,750	115,995	141.2%
Current ratio	(3)	2.62	1.54	70.1%
Gearing ratio	(4)	N/A	N/A	N/A

## Notes :

- (3) Current ratio is calculated as current assets divided by current liabilities.
- (4) Gearing ratio is calculated as net debt divided by total equity. Gearing ratio was not applicable as the Company recorded a net cash position as at 30 June 2021 and 31 December 2020.



## Chairman's Statement

To all shareholders,

Thanks for your trust and support to the Group. I am pleased to present the interim results of the Group for the six months ended 30 June 2021 on behalf of the board (the **"Board"**) of directors (the **"Directors"**) of the Company.

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) on 18 January 2021 (the **"Listing"**) and raised net proceeds (after deducting the Listing expenses) of approximately HK\$133.2 million.

### INDUSTRY REVIEW

2021 marks the beginning of the "14th Five-Year Plan" of the People's Republic of China (the **"PRC"**), which is of great significance to, among others, market players in the real estate and property management industry in the PRC. In the first half of 2021, with the scientific protection against the COVID-19 pandemic (the **"Pandemic"**) and the precise guidance of macro policies on the economy, the economy in the PRC has steadily rebounded, showing a steady and positive trend. It is expected that various industries will continue to pick up gradually in the second half of the year.

In July 2021, Henan Province was hit by a rare exceptionally heavy rainstorm, and property management companies once again stood at the frontline of the battle against the flood and disaster following the Pandemic. The social value of property management services industry has been further and fully recognised by all sectors of society, highlighting the value of its "last kilometer" service.

As the starting point of the "14th Five-Year Plan", 2021 is also the starting point for the property management industry to enter a new era of development. Following the Notice on Strengthening and Improving the Residential Property Management\* 《關於加強和改進住宅物業管理工作的通知》 issued by the ten national ministries and commissions, many national ministries and commissions have successively issued favorable policies. In March 2021, the National People's Congress issued the 14th Five-Year Plan and the Long-Range Objectives Through 2035\* 《十四五規劃及2035年遠景目標綱要》, which emphasised the importance of promoting the upgrade of the life service industry to high quality and diversification, and further put forward the development needs of the times for accelerating the development of property management and other service industries. In May 2021, the Ministry of Commerce and 12 other departments jointly issued the Opinions on Promoting the Construction of a Quarter-hour Convenient Living Circle in Cities\* 《關於推進城市一刻鐘便民生活圈建設的意見》, which also proposed to promote the improvement of the convenience, standardisation, intelligence and quality of community services, so that the convenient living circles would become an important platform and carrier to promote the formation of a strong domestic market, provide services to ensure people's livelihood, promote convenient consumption and expand employment.

### REVIEW OF 2021 INTERIM RESULTS

Revenue of the Group was RMB139.4 million during the Period, representing an increase of 19.5% as compared with that in the corresponding period in 2020. Gross profit margin of the Group increased by 6.7 percentage points from the corresponding period in 2020 to 34.3%, with a further improvement in profitability. With the simultaneous growth of revenue and gross profit, profit for the Period of the Group was RMB23.5 million, representing an increase of 43.3% as compared with that in the corresponding period in 2020.

During the Period, the Group's contracted gross floor area ("**GFA**") reached 11.1 million sq.m., representing an increase of 5.7% as compared with that as at 30 June 2020; the total GFA under management was 7.7 million sq.m., representing an increase of 20.3% as compared with that as at 30 June 2020, which were mainly due to the Group's continued partnership with Sundry Land Investment Co., Ltd.\* (宋都基業投資股份有限公司) ("**Sundry Land**") during the Period and the implementation of the effective third-party business development measures.

### **FOCUSING ON THE PRINCIPAL BUSINESS AND HIGHLIGHTING THE KEY POINTS**

In the first half of 2021, the Group focused on the development model of "one basic and three futures", namely the four scenarios of "basic property, future community, future market and future life", combined with its own business segments, selected suitable projects for expansion and further consolidated the strengths of its principal business of property management. The Group further expanded management profile and revenue base by combining the needs of modern urban management. During the Period, the future community pilot plan of Caihe Street of Jianggan District in Hangzhou City (the "**Future Community Pilot Plan**") under the management of the Group achieved profitability and received favorable comments from the government streets and residents on a number of occasions. Taking the project as the starting point, the Group established the future community project brand of Sundry, focusing on promoting the expansion of projects in the urban old community properties.

### **IMPLEMENTATION OF ARTIFICIAL INTELLIGENCE**

The Group closely followed the pace of the times of "smart interconnection of all things" and actively conducted innovation to empower life services via Artificial Intelligent Internet of Things (AIoT). Externally, it expanded the implementation and application of artificial intelligence in various scenarios, including smart communities, smart forecasts, smart home, smart assistance, with the demands of property owners as the focus. Internally, it achieved effective "cost saving" in property management through intelligentisation.

As the buildings under the Future Community Pilot Plan are one of the long established ones in Hangzhou, the title of the corresponding units is complex and the level of property management fees is low. According to the actual situation, the Group tailored the "Gold Butler" social governance service model, and introduced professional team management, extended and expanded the application of science and technology and platform operation, and realised resource grafting and overall coordination according to the general working concept of "using technology to increase efficiency and reduce labour, using scale to improve quality and efficiency, using standards to standardise so as to improve efficiency, using breakthroughs to ensure implementation, and using synthesis to improve implementation" on the basis of not increasing residential property management fees and government financial burdens, and under the premise of ensuring basic services in old communities.

In terms of intelligentisation, the Group put forward the "1+1+N" smart management path, namely 1 joint command centre + 1 integrated service platform + implementation of N application scenarios to realise the linkage between government and properties. Through the large visual screen of the joint command centre, the Group centrally displays the community's intelligent terminals and business data and conducts unified analysis and display, so as to realise the visibility, manageability and control of the community.

### REACHING FAR WITH INGENUITY AND LOOKING FORWARD TO A BETTER LIFE

From the upgrading of service to the formation of its own unique culture, the Group has been constantly polishing, upholding its core values, keeping the conscience, keeping the ingenuity, keeping steady and making progress, and continuing to cultivate! The Group will maintain its enthusiasm and persistence, while wholeheartedly providing high-quality life services to the property owners, as well as achieving self-breakthrough and corporate growth and transformation.

Looking forward, the Group has entered the fast lane of development. Driven by its clear values, vision and mission, the Group will embrace innovation, actively deploy, seek common development with its business partners, aim for improvement of the industry as a whole, and create better lives with the property owners!

**Yu Yun**

*Chairman of the Board*

Hangzhou, 31 August 2021

# Management Discussion and Analysis

## BUSINESS OVERVIEW

The Company was successfully listed on the Main Board of the Stock Exchange on 18 January 2021 (the “**Listing Date**”). After deducting the Listing expenses, the net proceeds raised from the Listing were approximately HK\$133.2 million.

Established in 1995, the Group has over two decades of experience in the property management service industry. The Group is headquartered in Hangzhou, Zhejiang with National Level One Property Management Qualification. As a member of the China Property Management Institute, the Group ranked the 49<sup>th</sup> among the “Top 100 Property Management Companies in China” (中國物業服務百強企業) in terms of overall strength of property management in 2021. The Group was awarded as one of the Top 10 enterprises in terms of urban service in 2021 by China Index Academy (中國指數院) and one of the Top 10 property service enterprises in terms of comprehensive strength in Hangzhou in 2021 by E-house China R&D Institute (易居研究院). The Future Community Pilot Plan under the management of the Group was awarded as a benchmark project in terms of service capability in 2021 by E-house China R&D Institute (易居研究院).

As at 30 June 2021, the Group had 13 subsidiaries and 19 branches covering 19 cities in the PRC, providing property management services to 49 properties, including 31 residential properties and 18 non-residential properties, with a total GFA under management of 7.7 million sq.m., representing an increase of 20.3% as compared with that as at 30 June 2020, and a total contracted GFA of 11.1 million sq.m., representing an increase of 5.7% as compared with that as at 30 June 2020. Taking the “golden medal service provider’s property management model of grass-root community of Caihe Street” as the starting point, the Group actively explored the management and operation models of old communities, and used this as experience to actively reach out potential independent third-party customers, and was devoted to becoming one of the leading property management service providers in the Yangtze River Delta region.

The table below sets forth the changes in the Group’s total GFA under management and contracted GFA for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)
At the beginning of the period	11,334	8,152	10,008	5,948
Add: Projects newly commenced during the period	531	253	482	415
Less: Projects terminated during the period	717 <sup>(1)</sup>	717 <sup>(1)</sup>	–	–
At the end of the period	11,148	7,688	10,490	6,363

Note:

- (1) The terminated projects comprised of three non-residential property management service projects of the Group for the six months ended 30 June 2021, among which (i) one non-residential project no longer requires property management services due to the developer’s plan to change the commercial nature of the project; and (ii) the Group voluntarily selected not to renew two non-residential property management service contracts upon their expiries in order to reallocate resources to more profitable projects so as to optimise the Group’s property management portfolio.

## Management Discussion and Analysis

The table below sets forth the GFA under management by region as at the dates indicated:

	As at 30 June					
	2021			2020		
	GFA ('000 sq.m.)	%	Number	GFA ('000 sq.m.)	%	Number
Hangzhou	4,881	63.5	28	4,361	68.5	24
Zhejiang Province (excluding Hangzhou)	1,272	16.5	11	1,056	16.6	5
Yangtze River Delta region (excluding Zhejiang Province)	1,195	15.5	8	946	14.9	4
Other regions	340	4.5	2	-	-	-
<b>Total</b>	<b>7,688</b>	<b>100.0</b>	<b>49</b>	<b>6,363</b>	<b>100.0</b>	<b>33</b>

The Group's revenue was mainly generated from four business lines: (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) other businesses.

During the Period, the Group's revenue was RMB139.4 million, representing an increase of 19.5% as compared with RMB116.7 million in the corresponding period in 2020. Among which, revenue from property management services was RMB79.5 million, revenue from value-added services to non-property owners was RMB40.1 million, revenue from community value-added services was RMB9.9 million and revenue from other businesses was RMB9.9 million.

### PROPERTY MANAGEMENT SERVICES

Property management services of the Group primarily consist of security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services to residential properties and non-residential properties. As at 30 June 2021, the number of the managed projects reached 49 properties, with additional 16 properties newly entered into (including additional 11 properties from independent third-party property developers newly entered into as compared with that in the corresponding period in last year) as compared with that in the corresponding period in 2020. The Group utilised the strength in property management of residential properties to increase the brand value. During the Period, the Group's revenue of properties management services to residential properties was RMB59.8 million, representing an increase of 57.0% as compared with RMB38.1 million in the corresponding period in 2020. The rapid growth in revenue was mainly attributable to the rapid expansion of the GFA under management of residential properties. At the same time, the Group was also actively expanding the properties developed by independent third-party property developers. As at 30 June 2021, 2.8 million sq.m. of GFA under management of properties were developed by independent third-party property developers, representing an increase of 7.7% as compared with that in the corresponding period in 2020. During the Period, revenue generated from property management services provided to independent third-party property developers was RMB19.5 million, representing an increase of 8.3% as compared with that in the corresponding period in 2020, which was consistent with the growth rate of GFA under management of properties developed by independent third-party developers.

The table below sets forth the breakdown of the total revenue from property management services and GFA under management by type of properties for the periods or as at the dates indicated:

	As at/for the six months ended 30 June							
	2021				2020			
	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%
Residential properties	59,817	75.3	6,162	80.2	38,067	64.0	4,586	72.1
Non-residential properties	19,674	24.7	1,526	19.8	21,433	36.0	1,777	27.9
Total	79,491	100.0	7,688	100.0	59,500	100.0	6,363	100.0

The table below sets forth the breakdown of the total revenue from property management services and GFA under management by type of property developers for the periods or as at the dates indicated:

	As at/for the six months ended 30 June							
	2021				2020			
	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%
Properties solely developed by Sundy Land Group <sup>(1)</sup>	40,543	51.0	3,169	41.2	32,684	54.9	2,557	40.2
Properties co-developed by Sundy Land Group	19,415	24.4	1,673	21.8	8,817	14.8	1,189	18.7
Properties developed by independent third-party property developers	19,533	24.6	2,846	37.0	17,999	30.3	2,617	41.1
Total	79,491	100.0	7,688	100.0	59,500	100.0	6,363	100.0

Note:

(1) Sundy Land Group means Sundy Land and its subsidiaries

## VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

Value-added services to non-property owners primarily include consulting services, sales assistance services and pre-delivery services, which were mainly provided to non-property owners such as real estate developers. During the Period, the revenue from value-added services to non-property owners of the Group was RMB40.1 million, accounting for 28.8% of the total revenue for the Period, representing an increase of 26.5% as compared with RMB31.7 million in the corresponding period in 2020.

The Group relied on the long-term cooperation with Sundy Land Group to acquire projects for value-added services to non-property owners. As at 30 June 2021, the number of the pipeline projects was 20 properties, representing a GFA of 3.5 million sq.m.

## COMMUNITY VALUE-ADDED SERVICES

The Group actively developed community value-added services and created diversified life service scenarios based on the living needs of residents. Through online life service apps, the Group provided diversified and convenient value-added services, combining centralised control center with online platforms to improve management efficiency, optimise management costs, and achieve quality improvement.

## Management Discussion and Analysis

During the Period, the revenue from community value-added services of the Group reached RMB9.9 million, which was mainly from property repair and maintenance, remodelling and decoration, waste cleaning, utility fee collection and community space services.

### OTHER BUSINESSES

#### Hotel Business

The Group commenced the operation of Atour Hotel Hangzhou West Lake Hefang Street\* (杭州西湖河坊街亞朵酒店) through its operating subsidiary, Hangzhou Sundy Jiahe Hotel Management Co., Ltd.\* (杭州宋都嘉和酒店管理有限公司) (“**Sundy Jiahe**”). Revenue during the Period reached RMB8.9 million, which was primarily generated from hotel room charge, food services and sales of personal care products.

#### Long-term rental apartment business

The Group conducted long-term rental apartment business in Hangzhou through its operating subsidiary, Sundy Jiahe. Its business model involved renting the apartments from the landlords and then sub-letting those apartments to the tenants. During the Period, the revenue from long-term rental apartment business was RMB1.0 million.

The Group entered into agreements with Sundy Land Group, pursuant to which the Group would provide apartment management services for properties owned by Sundy Land Group. The business model will focus on centralised apartment management and the revenue will be primarily generated from a fixed percentage of revenue from the long-term rental apartment business.

### PROSPECTS

In the future, with the service concept of “creating accessible livable living for property owners and their families” and customers as the core and quality as the cornerstone, the Group consistently improves services and is devoted to offering a safe, tidy, beautiful and comfortable working and living environment for property owners. Meanwhile, the Group closely follows the pace of the times of “smart interconnection of all things” and actively innovates and empowers life services via Artificial Intelligence of Things (AIoT). Externally, it expands various service scenarios with the demands of property owners as the center; internally, it reduces labour costs and energy consumption and improves efficiency through intelligent scenarios to effectively save costs. While actively looking for expansion opportunities, the Group puts forward the concept of “extending the boundary of services to cities”, redefines the property management model of old communities, and provides new governance methods for urban property services.

In the second half of 2021, the Group will focus on the following aspects:

- Actively look for cooperation targets based in the Yangtze River Delta region: In the first half of 2021, the Group achieved remarkable results in expansion of business with independent third party and accumulated valuable experience. The Group plans to further expand its business scale and increase its market share through business cooperation and mergers and acquisitions based on the existing cooperation model and centered on the Yangtze River Delta region.
- Launch branded services for old communities and promote future community pilot works: The Group plans to use the brand effect of the Future Community Pilot Plan of Caihe Street to undertake more property management services for old communities in future in order to expand its management scale and income base.

- Expand the service scope of community value-added services and achieve a variety of business models. The Group plans to reduce operating costs, increase the property owners' satisfaction, and create additional value by providing diversified and differentiated community value-added services, and utilising smart Internet of Things to empower value-added services.

## FINANCIAL REVIEW

### Revenue

During the Period, the Group's revenue amounted to RMB139.4 million, representing an increase of 19.5% as compared with RMB116.7 million in the same period of 2020.

The table below sets forth a breakdown of revenue by business line for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	(RMB'000)	%	(RMB'000)	%
Property management services	79,491	57.0	59,500	51.0
Value-added services to non-property owners	40,069	28.8	31,659	27.1
Community value-added services	9,859	7.1	19,656	16.8
Other businesses				
<i>Hotel business</i>	8,921	6.4	5,111	4.4
<i>Long-term rental apartment business</i>	1,030	0.7	803	0.7
Total	139,370	100.0	116,729	100.0

**Property management services:** Property management services primarily consist of security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services. The portfolio of the Group's managed properties comprises residential properties and non-residential properties. During the Period, the Group realised revenue of RMB79.5 million, representing an increase of 33.6% as compared to RMB59.5 million in the same period of 2020, accounting for 57.0% of the total revenue during the Period, which is the main source of revenue for the Group. The growth in revenue was mainly attributable to the increase in the GFA under management and the increase in number of projects under management.

**Value-added services to non-property owners:** Value-added services to non-property owners are a range of value-added services the Group provides to non-property owners, primarily property developers. These services mainly include (i) consulting services, including advising property developers and property owners at the early and construction stages on project planning, design management and construction management; (ii) sales assistance services, which assist property developers in showcasing and marketing their properties, including display unit management and visitor reception for property development projects; and (iii) pre-delivery services, including unit cleaning before delivery, inspection services and security services for completed properties. During the Period, the Group realised revenue of RMB40.1 million, representing an increase of 26.5% as compared to RMB31.7 million in the same period of 2020, accounting for 28.8% of the total revenue during the Period. The increase in revenue was mainly attributable to the increase in new projects delivered and the area of pipeline projects during the Period.

## Management Discussion and Analysis

The table below sets forth a breakdown of revenue from this business segment for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	Revenue (RMB'000)	%	Revenue (RMB'000)	%
Consulting services	7,372	18.4	4,959	15.7
Sale assistance services	17,292	43.2	15,920	50.3
Pre-delivery services	15,405	38.4	10,780	34.0
Total	40,069	100.0	31,659	100.0

**Community value-added services:** Community value-added services are a spectrum of community value-added services the Group provides to customers, primarily property owners and residents, including property repair and maintenance, waste cleaning, utility fee collection and community space services. During the Period, the Group realised revenue of RMB9.9 million, representing a decrease of 49.7% as compared to RMB19.7 million in the same period of 2020, accounting for 7.1% of the total revenue during the Period. The decline in revenue from community value-added services was mainly because most of the remodelling and decoration services carried out by the Group in the past have been completed, and as property developers were encouraged by the Zhejiang government to develop and sell furnished property units, no new remodelling and decoration project was undertaken by the Group.

**Other businesses:** Other businesses include hotel business and long-term rental apartment business. During the Period, the Group realised revenue of RMB9.9 million, representing an increase of 67.8% as compared to RMB5.9 million in the same period of 2020, accounting for 7.1% of the total revenue during the Period. The increase in revenue from other businesses was mainly due to the results of the effective prevention and control of the Pandemic nationwide, and the recovery of the domestic tourism industry, leading to the increase in revenue from hotel business.

### Cost of sales

During the Period, the Group's cost of sales was RMB91.6 million, representing an increase of 8.4% as compared to RMB84.5 million in the same period of 2020, mainly due to the increase in costs as a result of business expansion.

### Gross profit and gross profit margin

Based on the above factors, during the Period, the Group realised gross profit of RMB47.7 million, representing an increase of 48.1% as compared to RMB32.2 million in the same period of 2020. During the Period, the Group's gross profit margin increased by 6.7 percentage points from the same period of 2020 to 34.3%, mainly due to further increase in gross profit margin of the property management services of residential properties and value-added services to non property owners.

The table below sets forth a breakdown of gross profit and gross profit margin by business line for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit/ (loss) (RMB'000)	Gross profit/ (loss) margin %
Property management services	21,293	26.8	12,334	20.7
Value-added services to non-property owners	17,062	42.6	12,205	38.6
Community value-added services	7,655	77.6	8,164	41.5
Other businesses	1,728	17.4	(520)	(8.8)
<i>Long-term rental apartment business</i>	362	35.1	155	19.3
<i>Hotel business</i>	1,366	15.3	(675)	(13.2)
Total	47,738	34.3	32,183	27.6

Gross profit of property management services was RMB21.3 million, representing an increase of 73.2% as compared to RMB12.3 million in the same period of 2020. During the Period, the gross profit margin amounted to 26.8%, representing an increase of 6.1 percentage points as compared to 20.7% in the same period of 2020. The increase was mainly because the Group's future community pilot projects of the residential properties managed by the Group achieved profitability by improving personnel efficiency and reducing operating costs.

Gross profit of value-added services to non-property owners was RMB17.1 million, representing an increase of 40.2% as compared to RMB12.2 million in the same period of 2020. During the Period, the gross profit margin amounted to 42.6%, representing an increase of 4.0 percentage points as compared to 38.6% in the same period of 2020. The increase was mainly due to the increase in the Group's gross profit margin by improving the quality of pre-delivery services and improving personnel efficiency.

Gross profit of community value-added services was RMB7.7 million, representing a decrease of 6.1% as compared to RMB8.2 million in the same period of 2020. During the Period, the gross profit margin amounted to 77.6%, representing an increase of 36.1 percentage points as compared to 41.5% in the same period of 2020. The increase was mainly due to decreasing demand of standardised remodelling and decoration services and the change of business structure of community value-added services.

Gross profit of other businesses was RMB1.7 million, representing an increase of RMB2.2 million as compared to gross loss of RMB0.5 million in the same period of 2020. During the Period, the gross profit margin amounted to 17.4%, representing an increase of 26.2 percentage points as compared to -8.8% in the same period of 2020. The increase was mainly due to the proper control of the Pandemic nationwide, which turned loss into profit for the hotel business.

#### Other revenue

During the Period, other revenue of the Group was RMB0.9 million, representing a decrease of 72.7% as compared to RMB3.3 million in the same period of 2020, mainly due to the reduction of the government's special subsidies for the prevention and control of the Pandemic.

## Management Discussion and Analysis

### Selling and marketing expenses

During the Period, selling and marketing expenses of the Group amounted to RMB0.5 million, representing an increase of 66.7% as compared to RMB0.3 million in the same period of 2020, mainly due to the increase in expenses as a result of business expansion.

### Administrative expenses

During the Period, administrative expenses of the Group amounted to RMB14.7 million, representing an increase of 23.5% as compared to RMB11.9 million in the same period of 2020, mainly due to business expansion, increase of number of staff as well as the increase in consulting fees of intermediary services.

### Net finance income/(costs)

During the Period, the Group's net finance income increased from RMB0.4 million in the same period of 2020 to RMB0.6 million, mainly due to the increase in interest income on bank deposits and the decrease in interest expenses on contract liabilities.

### Share of profits and losses of joint ventures

During the Period, the Group realised share of profits of its joint ventures, namely Hangzhou Honghe Environmental Engineering Co., Ltd. (杭州宏合環境工程有限公司) (“**Honghe Environmental**”) and Sundry Lvgang (Taizhou) Service Co., Ltd. (宋都旅港(台州)物業服務有限公司), of a total of RMB28,000, representing a decrease of 83.5% as compared to RMB170,000 in the same period of 2020, mainly due to the decline in performance of Honghe Environmental.

### Profits before tax

During the Period, the Group's profits before tax was RMB32.2 million, representing an increase of 43.1% from RMB22.5 million in the same period of 2020, which was basically in line with the growth rate of the Group's gross profit.

### Income tax

During the Period, the Group's income tax expenses increased by 42.6% from RMB6.1 million in the same period of 2020 to RMB8.7 million, mainly due to the increase of the Group's profit before tax, leading to corresponding increase in income tax expenses.

### Profit for the period

During the Period, the Group's profit for the period was RMB23.5 million, representing an increase of 43.3% from RMB16.4 million in the same period of 2020.

During the Period, profit attributable to controlling shareholders of the Company was RMB23.4 million, representing an increase of 44.4% from RMB16.2 million in the same period of 2020.

### Current assets, financial resources and current ratio

In the first half of 2021, the financial position of the Group remained stable. As at 30 June 2021, current assets were RMB408.8 million, representing an increase of 61.9% as compared with RMB252.5 million as at 31 December 2020.

As at 30 June 2021, the Group's cash and cash equivalents were RMB279.7 million, representing an increase of 45.5% as compared with RMB192.2 million as at 31 December 2020, mainly due to the increase of net inflow from financing activities obtained from the Company's Listing and issuance of shares. The current ratio (calculated by dividing current assets by current liabilities) of the Group increased from 1.54 times as at 31 December 2020 to 2.62 times.

### Bank loans and other borrowings

During the Period, save as the lease liabilities as disclosed in consolidated financial statements, the Group did not have any bank loans or other borrowings.

### Property, plant and equipment

As at 30 June 2021, the property, plant and equipment of the Group amounted to RMB20.0 million, representing a decrease of 10.3% as compared with RMB22.3 million as at 31 December 2020, mainly due to the increase in accumulated depreciation.

### Capital structure

Details of the movement in share capital of the Company during the six months ended 30 June 2021 are set out in Note 14(b) to the condensed consolidated interim financial statement.

### Trade and other receivables

As at 30 June 2021, trade and other receivables of the Group amounted to RMB115.1 million, representing an increase of 125.2% as compared with RMB51.1 million as at 31 December 2020, mainly due to the increase in trade receivables from related parties as well as business expansion.

### Trade and other payables

As at 30 June 2021, trade and other payables of the Group amounted to RMB107.0 million, representing a decrease of 14.8% as compared with RMB125.6 million as at 31 December 2020, mainly due to the decrease in Listing expenses accrued after the Listing of the Company.

### Contingent liabilities

The Group did not have any contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

### Treasury policy

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### Use of proceeds from the Listing and future plans for material investments or capital assets

The Company was successfully listed on the Main Board of the Stock Exchange on 18 January 2021. After deducting the Listing expenses, the net proceeds raised from the Listing were approximately HK\$133.2 million. These proceeds will be applied in accordance with the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 31 December 2020 (the “**Prospectus**”):

- approximately 48% to acquire, invest in, or form strategic alliance with one or more than one financially sound property management company with business focus on provision of property management services to residential and/or non-residential properties within the Yangtze River Delta region, particularly Hangzhou and other cities where the Group considers to be appropriate based on the market needs. As at the date of this report, approximately 3.0% of the amount has been utilised, mainly for investment in a joint venture and it is expected to be fully utilised by 31 December 2023;
- approximately 12% to invest in and expand the services related to the Future Community Pilot Plan, which primarily involves the provision of property management services and various types of community value-added services. As at the date of this report, this amount has not been utilised yet and it is expected to be fully utilised by 31 December 2023;
- approximately 15% to create a smart community through utilisation of advanced technology, such as the use of electronic patrolling systems and smart accesses, introduction of intelligent products and services and utilisation of digital equipment; and develop a mobile application for property owners and residents. As at the date of this report, this amount has not been utilised yet and it is expected to be fully utilised by 31 December 2023;
- approximately 15% to explore, diversify and expand its community value-added services, including move-in and move-out services, household services, home cleaning and laundering services, childcare, babysitting and elderly care services for property owners and residents; and expand other businesses, in particular long-term rental apartment business. As at the date of this report, this amount has not been utilised yet and it is expected to be fully utilised by 31 December 2023; and
- approximately 10% to provide funding for its working capital and other general corporate purposes. As at the date of this report, approximately 35.5% of the amount has been used, mainly for payment of related intermediary service fees after the Listing and it is expected to be fully utilised by 31 December 2023.

### Pledged assets

The Group did not have any pledged assets as at 30 June 2021.

### Human resources and remuneration policies

As at 30 June 2021, the Group employed a total of 740 employees (30 June 2020: 603 employees). The staff costs of the Group for the six months ended 30 June 2021 were RMB33.1 million (for the six months ended 30 June 2020: RMB24.5 million).

In determining remuneration of Directors and senior management of the Company, the Board will consider the remuneration level of skill, knowledge, involvement in the Group’s affairs and performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions.

The Group ensures that their employees are offered competitive remuneration packages. The Group had also adopted a share option scheme, details of which are disclosed in the paragraph headed “Share Option Scheme” in this report.

### Significant investments

The Company did not have any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group) during the Period.

### Details about material acquisitions and disposals of subsidiaries, associates and joint ventures

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

### Foreign exchange risk exposure

The Group mainly operates its business in the PRC, and most of its business are conducted in RMB, and its exposure to foreign exchange risks is limited. However, as the proceeds from the Listing are dominated in Hong Kong dollar, the depreciation or appreciation of the Hong Kong dollar and interest rate adjustments will affect the performance of the Group. Therefore, the Group will closely monitor the exchange rate risks and interest rate risks involved, actively discuss foreign exchange hedging solutions with major banks, and use financial instruments to counter the risks involved when necessary. Currently, the Group has not entered into any hedging transactions.

## EVENTS AFTER THE PERIOD

Save as disclosed in this report, no other significant events took place subsequent to 30 June 2021 and up to the date of this report.

## INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

## AUDIT COMMITTEE AND REVIEW OF INTERIM REPORT

The Company has established the audit committee (the “**Audit Committee**”) in compliance with The Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to fulfil the functions of reviewing and monitoring the financial reporting and internal control of the Company. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Lau Kwok Fai Patrick, Mr. Zhang Jingzhong and Mr. Xu Rongnian. Mr. Lau Kwok Fai Patrick is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company this unaudited consolidated interim results and the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial statements matters, including the review of the consolidated financial statements of the Group for the Period.

## PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules since the Listing Date and up to the date of this report. The Company maintained the minimum level of public float of 25% of its total issued share capital.

## Corporate Governance and Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, none of the Directors or chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2021, to the best knowledge of the Directors, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to be maintained pursuant to section 336 of the SFO:

Names	Note	Capacity/Nature of interest	Number of shares	Long/short position	Approximate percentage of shareholding in the Company
Mr. YU Jianwu ("Mr. Yu")		Settlor of a trust	2,280,000,000	Long position	71.25%
CMB Wing Lung (Trustee) Limited ("CMB Wing Lung")	(1)	Trustee	2,280,000,000	Long position	71.25%
Success Base Group Limited ("Success Base")	(1)	Interest of a controlled corporation	2,280,000,000	Long position	71.25%
SUNDY HEYE LIMITED ("Sundy Heye")	(1)	Beneficial owner	2,280,000,000	Long position	71.25%

Note :

- (1) Sundy Heye is wholly owned by Success Base, which is indirectly wholly owned by CMB Wing Lung. CMB Wing Lung is the trustee of a discretionary trust established by Mr. Yu with CMB Wing Lung (i.e. The Yu Jianwu Trust), which holds the entire issued share capital in Sundy Heye through its nominee companies on trust for the benefit of Mr. Yu and his family members.

Save as disclosed above, as at 30 June 2021, to the best knowledge of the Directors, none of any other person (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

## SHARE OPTION SCHEME

On 21 December 2020, the Company conditionally approved and adopted the share option scheme (the “**Share Option Scheme**”). Summary of the principal terms of the Share Option Scheme are as set out below:

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group; and (iii) for such purposes as the Board may approve from time to time.

The eligible participants of the Share Option Scheme (the “**Eligible Participants**”) include (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries; and (iii) any advisers, consultants, suppliers, customers, agents and related entities to the Company or any of its subsidiaries.

The amount payable by the grantee of an option to the Company under the Share Option Scheme (the “**Option**”) on acceptance of the offer for the grant of an Option is HK\$1.00.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the Listing, being 320,000,000 Shares. The Board may renew the said limit or grant beyond the 10% limit, subject to the issue of the circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed the Listing Rules from time to time. Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time.

The subscription price of a Share in respect of any Option shall be a price as the Board in its absolute discretion shall determine, save as such price will not be less than the highest of: (i) the official closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The Company by resolution in a general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Option will be offered but Option granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

For further details of the Share Option Scheme, please refer to the paragraph headed “Statutory and General Information – D. Other information – 1. Share Option Scheme” in Appendix IV to the Prospectus.

There were no share options outstanding under the Share Option Scheme nor were any Option granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme for the period from the date of Listing up to the date of this report.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company.

The Directors are of the view that, from the Listing Date to the date of this report, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”). The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Directors. The Company had made specific enquiry and each Director confirmed that they have complied with the Model Code from the Listing Date to the date of this report.

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

From the Listing Date to the end of the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

### CHANGE IN DIRECTORS’ INFORMATION

On 1 March 2021, the Board announced that Mr. Shen Guangming resigned as the executive Director due to his other business commitments; and Mr. Zhu Yihua was appointed as the executive Director and executive officer (執行總裁) of the Company. Save as disclosed above, the Directors confirmed that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules from the Listing Date to the date of this report.

By order of the Board  
**Sundy Service Group Co. Ltd**  
Yu Yun  
*Chairman*

Hong Kong, 31 August 2021

\* The English name is for identification purpose only.

\*\* Certain amount and percentage figure included in this report have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

# Review Report to the Board of Directors



## Review report to the board of directors of Sundry Service Group Co. Ltd

(Incorporated in the Cayman Islands with limited liability)

### Introduction

We have reviewed the interim financial report set out on pages 24 to 44 which comprises the consolidated statement of financial position of Sundry Service Group Co. Ltd as of 30 June 2021 and the related consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

### KPMG

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

31 August 2021

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2021 – unaudited (Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
<b>Revenue</b>	3	<b>139,370</b>	116,729
Cost of sales		<b>(91,632)</b>	(84,546)
<b>Gross profit</b>		<b>47,738</b>	32,183
Other revenue	4	<b>928</b>	3,343
Other net loss		<b>(5)</b>	–
Selling and marketing expenses		<b>(458)</b>	(283)
Administrative expenses		<b>(14,666)</b>	(11,927)
Other expenses		<b>(1,913)</b>	(1,380)
<b>Profit from operations</b>		<b>31,624</b>	21,936
Finance income		<b>758</b>	681
Finance costs		<b>(205)</b>	(317)
Net finance income	5(a)	<b>553</b>	364
Share of profits of joint ventures		<b>28</b>	170
<b>Profit before taxation</b>	5	<b>32,205</b>	22,470
Income tax	6	<b>(8,742)</b>	(6,120)
<b>Profit for the period</b>		<b>23,463</b>	16,350
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>23,434</b>	16,190
Non-controlling interests		<b>29</b>	160
<b>Profit for the period</b>		<b>23,463</b>	16,350
<b>Earnings per share</b>			
Basic and diluted (RMB cents)	7	<b>0.75</b>	0.67

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2021 – unaudited *(Expressed in Renminbi Yuan)*

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
<b>Profit for the period</b>		<b>23,463</b>	16,350
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of:			
– financial statements of overseas companies		(709)	–
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of:			
– financial statements of overseas subsidiaries		(35)	–
<b>Other comprehensive income for the period</b>		<b>(744)</b>	–
<b>Total comprehensive income for the period</b>		<b>22,719</b>	16,350
<b>Attributable to:</b>			
Equity shareholders of the Company		22,690	16,190
Non-controlling interests		29	160
<b>Total comprehensive income for the period</b>		<b>22,719</b>	16,350

The notes on pages 29 to 44 form part of this interim financial report.

# Consolidated Statement of Financial Position

at 30 June 2021 – unaudited (Expressed in Renminbi Yuan)

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	20,010	22,347
Intangible assets		921	285
Right-of-use assets		–	250
Investment properties	8	250	734
Investment in joint ventures	9	3,225	1,550
Deferred tax assets		3,871	3,475
<b>Total non-current assets</b>		<b>28,277</b>	28,641
<b>Current assets</b>			
Inventories		287	202
Contract assets		471	538
Trade and other receivables	10	115,065	51,084
Restricted bank balances	11	13,225	8,501
Cash and cash equivalents	11	279,712	192,195
<b>Total current assets</b>		<b>408,760</b>	252,520
<b>Current liabilities</b>			
Contract liabilities	12	41,691	34,319
Advances from lessees		378	747
Trade and other payables	13	106,967	125,628
Lease liabilities		760	1,121
Current taxation		6,184	2,065
<b>Total current liabilities</b>		<b>155,980</b>	163,880
<b>Net current assets</b>		<b>252,780</b>	88,640
<b>Total assets less current liabilities</b>		<b>281,057</b>	117,281
<b>Non-current liabilities</b>			
Lease liabilities		–	8
<b>Total non-current liabilities</b>		<b>–</b>	8
<b>NET ASSETS</b>		<b>281,057</b>	117,273
<b>CAPITAL AND RESERVES</b>			
Share capital	14(b)	208	7
Reserves		279,542	115,988
<b>Total equity attributable to equity shareholders of the company</b>		<b>279,750</b>	115,995
<b>Non-controlling interests</b>		<b>1,307</b>	1,278
<b>TOTAL EQUITY</b>		<b>281,057</b>	117,273

Approved and authorised for issue by the board of directors on 31 August 2021.

Yu Yun )  
 Cheng Huayong ) *Directors*  
 )  
 )

The notes on pages 29 to 44 form part of this interim financial report.

## Consolidated Statement of Changes in Equity

for the six months ended 30 June 2021 – unaudited (Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	PRC statutory reserves	Exchange reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Balance at 1 January 2020</b>	7	40,331	(33,780)	8,716	(26)	68,097	83,345	594	83,939	
<b>Changes in equity for the six months ended 30 June 2020:</b>										
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	16,190	16,190	160	16,350	
<b>Total comprehensive income for the period</b>	-	-	-	-	-	16,190	16,190	160	16,350	
<b>Balance at 30 June 2020 and 1 July 2020</b>	7	40,331	(33,780)	8,716	(26)	84,287	99,535	754	100,289	
<b>Changes in equity for the six months ended 31 December 2020:</b>										
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	16,468	16,468	34	16,502	
Other comprehensive income	-	-	-	-	(8)	-	(8)	-	(8)	
<b>Total comprehensive income for the period</b>	-	-	-	-	(8)	16,468	16,460	34	16,494	
Capital injection from non-controlling interests	-	-	-	-	-	-	-	490	490	
Appropriation to statutory reserve	-	-	-	3,264	-	(3,264)	-	-	-	
<b>Balance at 31 December 2020</b>	7	40,331	(33,780)	11,980	(34)	97,491	115,995	1,278	117,273	

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	PRC statutory reserves	Exchange reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Balance at 1 January 2021</b>	7	40,331	(33,780)	11,980	(34)	97,491	115,995	1,278	117,273	
<b>Changes in equity for the six months ended 30 June 2021:</b>										
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	23,434	23,434	29	23,463	
Other comprehensive income	-	-	-	-	(744)	-	(744)	-	(744)	
<b>Total comprehensive income for the period</b>	-	-	-	-	(744)	23,434	22,690	29	22,719	
Issue of ordinary shares upon initial public offering, net of issuing costs	52	141,013	-	-	-	-	141,065	-	141,065	
Capitalisation issue	149	(149)	-	-	-	-	-	-	-	
<b>Balance at 30 June 2021</b>	208	181,195	(33,780)	11,980	(778)	120,925	279,750	1,307	281,057	

The notes on pages 29 to 44 form part of this interim financial report.

## Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2021 – unaudited (Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
<b>Operating activities</b>			
Cash (used in)/generated from operations		(28,460)	22,152
PRC corporate income tax paid		(5,019)	(8,353)
<b>Net cash (used in)/generated from operating activities</b>		<b>(33,479)</b>	13,799
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		(570)	(704)
Proceeds from disposal of interest in a joint venture		–	2,500
Payment for investment in a joint venture		(1,647)	–
Payment related to potential acquisition	10(i)	(25,000)	–
Interest received		69	507
<b>Net cash (used in)/generated from investing activities</b>		<b>(27,148)</b>	2,303
<b>Financing activities</b>			
Proceed from issue of shares, net of issuing costs		148,833	–
Capital element of lease rentals paid		(373)	(753)
Interest element of lease rentals paid		(19)	(86)
<b>Net cash generated from/(used in) financing activities</b>		<b>148,441</b>	(839)
<b>Net increase in cash and cash equivalents</b>		<b>87,814</b>	15,263
<b>Cash and cash equivalents at 1 January</b>		<b>192,195</b>	137,559
<b>Effect of foreign exchange rates changes</b>		<b>(297)</b>	–
<b>Cash and cash equivalents at 30 June</b>	11	<b>279,712</b>	152,822

The notes on pages 29 to 44 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 1 Basis of preparation

The interim financial report of Sundry Service Group Co. Ltd (the “**Company**”) as at and for the six months ended 30 June 2021 comprises the Company and its subsidiaries (together referred to as the “**Group**”). This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” adopted by the International Accounting Standards Board (“**IASB**”).

The Company was incorporated in the Cayman Islands on 5 May 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 January 2021 (the “**Listing**”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the Board of Directors on 31 August 2021. The interim financial report has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on pages 23.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

Amendments to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform-Phase 2*

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 Revenue and segment reporting

#### (a) Revenue

The principal activities of the Group are the provision of property management services, value-added services to non-property owners and community value-added services, hotel business and long-term rental apartment business.

Revenue represents income from property management services, value-added services to non-property owners and community value-added services, income from hotel business and rental income from long-term rental apartment business.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 3 Revenue and segment reporting (continued)

#### (a) Revenue (continued)

The amount of each significant category of revenue recognised in the consolidated statements of profit or loss and other comprehensive income is as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15:</b>		
<b>Revenue recognised over time:</b>		
Property management services	79,491	59,500
Value-added services to non-property owners	40,069	31,659
Community value-added services	9,859	19,656
Hotel business		
– Rooms operation services	7,835	4,155
	<b>137,254</b>	114,970
<b>Revenue recognised at point in time:</b>		
Hotel business		
– Sales of food and beverage	57	98
<b>Revenue from other sources</b>		
<b>Gross rentals from investment properties:</b>		
Long-term rental apartment business	1,030	803
Hotel business		
– Leasing of commercial shopping arcades	1,029	858
	<b>2,059</b>	1,661
	<b>139,370</b>	116,729

For the six months ended 30 June 2021, the Group had transactions with one customer exceeding 10% individually of its total revenue (six months ended 30 June 2020: one).

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 3 Revenue and segment reporting (continued)

#### (b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines, including property management services and the corresponding value-added services, hotel business and long-term rental apartment business. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following segments.

- Property management services and the corresponding value-added services: this segment includes revenue generated from property management services, value-added services to non-property owners and community value-added services, including consulting and pre-delivery service, and other services.
- Hotel business services: this segment includes revenue generated from operating hotels, leasing of commercial shopping arcades located within the hotel buildings, as well as provision of food and beverage and ancillary services in such premises.
- Long-term rental apartment business: this segment includes operating long-term rental apartments within service apartment buildings.

#### (i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets managed directly by the segments. Segment liabilities include all contract liabilities, trade and other payables, lease liabilities and other liabilities attributable to the business operation and managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of profit arising from the activities of the Group's joint ventures.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 3 Revenue and segment reporting (continued)

#### (b) Segment reporting (continued)

##### (ii) Geographic information

The major operating entities of the Group are domiciled in the PRC. Accordingly, all the Group's revenues were derived in the PRC during the period.

As at 30 June 2021 and 31 December 2020, all of the non-current assets of the Group were located in the PRC.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2021 and 2020 is set out below.

	Property management services and the corresponding value-added services		Hotel business services		Long-term rental apartment services		Reconciling items		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	129,419	110,815	8,921	5,111	1,030	803	-	-	139,370	116,729
Inter-segment revenue	85	10	-	-	-	-	(85)	(10)	-	-
<b>Reportable segment revenue</b>	<b>129,504</b>	<b>110,825</b>	<b>8,921</b>	<b>5,111</b>	<b>1,030</b>	<b>803</b>	<b>(85)</b>	<b>(10)</b>	<b>139,370</b>	<b>116,729</b>
<b>Reportable segment profit/(loss)</b>										
(profit/(loss) before taxation)	32,141	23,748	(124)	(1,336)	188	58	-	-	32,205	22,470
Interest income	752	677	4	-	2	4	-	-	758	681
Interest expenses	185	231	-	-	20	86	-	-	205	317
Depreciation and amortisation	1,622	216	763	1,962	486	486	-	-	2,871	2,664
<b>As at 30 June 2021/31 December 2020</b>										
<b>Reportable segment assets</b>	<b>438,333</b>	<b>264,478</b>	<b>5,964</b>	<b>26,651</b>	<b>2,240</b>	<b>2,247</b>	<b>(9,500)</b>	<b>(12,215)</b>	<b>437,037</b>	<b>281,161</b>
<b>As at 30 June 2021/31 December 2020</b>										
<b>Reportable segment liabilities</b>	<b>147,762</b>	<b>155,661</b>	<b>16,522</b>	<b>18,670</b>	<b>1,196</b>	<b>1,772</b>	<b>(9,500)</b>	<b>(12,215)</b>	<b>155,980</b>	<b>163,888</b>

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 Other revenue

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Other revenue</b>		
Government grants	321	2,901
Others	607	442
	<b>928</b>	3,343

During the six months ended 30 June 2021, the Group received nil subsidy income from the relevant government in relation to the impact of the Coronavirus Disease 2019("COVID-19") (six months ended 30 June 2020: RMB2,497,000).

### 5 Profit before taxation

Profit before taxation is determined after (crediting)/charging:

#### (a) Net finance income

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Interest income on bank deposits	(758)	(681)
Interest expenses on lease liabilities	24	103
Interest expenses on contract liabilities	181	214
Net finance income	<b>(553)</b>	(364)

#### (b) Staff costs

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Salaries and other benefits	31,015	24,138
Contributions to defined contribution scheme (i)	2,117	328
	<b>33,132</b>	24,466

- (i) Due to the impact of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities. During the six months ended 30 June 2021, the Group received nil amount from the government as relief of contributions (six months ended 30 June 2020: RMB1,356,000).

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 Profit before taxation (continued)

#### (c) Other items

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Depreciation charge		
– Property, plant and equipment	2,258	2,029
– Right-of-use assets	83	125
– Investment properties	484	484
Amortisation of intangible assets	46	26
Impairment losses on trade receivables	1,717	1,258
Listing expenses	2,990	7,618
Expenses related to short-term leases	157	237
Variable lease payments not included in the measurement of lease liabilities	1,995	626

### 6 Income tax

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Current tax</b>		
PRC corporate income tax	9,138	6,367
<b>Deferred tax</b>		
Origination of temporary differences	(396)	(247)
	8,742	6,120

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands or the BVI.

The income tax rate applicable to the Group’s subsidiary incorporated in Hong Kong for the income subject to Hong Kong Profits Tax for the periods presented is 16.5%. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the six months ended 30 June 2021 and 2020.

The Group’s PRC subsidiaries are subject to the PRC income tax rate of 25%. For certain subsidiaries recognised as a small profit enterprise in 2021, the portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 12.5% (six months ended 30 June 2020: 25%) as taxable income amount, and be subject to enterprise income tax at 20% (six months ended 30 June 2020: 20%). And the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 50% (six months ended 30 June 2020: 50%) as taxable income amount, and be subject to enterprise income tax at 20% (six months ended 30 June 2020: 20%).

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB23,434,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB16,190,000) and the weighted average of 3,124,861,878 ordinary shares (six months ended 30 June 2020: weighted average number of 2,400,000,000 shares has been retrospectively adjusted for the effects the issue of shares in connection with the capitalisation shares (Note 14(b)(ii)) which were deemed to have been in issue since 1 January 2020.), calculated as follows:

	30 June 2021	30 June 2020
Issued ordinary shares at 1 January	100,000,000	100,000,000
Effect of issue of 800,000,000 shares upon initial public offering on 18 January 2021	724,861,878	–
Effect of capitalisation issue on 18 January 2021	2,300,000,000	2,300,000,000
Weighted average number of ordinary shares at 30 June	3,124,861,878	2,400,000,000

Diluted earnings per share is equal to basic earnings per share as there were no dilutive potential shares outstanding for the six months ended 30 June 2021 and 2020.

### 8 Property, plant and equipment and investment properties

#### (a) Acquisitions of owned assets

For the six months ended 30 June 2021, the Group acquired items of equipment and furniture, electronic equipment, motor vehicles, leasehold improvement and construction in progress with a cost of RMB504,000 (six months ended 30 June 2020: RMB1,090,000).

#### (b) Valuation

The investment properties of the Group are measured using the cost model.

As at 30 June 2021, the fair value of the Group's leasehold investment properties was approximately RMB626,189 (31 December 2020: RMB2,022,000). These fair values are determined by the directors of the Company mainly with reference to the valuation, which was performed by AVISTA Business Consulting (Shanghai) Co., Ltd., an independent qualified professional valuer, using the discounted cash flow approach. The valuation techniques used are same as that used when carrying out the 31 December 2020 valuations.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 9 Investment in joint ventures

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
At 1 January	1,550	1,284
Additions	1,647	–
Share of results	28	266
At 30 June/31 December	<b>3,225</b>	1,550

Set out below are the joint ventures as at 30 June 2021:

	<b>Place of incorporation</b>	<b>Principal activities</b>	<b>Proportion of equity interest held by the Group</b>
Hangzhou Honghe Environmental Engineering Co.,Ltd. ("Honghe Environmental") 杭州宏合環境工程有限公司	Hangzhou, the PRC	Landscape greening and environmental engineering	40%
Sundy Lvgang (Taizhou) Service Co., Ltd. ("Lvgang Service") 宋都旅港(台州)物業服務有限公司	Taizhou, the PRC	Property management services	51%

The PRC entities are limited liability companies. The English translation of these companies name is for reference only. The official name of these companies is in Chinese.

According to the Articles of Association of Honghe Environmental and Lvgang Service, the Group jointly controls Honghe Environmental and Lvgang Service, together with other third party.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 10 Trade and other receivables

As at the end of the reporting period, the ageing analysis of trade receivables from third parties, based on the date of revenue recognition and net of loss allowance for impairment of trade receivables, is as follows:

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Within 1 year	<b>35,163</b>	19,822
1 to 2 years	<b>1,406</b>	1,328
<b>Total trade receivables from third parties, net of loss allowance</b>	<b>36,569</b>	21,150
Amounts due from related parties		
– Trade nature	<b>36,425</b>	8,545
– Non-trade nature	<b>3,422</b>	3,422
<b>Total trade and other receivables from related parties</b>	<b>39,847</b>	11,967
<b>Other receivables (i)</b>	<b>33,131</b>	4,191
<b>Financial assets measured at amortised cost</b>	<b>109,547</b>	37,308
Deposits and prepayments		
– Prepayments for listing expenses	–	7,768
– Others	<b>5,518</b>	6,008
<b>Total Deposits and prepayments</b>	<b>5,518</b>	13,776
	<b>115,065</b>	51,084

- (i) Included in the other receivables as at 30 June 2021 was refundable amount of RMB25 million, which was paid by the Group to a third party with an aim to identify and secure targets for acquisition. The amounts have been fully refunded after the reporting period end when no acquisition was secured or completed.

Trade receivables are due when the receivables are recognised.

Except for certain prepayments which will be offset against future payment of expenses or transferred to the relevant asset category upon receipt of the assets, all of the trade and other receivables classified as current assets are expected to be recovered within one year.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 11 Restricted bank balances and cash and cash equivalent

#### (a) Restricted bank balances

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
Cash collected on behalf of the property owners' associations (i)	10,663	8,501
Property maintenance fund	2,562	–
	<b>13,225</b>	8,501

(i) The Group collects cash on behalf of the property owners' associations as part of its property management service business. Since the property owners' associations often face difficulties opening bank accounts, the Group opens and manages these bank accounts on behalf of the property owners' associations.

#### (b) Cash and cash equivalents

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
Cash in hand	–	17
Cash at bank	292,937	200,679
	<b>292,937</b>	200,696
Less: Restricted bank balances	(13,225)	(8,501)
	<b>279,712</b>	192,195

### 12 Contract liabilities

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
Property management services	35,810	26,909
Value-added services to non-property owners	3,803	2,222
Community value-added services	2,078	5,188
	<b>41,691</b>	34,319

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 13 Trade and other payables

As at the end of the reporting period, the ageing analysis of trade payables to third parties, based on the invoice date, is as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Within 1 year	35,770	43,629
After 1 year but within 2 years	3,449	2,132
After 2 year but within 3 years	3,680	3,581
Over 3 years	741	666
<b>Total trade payables to third parties</b>	<b>43,640</b>	50,008
Amounts due to related parties		
– Trade nature	1,469	2,242
– Non-trade nature	134	1,711
<b>Total trade and other payables to related parties</b>	<b>1,603</b>	3,953
Other payables from third parties		
– Deposits	5,316	4,847
– Other taxes and surcharges payable	1,769	2,187
– Cash collected on behalf of the property owners' associations	10,663	8,501
– Temporary receipts from property owners	25,638	24,746
– Listing expenses	–	11,767
– Others	3,990	3,841
<b>Total other payables to third parties</b>	<b>47,376</b>	55,889
<b>Financial liabilities measured at amortised cost</b>	<b>92,619</b>	109,850
– Accrued payroll and other benefits	14,348	15,778
	<b>106,967</b>	125,628

The amounts due to related parties are unsecured and interest-free.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 14 Capital, reserves and dividends

#### (a) Dividends

No dividend has been declared by the Company for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

#### (b) Share capital

##### *Issued share capital*

Ordinary shares, issued and fully paid

	No. of shares (‘000)	RMB’000
At 1 January 2021	100,000	7
Issuance of ordinary shares upon initial public offering (i)	800,000	52
Capitalisation issue on 18 January 2021 (ii)	2,300,000	149
<b>At 30 June 2021</b>	<b>3,200,000</b>	<b>208</b>

- (i) On 18 January 2021, the Company issued 800,000,000 shares with par value of US\$0.00001 each, at a price of HKD0.25 per share by initial public offering. Net proceeds from such issue amounted to RMB141,065,000 out of which RMB52,000 and RMB141,013,000 were recorded in share capital and share premium respectively.
- (ii) On 18 January 2021, the Company allotted and issued a total of 2,300,000,000 shares credited as fully paid at par by way of capitalisation of the sum of USD23,000 (equivalent to RMB149,000) standing to the credit of the share premium account of the Company.

#### (c) Share premium

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the equity shareholders. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the equity shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

### 15 Commitments

The Group did not have any material capital commitments as at 30 June 2021 and 31 December 2020.

### 16 Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2021 and 31 December 2020.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 Material related party transactions

#### (a) Name of and relationship with related parties

For the six months ended 30 June 2021, transactions with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
Mr. Yu Jianwu 俞建午先生	Controlling shareholder of the Company
Sundy Holdings and its subsidiaries ("Sundy Holdings Group") 浙江宋都控股有限公司及其附屬公司 including (i) Sundy Land Investment Co., Ltd. ("Sundy Land") and its subsidiaries 宋都基業投資股份有限公司及其附屬公司; and (ii) Zhejiang Zhizhonghe Industry Co., Ltd. ("Zhizhonghe Industry") and its subsidiaries 浙江致中和實業有限公司及其附屬公司	Corporate Controlled by Mr. Yu Jianwu
Tonglu Daqi County Real Estate Co., Ltd. 桐廬大奇山郡置業有限公司	Joint venture of Sundy Holdings
Ningbo Fenghua Hedu Real Estate Development Co., Ltd. 寧波奉化和都房地產開發有限公司	Joint venture of Sundy Holdings
Greenland Holdings Corporation Hangzhou Twin Towers Property Co., Ltd. ("Twin Towers Property") 綠地控股集團杭州雙塔置業有限公司	Joint venture of Sundy Holdings
Zhoushan Rongdu Property Co., Ltd. 舟山榮都置業有限公司	Joint venture of Sundy Holdings
Deqing Dening Real Estate Co., Ltd. 德清德寧置業有限公司	Joint venture of Sundy Holdings
Quzhou Ronsheng Property Co., Ltd. 衢州融晟置業有限公司	Associate of Sundy Holdings
Zhoushan Hongdu Real Estate Co., Ltd. 舟山弘都置業有限公司	Associate of Sundy Holdings
Shaoxing Guangdu Real Estate Development Co., Ltd. 紹興廣都房地產開發有限公司	Associate of Sundy Holdings
Guigang Dalong Property Co., Ltd. 貴港大龍置業有限公司	Associate of Sundy Holdings
Liuzhou Shuangdu Real Estate Co., Ltd. 柳州雙都置業有限公司	Associate of Sundy Holdings
Hangzhou Jinxing Real Estate Development Co., Ltd. 杭州金興房地產開發有限公司	Associate of Sundy Holdings
Hangzhou Sundy Yangguang Kindergarten Co., Ltd ("Sundy Yangguang Kindergarten") 杭州宋都陽光幼兒園有限公司	Corporate significantly influenced by Mr. Yu Jianwu
Shanghai Greenland Property Services Co., Ltd. ("Greenland Property") (上海綠地物業服務公司)	Non-controlling shareholder of Lusong Property

The English translation of the company name is for reference only. The official names of these companies are in Chinese.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 Material related party transactions (continued)

#### (b) Significant related party transactions

The particulars of significant transactions between the Group and the above related parties for the periods presented are as follows:

#### *Significant related party transactions*

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Property management services and the corresponding value-added services:</b>		
(i) Property management services		
– Sundy Holdings Group		
– Sundy Land and its subsidiaries	13,364	9,872
– Zhizhonghe Industry and its subsidiaries	775	804
– Associates and joint ventures of Sundy Holdings	56	331
– Sundy Yangguang Kindergarten	36	–
(ii) Value-added services to non-property owners		
– Sundy Land and its subsidiaries	29,329	26,748
– Associates and joint ventures of Sundy Holdings	5,686	4,472
(iii) Remodelling and decoration of property units		
– Sundy Land and its subsidiaries	–	7,798
– Associates and joint ventures of Sundy Holdings	125	–
(iv) Other community value-added services		
– Sundy Land and its subsidiaries	783	3,543
– Associates and joint ventures of Sundy Holdings	98	–
<b>Hotel business services</b>		
(i) Hotel operation income from:		
– Sundy Land and its subsidiaries	73	48
– Associates and joint ventures of Sundy Holdings	7	1
(ii) Variable lease expenses to:		
– Sundy Land and its subsidiaries	1,935	626
<b>Long-term rental apartment business</b>		
Rental income from:		
– Zhizhonghe Industry and its subsidiaries	15	–
<b>Leases of office buildings and staff dormitories</b>		
(i) Interest expenses for lease liabilities		
– Sundy Land and its subsidiaries	4	17
(ii) Payments of lease liabilities		
– Sundy Land and its subsidiaries	51	–
(iii) Short-term lease expenses to		
– Sundy Land and its subsidiaries	32	29
<b>Purchase goods from:</b>		
– Zhizhonghe Industry and its subsidiaries	233	45

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 Material related party transactions (continued)

#### (c) Balances with related parties

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
<b>Trade related</b>		
<b>Trade receivables</b>		
– Sundry Holdings Group		
– Sundy Land and its subsidiaries	31,398	3,605
– Zhizhonghe Industry and its subsidiaries	489	78
– Associates and joint ventures of Sundy Holdings	4,538	4,862
	36,425	8,545
<b>Prepayments in connection with Short-term lease</b>		
– Sundy Land and its subsidiaries	17	–
<b>Trade payables</b>		
– Sundy Holdings Group		
– Sundy Land and its subsidiaries	1,465	2,184
– Zhizhonghe Industry and its subsidiaries	4	58
	1,469	2,242
<b>Contract assets</b>		
– Sundy Land and its subsidiaries	48	48
– Associates and joint ventures of Sundy Holdings	423	490
	471	538
<b>Contract liabilities</b>		
– Sundy Land and its subsidiaries	2,225	7,391
– Associates and joint ventures of Sundy Holdings	78	–
– Sundy Yangguang Kindergarten	36	–
	2,339	7,391
<b>Non-trade related</b>		
<b>Other receivables</b>		
– Joint ventures of Sundy Holdings (i)	3,422	3,422
	3,422	3,422
<b>Other payables</b>		
– Greenland Property	134	1,711
<b>Lease liabilities</b>		
– Sundy Land and its subsidiaries	–	352

- (i) The balance of other receivables due from joint ventures of Sundy Holdings as at 30 June 2021 and 31 December 2020 includes certain performance guarantee deposit of RMB3,422,000 to secure the quality of property management services provided to Twin Towers Property, and will be settled in accordance with the agreed terms as stated in their respective agreements.