

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
2022



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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
Mr. CHENG Huayong

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

Zhonghui Anda CPA Limited
23/F, Tower 2, Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay, Kowloon
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

REGISTERED OFFICE IN CAYMAN ISLANDS

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Cayman Islands

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

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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INVESTOR RELATIONSHIP CONTACT

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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 2022 (the “Period”) and the corresponding period in 2021.

RESULTS

	Note	For the six months ended 30 June		Changes (%/ percentage points (“p.p.”))
		2022 (Unaudited)	2021 (Unaudited)	
Revenue (RMB'000)		130,760	139,370	-6.2%
Gross profit (RMB'000)		39,626	47,738	-17.0%
Gross profit margin	(1)	30.3%	34.3%	- 4.0p.p
Profit for the Period (RMB'000)		19,451	23,463	-17.1%
Profit margin	(2)	14.9%	16.8%	- 1.9p.p
Profit attributable to equity shareholders of the Company (RMB'000)		19,168	23,434	-18.2%

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	As at	Changes (%)
		30 June 2022 (Unaudited)	31 December 2021	
Cash and cash equivalents (RMB'000)		148,000	318,169	-53.5%
Current assets (RMB'000)		488,065	461,034	5.9%
Total assets (RMB'000)		526,412	488,065	7.9%
Current liabilities (RMB'000)		192,421	177,895	8.2%
Total liabilities (RMB'000)		192,785	178,062	8.3%
Total equities attributable to owners of the Company (RMB'000)		328,616	308,443	6.5%
Current ratio	(3)	2.54	2.59	-1.9%
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 2022 and 31 December 2021.

To all shareholders,

Since last year, the real estate economy in the People's Republic of China (the "PRC") has still been facing daunting challenges due to the repeated impact of the COVID-19 pandemic in some areas across the country. With the tightening of real estate policies, the scale of real estate sales has dropped significantly and the real estate development industry has slid into severe depression. At the same time, China's economy is facing a complex external environment, and it is crucial to stabilize the industry economy. Entering 2022, the active promulgation of favourable regulatory policies has provided positive signals to the market. With the initial results of pandemic prevention and control, real estate sales in key cities across the country have steadily recovered and have basically bottomed out.

As an important service industry related to people's livelihood, the property management industry is supported by various government policies. With the recovery of sales by real estate developers, the increasingly diversified needs of property owners for the property management industry, the accelerated urbanization process and the upgrading of consumption and services, a series of market demands and industry development opportunities will drive the property management industry to move forward steadily amidst fluctuations. We remain positive and optimistic about the future development of the industry. We believe that with the effective guidance of national policies and healthy competition in the industry, we are capable of finding great room for development under various circumstances.

Under this circumstance, in the first half of 2022, the Group adhered to the goal of steady development. Instead of blindly following the trend nor restraining ourselves from making progress, we have been actively seeking development opportunities in the market and striving to develop into a diversified life service platform.

PENETRATING INTO THE YANGTZE RIVER DELTA REGION AND GUARANTEEING HIGH QUALITY OF SERVICES.

With its solid service quality and good market reputation, the Group was awarded "Top 48 among Top 100 Property Management Companies in 2022* (2022 年物業服務百強企業 TOP48)" and "Top 10 Enterprises in Hangzhou among Outstanding Service Enterprises in Main Cities in China in 2022* (2022 中國主要城市服務優秀企業杭州 TOP10)". Since its establishment in 1995, the Group has been working hard for more than 20 years and has won the market's recognition of the quality and services of the Group. As at 30 June 2022, the Group's management range has covered 19 cities in the PRC, providing high-quality property management services to 56 community properties.

EXPLORING URBAN SERVICES AND ACCUMULATING GROWTH MOMENTUM.

In 2019, the Group established a wholly-owned subsidiary, Hangzhou Herui Living Service Co., Ltd.* (杭州和瑞生活服務有限公司) (“**Hangzhou Herui**”), to expand urban services in old communities and actively explore the service models and implementation measures. Hangzhou Herui cooperated with Caihe Street, Shangcheng District, Hangzhou to implement the “Gold Butler (金牌管家)” of big property service and with linkage between property management companies and neighborhood committees, which realizes “low fees, high standards and large-scale governance in small communities”, thereby creating a unique “Caihe Model” when providing urban services. In the future, the Group will continue to actively participate in urban operations, realize the three-in-one implementation of city, space and user operations, and become a benchmark of urban service operations.

IMPLEMENTING SMART SERVICES AND EMPOWERING COMMUNITY PRODUCTS.

The Group closely followed the trend of national policies and social development, relied on new technologies such as mobile Internet, artificial intelligence and 5G, and collaborated with communities and property owners to explore the “1+1+N” smart community service model. By linking the residents, vehicles and various devices in the community on a smart IoT platform, we can realize community-wide management through real-time monitoring, analysis and early warning. Based on the intelligent underlying technology and ecology of the IoT, we integrated a comprehensive platform for community space intelligence and life services by combining the actual needs of property owners, and at the same time, we implemented service scenarios such as intelligent elevator control, intelligent lighting, emergency call and garbage classification.

The Group always regards high-quality services as the cornerstone of its corporate development, takes customers as the core, and actively expands its services around the life service needs of property owners. In the future, the Group will continue to improve its service and operation system to continuously enhance its service and management capabilities of various types, so that property services can create more value for property owners, society and all shareholders!

Yu Yun

Chairman of the Board

Hangzhou, 31 August 2022

Management Discussion and Analysis

BUSINESS OVERVIEW

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. 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**”). As a member of the China Property Management Institute, the Group ranked the 48th 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 2022. The Group was awarded as one of the Top 10 enterprises in Hangzhou in terms of main cities property services enterprises in 2022 by China Index Academy (中國指數院). The future community pilot plan of Caihe Street, Shangcheng District (the “**Future Community Pilot Plan**”) under the management of the Group was awarded as a benchmark project in terms of service capability in the year of 2022 by E-house China R&D Institute (易居研究院) and the Excellent Property Service Project by the three-party collaborative and governance leading group office of Shangcheng District Society, property owners’ associations and property management enterprises (上城區社區、業委會、物業服務企業三方協同治理工作領導小組辦公室).

As at 30 June 2022, the Group had 17 subsidiaries and 24 branches covering 19 cities in the PRC, the majority of which are located in Zhejiang province, providing property management services to 56 properties, including 41 residential properties and 15 non-residential properties, with a total GFA under management of approximately 9.3 million sq.m. and a total contracted GFA of 11.7 million sq.m. The Group firmly strived to achieve its business objectives of steady expansion in terms of management area, actively explored opportunities to acquire projects from independent third parties, reduced the proportion of related parties and achieved business growth through multiple channels.

The table below sets forth the changes in the GFA under management and number of managed projects of the Group as at 30 June 2022 and 2021:

	As at 30 June 2022	2021
GFA under management ('000 sq.m.)	9,266	7,688
Number of managed projects	56	49

The table below sets forth the GFA under management by region as at 30 June 2022 and 2021:

	As at 30 June					
	2022			2021		
	GFA (‘000 sq.m.)	%	Number	GFA (‘000 sq.m.)	%	Number
Hangzhou	4,974	53.7	30	4,881	63.5	28
Zhejiang Province (excluding Hangzhou)	2,149	23.2	13	1,272	16.5	11
Yangtze River Delta region (excluding Zhejiang Province)	2,099	22.7	12	1,195	15.5	8
Other regions	44	0.4	1	340	4.5	2
Total	9,266	100.0	56	7,688	100.0	49

Management Discussion and Analysis

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 RMB130.8 million, representing a decrease of 6.2% as compared with RMB139.4 million in the corresponding period in 2021. Among which, revenue from property management services was RMB92.3 million, revenue from value-added services to non-property owners was RMB22.4 million, revenue from community value-added services was RMB11.1 million and revenue from other businesses was RMB4.9 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 2022, the number of the managed projects reached 56 properties, with additional 13 properties newly entered into as compared with that in the corresponding period in 2021. 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 RMB74.1 million, representing an increase of 23.9% as compared with RMB59.8 million in the corresponding period in 2021. The rapid growth in revenue was mainly attributable to the rapid expansion of the GFA under management of residential properties.

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							
	2022				2021			
	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%
Residential properties	74,133	80.3	7,724	77.8	59,817	75.3	6,162	80.2
Non-residential properties	18,175	19.7	1,542	22.2	19,674	24.7	1,526	19.8
Total	92,308	100.0	9,266	100.0	79,491	100.0	7,688	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							
	2022				2021			
	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 ^{Note}	54,318	58.8	3,914	42.2	40,543	51.0	3,169	41.2
Properties co-developed by Sundy Land Group	15,421	16.7	2,377	25.7	19,415	24.4	1,673	21.8
Properties developed by independent third-party property developers	22,569	24.5	2,975	32.1	19,533	24.6	2,846	37.0
Total	92,308	100.0	9,266	100.0	79,491	100.0	7,688	100.0

Note: Sundy Land Group means Sundy Land Investment Co., Ltd.* (宋都基業投資股份有限公司) (“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 RMB22.4 million, accounting for 17.1% of the total revenue for the Period, representing a decrease of 44.1% as compared with RMB40.1 million in the corresponding period in 2021. The decrease in revenue was mainly attributable to the delay of pipeline projects during the Period and the decrease in the number of the pipeline projects as a result of the cyclical impact of the real estate market in the PRC.

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 2022, the number of the pipeline projects was 15 properties, representing a GFA of 2.4 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 centre with online platforms to improve management efficiency, optimise management costs, and achieve quality improvement.

During the Period, the revenue from community value-added services of the Group reached RMB11.1 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 continued to operate 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 RMB4.9 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 approximately RMB4,000.

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 centre; 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 2022, the Group will focus on the following aspects:

- Actively look for cooperation targets based in the Yangtze River Delta region: 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 centred on the Yangtze River Delta region. The Group attaches great importance to expansion quality and internal control to achieve expansion efficiency.
- Launch branded services for old communities and promote future community pilot works: The Group continues to adhere to its quality service strategy on the future community pilot works with local government. Under the cooperation among the Group, the government and the communities, the Group proactively promotes market expansion by using the brand effect of the Future Community Pilot Plan of Caihe Street and enhancing its service reputation in the managed projects.
- Expand the service scope of community value-added services and achieve a variety of business models: In the first half of 2022, based on the needs of the property owners, the Group commenced community retail service to further develop community value-added services and it plans to continue to do so in the second half of 2022. The Group also 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 RMB130.8 million, representing a decrease of 6.2% as compared with RMB139.4 million in the same period of 2021.

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

	For the six months ended 30 June			
	2022		2021	
	(RMB'000)	%	(RMB'000)	%
Property management services	92,308	70.6	79,491	57.0
Value-added services to non-property owners	22,377	17.1	40,069	28.8
Community value-added services	11,134	8.5	9,859	7.1
Other businesses	4,941	3.8	9,951	7.1
Total	130,760	100.0	139,370	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 RMB92.3 million, representing an increase of 16.1% as compared to RMB79.5 million in the same period of 2021, accounting for 70.6% 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 RMB22.4 million, representing a decrease of 44.1% as compared to RMB40.1 million in the same period of 2021, accounting for 17.1% of the total revenue during the Period. The decrease in revenue was mainly attributable to the delay of pipeline projects during the Period and the decrease in the number of the pipeline projects as a result of the cyclical impact of the real estate market in the PRC.

Management Discussion and Analysis

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 RMB11.1 million, representing an increase of 12.1% as compared to RMB9.9 million in the same period of 2021, accounting for 8.5% of the total revenue during the Period. The growth in revenue from community value-added services was mainly attributable to the extensive promotion of community retail service to property owners, which diversified the revenue base.

Other businesses: Other businesses include hotel business and long-term rental apartment business. During the Period, the Group realised revenue of RMB4.9 million, representing a decline of 51.0% as compared to RMB10.0 million in the same period of 2021, accounting for 3.8% of the total revenue during the Period. The decline in revenue from other businesses was mainly due to the decrease in number of customers with the controlling and preserving measures taken by the local government in the first half of 2022 and the delay of the furnishing and decoration process of the long-term rental apartment as a result of the COVID-19 pandemic.

Cost of sales

During the Period, the Group's cost of sales was RMB91.1 million, remaining stable as compared with the same period of 2021.

Gross profit and gross profit margin

Based on the above factors, during the Period, the Group realised gross profit of RMB39.6 million, representing a decrease of 17.0% as compared to RMB47.7 million in the same period of 2021. During the Period, the Group's gross profit margin decreased by 4.0 percentage points from the same period of 2021 to 30.3%, mainly due to the decrease in gross profit margin of community value-added services and other businesses.

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			
	2022		2021	
	Gross profit/(loss) (RMB'000)	Gross profit/ (loss) margin %	Gross profit (RMB'000)	Gross profit margin %
Property management services	25,377	27.5	21,293	26.8
Value-added services to non-property owners	9,133	40.8	17,062	42.6
Community value-added services	6,032	54.2	7,655	77.6
Other businesses	(916)	(18.5)	1,728	17.4
Total	39,626	30.3	47,738	34.3

Gross profit of property management services was RMB25.4 million, representing an increase of 19.2% as compared to RMB21.3 million in the same period of 2021. During the Period, the gross profit margin amounted to 27.5%, representing an increase of 0.7 percentage points as compared to 26.8% in the same period of 2021. 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 RMB9.1 million, representing a decrease of 46.8% as compared to RMB17.1 million in the same period of 2021. During the Period, the gross profit margin amounted to 40.8%, representing a decrease of 1.8 percentage points as compared to 42.6% in the same period of 2021. The decrease was mainly due to the decrease in the revenue of consulting services.

Gross profit of community value-added services was RMB6.0 million, representing a decrease of 22.1% as compared to RMB7.7 million in the same period of 2021. During the Period, the gross profit margin amounted to 54.2%, representing a decrease of 23.4 percentage points as compared to 77.6% in the same period of 2021. The decrease was mainly due to the decreasing demand of standardised remodelling and decoration services of bare shell property units because the property developers are encouraged to develop and sell the furnished property units.

Gross loss of other businesses was RMB0.9 million, representing a decrease of RMB2.6 million as compared to gross profit of RMB1.7 million in the same period of 2021. During the Period, the gross loss margin amounted to 18.5%, representing a decrease of 35.9 percentage points as compared to the gross profit margin of 17.4% in the same period of 2021. The decrease was mainly due to the controlling policies of COVID-19 pandemic applied nationwide in the first half of 2022, which accounted to loss in the hotel business and long-term apartment rental business.

Other revenue

During the Period, other revenue of the Group was RMB8.0 million, increasing by RMB7.1 million as compared to RMB0.9 million in the same period of 2021, mainly due to (i) the increase of the government grants; (ii) the revenue generated from the cross-guarantee agreement with Sundry Holdings Group; and (iii) fair value gain from a joint venture, which subsequently became a subsidiary of the Company during the Period.

Selling and marketing expenses

During the Period, selling and marketing expenses of the Group amounted to RMB0.2 million, representing a decrease of 60.0% as compared to RMB0.5 million in the same period of 2021, mainly due to the decrease in sales commission expenses from hotel business as a result of COVID-19 pandemic.

Administrative expenses

During the Period, administrative expenses of the Group amounted to RMB13.9 million, representing a decrease of 5.4% as compared to RMB14.7 million in the same period of 2021, mainly due to the Listing expenses incurred in the first half of 2021.

Management Discussion and Analysis

Net finance income/(costs)

During the Period, the Group's net finance income increased from RMB0.6 million in the same period of 2021 to RMB1.4 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 an associate and joint ventures

During the Period, the Group recorded share of losses of its associate, namely Ningbo Hesheng City Service Development Co., Ltd.* (寧波和晟城市服務發展有限公司), which was newly established, of a total of approximately RMB0.1 million, mainly due to the increase of the expenses incurred during the commencement stage of the business.

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), Ningbo Songjie Enterprise Management Partnership (Limited Partnership)* (寧波宋捷企業管理合夥企業(有限合夥)) and Sundy Lvgang (Taizhou) Service Co., Ltd.* (宋都旅港(台州)物業服務有限公司) (“**Sundy Lvgang**”), of a total of approximately RMB0.3 million, representing a significant increase as compared to RMB28,000 in the same period of 2021, mainly due to the business expansion of Sundy Lvgang.

Profits before tax

During the Period, the Group's profits before tax was RMB25.8 million, representing a decline of 19.9% from RMB32.2 million in the same period of 2021. The decline was mainly due to the decrease of the revenue and the recognition as expenses of the cross-guarantee agreement with Sundy Holdings Group.

Income tax

During the Period, the Group's income tax expenses decreased by 27.6% from RMB8.7 million in the same period of 2021 to RMB6.3 million, mainly due to the decrease of the Group's profit before tax, leading to corresponding decrease in income tax expenses.

Profit for the period

During the Period, the Group's profit for the period was RMB19.5 million, representing a decline of 17.0% from RMB23.5 million in the same period of 2021.

During the Period, profit attributable to controlling shareholders of the Company was RMB19.2 million, representing a decline of 17.9% from RMB23.4 million in the same period of 2021.

Current assets, financial resources and current ratio

In the first half of 2022, the financial position of the Group remained stable. As at 30 June 2022, current assets were RMB488.1 million, representing an increase of 5.9% as compared with RMB461.0 million as at 31 December 2021.

As at 30 June 2022, the Group's cash and cash equivalents were RMB148.0 million, representing a decrease of 53.5% as compared with RMB318.2 million as at 31 December 2021, mainly due to the net cash used in operating activities and investing activities and a pledge of bank deposit of RMB135.0 million recognised as restricted bank balances. The current ratio (calculated by dividing current assets by current liabilities) of the Group decreased from 2.59 times as at 31 December 2021 to 2.54 times as at 30 June 2022.

As at 30 June 2022, the gearing ratio (calculated as net debt divided by total equity) is not applicable because the Company recorded a net cash position.

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 2022, the property, plant and equipment of the Group amounted to RMB17.0 million, representing a decrease of 6.1% as compared with RMB18.1 million as at 31 December 2021, mainly due to the increase in accumulated depreciation.

Capital structure

There has been no change in capital structure of the Company during the six months ended 30 June 2022. The capital of the Company comprises ordinary shares and other reserves.

Trade and other receivables

As at 30 June 2022, trade and other receivables of the Group amounted to RMB183.0 million, representing an increase of 44.0% as compared with RMB127.1 million as at 31 December 2021, mainly due to the increase in trade receivables from related parties as well as business expansion.

Trade and other payables

As at 30 June 2022, trade and other payables of the Group amounted to RMB135.2 million, representing an increase of 5.1% as compared with RMB128.7 million as at 31 December 2021, mainly due to the increase in trade payables to related parties.

Contingent liabilities

Referring to the announcement of the Company dated 31 January 2022, in order to meet the financing needs of Sundy Property and Sundy Holdings Group and requirements of some financial institutions on third party guarantees when financing, Sundy Property entered into the cross-guarantee agreement with Sundy Holdings (for itself and as trustee for the benefit of other members of Sundy Holdings Group), pursuant to which Sundy Property and Sundy Holdings Group agreed to provide guarantee in respect of their borrowings or financing from banks or financial institutions for each other. The respective accumulated amount under the cross-guarantee arrangement shall not exceed RMB150.0 million. The transactions contemplated therein were approved by the shareholders at the extraordinary general meeting held on 25 March 2022.

Management Discussion and Analysis

As at 30 June 2022, Sundy Holdings had a loan of RMB128.0 million from a bank for its business need and was secured by a pledge of certain bank deposit of Sundy Property. Sundy Property was entitled to a commission fee of 4% which would be payable by Sundy Holdings Group for the amount of guarantee provided to Sundy Holdings Group, as well as any interest, fees, damages and enforcement expenses for breach of the relevant loan. During the Period, the Group recorded commission income as RMB0.9 million from the cross-guarantee arrangement.

Save as disclosed above, during the Period, the Group did not have any material contingent liabilities (31 December 2021: 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.

Pledged assets

As at 30 June 2022, the Group provided a pledge of bank deposit of RMB135.0 million to Sundy Holdings under the cross-guarantee agreement and amounted to RMB6.5 million as current liabilities (31 December 2021: nil).

Human resources and remuneration policies

As at 30 June 2022, the Group employed a total of 689 employees (30 June 2021: 740 employees). The staff costs of the Group for the six months ended 30 June 2022 were RMB37.6 million (for the six months ended 30 June 2021: RMB33.1 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 Group 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.

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.

USE OF PROCEEDS FROM THE LISTING AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The net proceeds from the Listing received by the Company, after deducting the underwriting commission, fees and estimated expenses payable by the Company in connection with the Listing, amounted to approximately HK\$133.2 million (based on the final offer price of HK\$0.25 per share). The net proceeds from the Listing are intended to 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**”) and with details of the actual use of such proceeds as set out as follows:

- 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 15.3% of the amount has been utilised, mainly for investment in a joint venture and an associate 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, all of the amount has been used for investing in digital upgrade among the certain future communities;
- 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 development of a mobile application for property owners and residents. As at the date of this report, all of the amount has been utilised to develop and upgrade the online-offline mobile application;
- 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, approximately 55.2% of the amount has been utilised, mainly for investing in childcare, babysitting and elderly care services for residents 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 88.7% of the amount has been used, mainly for payment of daily operation and it is expected to be fully utilised by 31 December 2023.

EVENTS AFTER THE PERIOD

On 15 August 2022, the Company announced that the litigation in relation to the claims made by the second property owners' association of Songdu Chenguang International Garden Community, Qiantang New District, Hangzhou* (杭州市錢塘新區宋都晨光國際花園小區) against Sundry Property as the defendant for the contractual disputes had been recently dismissed by the People's Court of Qiantang District, Hangzhou* (杭州市錢塘區人民法院).

Save as disclosed above, no other significant events took place subsequent to 30 June 2022 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 2022 (six months ended 30 June 2021: Nil).

AUDIT COMMITTEE AND REVIEW OF INTERIM REPORT

The Company has established its 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 the unaudited interim financial statements and interim results for the six months ended 30 June 2022, as well as this report.

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 during the Period 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 2022, 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 2022, 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 2022, 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. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised.

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 under 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. The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered.

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 during the Period and 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, during the Period and up 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 during the Period and up to the date of this report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period and up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CHANGE IN DIRECTORS’ INFORMATION

Since May 2022, Ms. Yu Yun has been appointed as the company secretary of Sundry Land, which is listed on the Shanghai Stock Exchange (stock code: 600077).

Since May 2022, Mr. Zhang Jingzhong has been an independent director of Poly Developments and Holdings Group Co., Ltd.* (保利發展控股集團股份有限公司), a real estate developer listed on the Shanghai Stock Exchange (stock code: 600048).

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 during the Period and up to the date of this report.

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

Hong Kong, 31 August 2022

* 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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4	130,760	139,370
Cost of sales		(91,134)	(91,632)
Gross profit		39,626	47,738
Interest income		1,471	758
Other income	6	7,969	928
Selling and marketing expenses		(162)	(458)
Administrative expenses		(13,851)	(14,666)
Impairment loss on trade and other receivables		(1,358)	(1,717)
Other expenses		(8,011)	(196)
Share of profit of joint ventures		316	28
Share of loss of an associate		(132)	–
Finance costs	7	(75)	(210)
Profit before taxation		25,793	32,205
Income tax	8	(6,342)	(8,742)
Profit for the period	9	19,451	23,463
Other comprehensive income/(expense):			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of the Company		713	(709)
		713	(709)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		292	(35)
		292	(35)
Total comprehensive income for the period		20,456	22,719
Profit for the period attributable to:			
Owners of the Company		19,168	23,434
Non-controlling interests		283	29
		19,451	23,463
Total comprehensive income for the period attributable to:			
Owners of the Company		20,173	22,690
Non-controlling interests		283	29
		20,456	22,719
Earnings per share			
– Basic and diluted (RMB cents)	10	0.60	0.75

Condensed Consolidated Statement of Financial Position

as at 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	16,962	18,095
Intangible assets		5,101	233
Goodwill		1,242	–
Right-of-use assets		454	204
Investment in joint ventures		2,425	2,824
Investment in an associate		5,868	–
Deferred tax assets		6,295	5,675
		38,347	27,031
Current assets			
Inventories		280	332
Contract assets		780	846
Trade and other receivables	12	182,973	127,092
Amount due from a joint venture		–	1
Financial assets at fair value through profit or loss		1,100	1,100
Property held for sale		10,102	1,588
Restricted bank balances		144,830	11,906
Cash and cash equivalents		148,000	318,169
		488,065	461,034
Current liabilities			
Contract liabilities		40,925	33,518
Advances from lessees		58	38
Trade and other payables	13	135,209	128,737
Lease liabilities		108	41
Financial guarantee contract	14	6,493	–
Current taxation		8,528	15,561
Deferred tax liabilities		1,100	–
		192,421	177,895
Net current assets		295,644	283,139
TOTAL ASSETS LESS CURRENT LIABILITIES		333,991	310,170
Non-current liabilities			
Lease liabilities		364	167
		364	167
NET ASSETS		333,627	310,003
Capital and reserves			
Share capital	15	208	208
Reserves		328,408	308,235
Equity attributable to owners of the Company		328,616	308,443
Non-controlling interests		5,011	1,560
TOTAL EQUITY		333,627	310,003

The condensed consolidated financial statements on pages 23 to 44 were approved and authorised for issue by the board of directors on 31 August 2022 and are signed on its behalf by:

Yu Yun
Director

Zhu Yihua
Director

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2022

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium*	Capital reserves*	PRC		Retained profits*	Total	Total		
				statutory reserves*	Exchange reserves*					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2021 (Audited)	7	40,331	(33,780)	11,980	(34)	97,491	115,995	1,278	117,273	
Profit for the period (Unaudited)	-	-	-	-	-	23,434	23,434	29	23,463	
Other comprehensive expense for the period (Unaudited)	-	-	-	-	(744)	-	(744)	-	(744)	
Total comprehensive income for the period (Unaudited)	-	-	-	-	(744)	23,434	22,690	29	22,719	
Issue of shares (Unaudited)	52	138,202	-	-	-	-	138,254	-	138,254	
Capitalisation issue (Unaudited)	149	(149)	-	-	-	-	-	-	-	
At 30 June 2021 (Unaudited)	208	178,384	(33,780)	11,980	(778)	120,925	276,939	1,307	278,246	

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium*	Capital reserves*	PRC		Retained profits*	Total	Total		
				statutory reserves*	Exchange reserves*					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2022 (Audited)	208	178,384	(33,780)	17,906	(466)	146,191	308,443	1,560	310,003	
Profit for the period (Unaudited)	-	-	-	-	-	19,168	19,168	283	19,451	
Other comprehensive income for the period (Unaudited)	-	-	-	-	1,005	-	1,005	-	1,005	
Total comprehensive income for the period (Unaudited)	-	-	-	-	1,005	19,168	20,173	283	20,456	
Acquisition of a subsidiary (Unaudited)	-	-	-	-	-	-	-	3,168	3,168	
Appropriation to statutory reserves (Unaudited)	-	-	-	3,794	-	(3,794)	-	-	-	
At 30 June 2022 (Unaudited)	208	178,384	(33,780)	21,700	539	161,565	328,616	5,011	333,627	

* These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash used in operations	(145,626)	(17,881)
Income tax paid	(13,985)	(5,019)
Net cash used in operating activities	(159,611)	(22,900)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,223)	(570)
Acquisition of intangible assets	(522)	–
Proceeds from disposal of property, plant and equipment	8	–
Payments for investment in a joint venture	(900)	(1,647)
Payments for investment in an associate	(6,010)	–
Acquisition of a subsidiary	4,787	–
Payment related to potential acquisition	–	(25,000)
Acquisition of property held for sale	(8,514)	–
Payment from a joint venture	1	–
Interest received	918	69
Net cash used in investing activities	(11,455)	(27,148)
Cash flows from financing activities		
Proceed from issue of shares	–	138,254
Capital element of lease rentals paid	(85)	(373)
Interest element of lease rentals paid	(33)	(19)
Net cash (used in)/generated from financing activities	(118)	137,862
Net (decrease)/increase in cash and cash equivalents	(171,184)	87,814
Cash and cash equivalents at the beginning of the period	318,169	192,195
Effect of foreign exchange rate changes	1,015	(297)
Cash and cash equivalents at the end of the period	148,000	279,712
Analysis of cash and cash equivalents		
Bank and cash balances	148,000	279,712

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The unaudited condensed consolidated interim financial statements are presented in Renminbi (“RMB”). RMB is the functional currency of the Company’s subsidiaries established in the mainland China. The functional currency of the Company and the Company’s subsidiaries outside the mainland China are Hong Kong dollars. The Group translates the unaudited condensed consolidated interim financial statements of the Company and the Company’s subsidiaries outside mainland China from HKD into RMB.

2. Principal accounting policies

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis, as modified by the investments that are measured at fair values at the end of each reporting period. They are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2021. The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2021.

3. Adoption of new and revised International Financial Reporting Standards

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards (the “IFRSs”) issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. IFRSs comprise International Financial Reporting Standards (the “IFRS”); International Accounting Standards (the “IAS”); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The application of these new IFRSs will not have material impact on the condensed consolidated financial statements of the Group.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

4. 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.

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue from contracts with customers:		
Property management services	92,308	79,491
Value-added services to non-property owners	22,377	40,069
Community value-added services	11,134	9,859
Hotel business		
– Rooms operation services	4,054	7,835
– Sales of food and beverage	122	57
	129,995	137,311
Revenue from other sources:		
Hotel business		
– Leasing of commercial shopping arcades	761	1,029
Long-term rental apartment business	4	1,030
	765	2,059
Total revenue	130,760	139,370

Note: For the six months ended 30 June 2022, the revenue from Zhejiang Sundry Holdings Co., Ltd.* (浙江宋都控股有限公司) (“Sundry Holdings”) and its subsidiaries (collectively, “Sundry Holdings Group”), a related party of the Group, accounted for 21% (six months ended 30 June 2021: 32%) of the Group’s revenue. The Group has a large number of customers in addition to Sundry Holdings Group, but none of them accounted for more than 10% or more of the Group’s revenue during the period.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

4. Revenue (continued)

Disaggregation of revenue from contracts with customers:

The major operating entities of the Group are domiciled in the PRC. Accordingly, all the Group's revenues were derived in the PRC for the six months ended 30 June 2022 and 2021.

For the six months ended 30 June 2022	Property management services RMB'000 (Unaudited)	Value-added services to non-property owners RMB'000 (Unaudited)	Community value-added services RMB'000 (Unaudited)	Hotel business – rooms operation services and sales of food and beverage RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Timing of revenue recognition					
At a point in time	–	–	–	122	122
Over time	92,308	22,377	11,134	4,054	129,873
	92,308	22,377	11,134	4,176	129,995

For the six months ended 30 June 2021	Property management services RMB'000 (Unaudited)	Value-added services to non-property owners RMB'000 (Unaudited)	Community value-added services RMB'000 (Unaudited)	Hotel business – rooms operation services and sales of food and beverage RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Timing of revenue recognition					
At a point in time	–	–	–	57	57
Over time	79,491	40,069	9,859	7,835	137,254
	79,491	40,069	9,859	7,892	137,311

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

5. Segment information

(a) 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 venture.

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for the six months ended 30 June 2022

5. Segment information (continued)

(a) Segment reporting (continued)

Segment revenue and results

For the six months ended 30 June 2022

	Property management services and the corresponding value-added services RMB'000 (Unaudited)	Hotel business services RMB'000 (Unaudited)	Long- term rental apartment services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from external customers	125,819	4,937	4	130,760
Inter-segment sales	74	–	–	74
Reportable segment revenue	125,893	4,937	4	130,834
Segment profit/(loss)	27,304	(1,510)	(1)	25,793

For the the six months ended 30 June 2021

	Property management services and the corresponding value-added services RMB'000 (Unaudited)	Hotel business services RMB'000 (Unaudited)	Long- term rental apartment services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from external customers	129,419	8,921	1,030	139,370
Inter-segment sales	85	–	–	85
Reportable segment revenue	129,504	8,921	1,030	139,455
Segment profit/(loss)	32,141	(124)	188	32,205

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for the six months ended 30 June 2022

5. Segment information (continued)

(a) Segment reporting (continued)

Segment assets and liabilities

As at 30 June 2022

	Property management services and the corresponding value-added services RMB'000 (Unaudited)	Hotel business services RMB'000 (Unaudited)	Long- term rental apartment services RMB'000 (Unaudited)	Reconciling items RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets	516,215	18,917	457	(9,177)	526,412
Segment liabilities	188,934	13,028	–	(9,177)	192,785

As at 31 December 2021

	Property management services and the corresponding value-added services RMB'000 (Audited)	Hotel business services RMB'000 (Audited)	Long- term rental apartment services RMB'000 (Audited)	Reconciling items RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets	475,885	20,542	852	(9,214)	488,065
Segment liabilities	173,729	13,425	122	(9,214)	178,062

Information about non-current assets

As at 30 June 2022 and 2021, all of the non-current assets of the Group were located in the PRC.

6. Other income

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Government grants	2,277	321
Exchange gain	50	–
Commission income on financial guarantee	912	–
Amortization on financial guarantee contract	1,407	–
Fair value gain on investment in a joint venture	2,924	–
Others	399	607
	7,969	928

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

7. Finance costs

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on lease liabilities	33	24
Interest expenses on contract liabilities	–	181
Others	42	5
	75	210

8. Income tax

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax (“EIT”)	6,952	9,138
Deferred tax	(610)	(396)
	6,342	8,742

Pursuant to the rules and regulations of the Cayman Island and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

For the six months ended 30 June 2022 and 2021, Hong Kong Profits Tax is calculated under two-tier profits tax system where the first HK\$2 million of estimated assessable profits is taxed at a reduced rate of 8.25% and the remaining of estimated assessable profits is taxed at 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to the tax during the six months ended 30 June 2022 and 2021.

The Group’s PRC subsidiaries are subject to the PRC income tax rate of 25%. For Hangzhou Songdu Exhibition Co., Ltd.* (杭州頌都會展有限公司) (“**Songdu Exhibition**”), Hangzhou Hongdu Information Engineering Co., Ltd.* (杭州鴻都信息工程有限公司) (“**Hongdu Information**”), Hangzhou Lusong Property Service Co., Ltd.* (杭州綠宋物業服務有限公司) (“**Lusong Property**”), Hangzhou Herui Living Service Co., Ltd.* (杭州和瑞生活服務有限公司) (“**Hangzhou Herui**”), Quzhou Changshan Sundry Property Service Co., Ltd.* (衢州常山宋都物業服務有限公司) (“**Changshan Sundry**”), Ningbo Fenghua Sundry Property Management Service Co., Ltd.* (寧波奉化宋都物業服務有限公司) (“**Ningbo Sundry**”), Hangzhou Sundry Hemei Property Management Service Co., Ltd.* (杭州宋都和美物業服務有限公司), they were recognised as a small profit enterprise in 2022 (2021: Songdu Exhibition, Hongdu Information, Lusong Property, Hangzhou Herui, Jilin Sundry Property Management Service Co., Ltd.* (吉林宋都物業服務有限公司), Hangzhou Sundry Real Estate Agency Co., Ltd.* (杭州宋都房地產代理有限公司), Hangzhou Herui Commercial and Trade Service Co., Ltd.* (杭州和瑞商貿服務有限公司), Ningbo Sundry and Changshan Sundry). 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 2021: 12.5%) as taxable income amount, and be subject to enterprise income tax at 20% (six months ended 30 June 2021: 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 2021: 50%) as taxable income amount, and be subject to enterprise income tax at 20% (six months ended 30 June 2021: 20%).

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

9. Profit for the period

The Group's profit for the period is stated after charging the following:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	2,062	2,258
Depreciation of right-of-use assets	99	83
Depreciation of investment properties	–	484
Amortisation of intangible assets	54	46
Listing expenses	308	2,990
Impairment loss on trade and other receivables	1,358	1,717
Loss on disposal/written off of property, plant and equipment	318	–
Recognition of financial guarantee contracts (included in other expenses)	7,900	–
Staff costs	32,780	31,015
Retirement benefits scheme contributions	4,787	2,117
	37,567	33,132

10. Earnings per share

The calculation of the basic earnings per share for the period is based on the profit for the six months ended 30 June 2022 attributable to the owners of the Company of approximately RMB19,168,000 (six months ended 30 June 2021: RMB23,434,000) and on the weighted average number of shares in issue during the period of approximately 3,200,000,000 (six months ended 30 June 2021: 3,124,861,878).

No diluted loss per share is presented as the Company had no potential ordinary shares outstanding for the six months ended 30 June 2022 and 2021.

11. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately RMB1,223,000 (six months ended 30 June 2021: approximately RMB504,000).

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

12. Trade and other receivables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables		
– Related parties	96,629	67,918
– Third parties	91,710	61,010
Less: loss allowance	(17,709)	(16,927)
	170,630	112,001
Other debtors		
– Related parties	3,452	3,661
– Third parties	1,257	806
	4,709	4,467
Deposits and prepayments	7,634	10,624
	7,634	10,624
	182,973	127,092

Trade receivables are primarily related to revenue recognised from the provision of property management services, value-added services to non-property owners, community value-added services and hotel business.

The ageing analysis of trade receivables based on the date of revenue recognition and net of loss allowance is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Related parties		
0 to 180 days	40,293	46,960
181 to 365 days	48,487	14,577
1 to 2 years	3,107	175
Third parties		
0 to 180 days	50,042	31,445
181 to 365 days	20,337	14,367
1 to 2 years	8,364	4,477
	170,630	112,001

Trade receivables are due when the receivables are recognised.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

13. Trade and other payables

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables			
– Related parties	(a)	9,969	974
– Third parties	(b)	54,598	57,439
		64,567	58,413
Other payables			
– Related parties	(a)	2,066	2,024
– Deposits	(c)	6,044	4,300
– Other taxes and surcharges payable		1,031	1,384
– Cash collected on behalf of the property owners' associations		9,830	11,906
– Temporary receipts from property owners	(d)	30,818	28,117
– Listing expenses		–	–
– Others		4,757	4,956
		54,546	52,687
Accrued payroll and other benefits		16,096	17,637
		135,209	128,737

Notes:

- (a) The amounts due to related parties are unsecured and interest-free. Details of the amounts due to related parties are set out in Note 19.
- (b) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers.
- (c) Deposits mainly represent miscellaneous decoration deposits received from property owners for the decoration period.
- (d) Temporary receipts represent utility charges received from property owners on behalf of utility companies.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

13. Trade and other payables (continued)

The ageing analysis of trade payables, based on invoice date is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Related parties		
Within 1 year	9,969	970
After 1 year but within 2 years	–	4
Third parties		
Within 1 year	37,353	40,555
After 1 year but within 2 years	13,571	12,688
After 2 year but within 3 years	1,265	1,358
Over 3 years	2,409	2,838
	64,567	58,413

14. Financial guarantee contract

On 31 January 2022, in order to meet the financing needs of Hangzhou Sundy Property Management Co., Ltd.* (杭州宋都物業經營管理有限公司) (“**Sundy Property**”) (an indirect wholly-owned subsidiary of the Company) and Sundy Holdings Group and requirements of some financial institutions on third party guarantees when financing, Sundy Property entered into the cross-guarantee agreement with Sundy Holdings (for itself and as trustee for the benefit of other members of Sundy Holdings Group), pursuant to which Sundy Property and Sundy Holdings Group agreed to provide guarantee in respect of their borrowings or financing from banks or financial institutions for each other. For details, please refer to the announcements and circular dated on 31 January 2022, 28 February 2022 and 25 March 2022. The respective accumulated amount under the cross-guarantee arrangement shall not exceed RMB150 million. The transactions were approved by the shareholders at the extraordinary general meeting held on 25 March 2022.

Sundy Holdings drew down loan of RMB128 million in April 2022 under the above guarantee. Pursuant to the financial guarantee contract, Sundy Property is entitled to a commission fee of 4% which will be payable by Sundy Holdings Group for any amount of guarantee provided to Sundy Holdings Group, as well as any interest, fees, damages and enforcement expenses for breach of the relevant loan. The Group recorded commission income of RMB0.9 million from the above guarantee.

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for the six months ended 30 June 2022

15. Share capital

	Number of shares	Amount equivalent to RMB'000
Authorised:		
Shares of the Company with nominal value of USD0.00001 each		
At 1 January 2021 (audited), 31 December 2021 (audited) and 30 June 2022 (unaudited)	5,000,000,000	350
Issued and fully paid:		
At 1 January 2021 (audited)	100,000,000	7
Issuance of ordinary shares upon initial public offering (i)	800,000,000	52
Capitalisation issue on 18 January 2021 (ii)	2,300,000,000	149
At 31 December 2021 (audited) and 30 June 2022 (unaudited)	3,200,000,000	208

Notes:

- (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 RMB138,254,000 out of which RMB52,000 and RMB138,202,000 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.

16. ACQUISITION OF A SUBSIDIARY

On 30 June 2022, the Group has obtained control on Sundy Lvgang (Taizhou) Service Co., Ltd. (“Lvgang Service”) (宋都旅港(台州)物業服務有限公司). Prior to the acquisition, the Group already held 51% equity interest in Lvgang Service, which was recognised as a joint venture of the Group. After the Group obtained control in Lvgang Service on 30 June 2022, Lvgang Service became a non-wholly owned subsidiary of the Group since then.

The fair value of identifiable assets and liabilities at the date of acquisition is as follows:

	Fair value at date of acquisition
Property, plant and equipment	32
Intangible assets	4,400
Trade receivables	106
Cash and cash equivalents	4,787
Trade and other payables	(378)
Contract liabilities	(1,382)
Deferred tax liabilities	(1,100)
Total identifiable net assets acquired	6,465
Fair value of the equity interest held before the business combination	(4,539)
Goodwill	1,242
Non-controlling interest	(3,168)
Consideration	–
Less:	
Cash consideration paid	–
Less: Cash and cash equivalents acquired	4,787
Net cash inflow	4,787

17. Capital commitments

The Group did not have any material capital commitments as at 30 June 2022 and 31 December 2021.

18. Contingent liabilities

Other than the financial guarantee contract disclosed in note 14, the Group did not have any material contingent liabilities as at 30 June 2022 and 31 December 2021.

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for the six months ended 30 June 2022

19. Related party transactions

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions for the six months ended 30 June 2022.

(a) Name of and relationship with related parties

During the period, 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 Group including	Corporate controlled by
(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	Mr. Yu Jianwu
(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	
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
Zhoushan Rongdu Property Co., Ltd. 舟山榮都置業有限公司	Joint venture of Sundy Holdings
Greenland Holdings Corporation Hangzhou Twin Towers Property Co., Ltd. 綠地控股集團杭州雙塔置業有限公司	Joint venture of Sundy Holdings
Liuzhou Shuangdu Real Estate Co., Ltd. 柳州雙都置業有限公司	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
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 Xuandu Real Estate Development Co., Ltd. 杭州軒都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 Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

19. Related party transactions (continued)

(b) Significant related party transactions

The particulars of significant transactions between the Group and the above related parties for the six months ended 30 June 2022 presented are as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Property management services and the corresponding value-added services:		
(i) Property management services		
– Sundy Holdings Group		
– Sundy Land and its subsidiaries	10,193	13,364
– Zhizhonghe Industry and its subsidiaries	990	775
– Associates and joint ventures of Sundy Holdings	344	56
– Sundy Yangguang Kindergarten	36	36
(ii) Value-added services to non-property owners		
– Sundy Land and its subsidiaries	16,129	29,329
– Associates and joint ventures of Sundy Holdings	4,694	5,686
(iii) Remodelling and decoration of property units		
– Sundy Land and its subsidiaries	34	–
– Associates and joint ventures of Sundy Holdings	–	125
(iv) Other community value-added services		
– Sundy Land and its subsidiaries	529	783
– Associates and joint ventures of Sundy Holdings	51	98
Hotel business services		
(i) Hotel operation income from:		
– Sundy Land and its subsidiaries	78	73
– Associates and joint ventures of Sundy Holdings	3	7
(ii) Variable lease expenses to:		
– Sundy Land and its subsidiaries	1,318	1,935
Long-term rental apartment business		
Rental income from:		
– Zhizhonghe Industry and its subsidiaries	–	15
Leases of office buildings and staff dormitories		
(i) Interest expenses for lease liabilities		
– Sundy Land and its subsidiaries	–	4
(ii) Payments of lease liabilities		
– Sundy Land and its subsidiaries	–	51
(iii) Short-term lease expenses to		
– Sundy Holdings Group		
– Sundy Land and its subsidiaries	208	32
– Zhizhonghe Industry and its subsidiaries	14	–
Purchase goods from:		
– Zhizhonghe Industry and its subsidiaries	44	233
Financial guarantee contract		
– Commission income from Sundy Holdings Group	912	–

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19. Related party transactions (continued)

(c) Balances with related parties

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade related		
Trade receivables		
– Sundry Holdings Group		
– Sundy Land and its subsidiaries	79,509	53,084
– Zhizhonghe Industry and its subsidiaries	1,192	–
– Associates and joint ventures of Sundy Holdings	11,186	8,628
	91,887	61,712
Trade payables		
– Sundry Holdings Group		
– Sundy Land and its subsidiaries	814	861
– Zhizhonghe Industry and its subsidiaries	106	113
– Associates and joint ventures of Sundy Holdings	9,013	–
– Greenland Property	36	–
	9,969	974
Contract assets		
– Sundy Land and its subsidiaries	77	77
– Associates and joint ventures of Sundy Holdings	703	769
	780	846
Contract liabilities		
– Sundy Land and its subsidiaries	119	1,945
– Associates and joint ventures of Sundy Holdings	266	247
	385	2,192
Non-trade related		
Other receivables		
– Sundy Land and its subsidiaries	30	239
– Joint venture of Sundy Holdings (Note i)	3,422	3,422
	3,452	3,661
Other payables		
– Greenland Property	2,066	2,024

Notes:

- (i) The balance of other receivables due from joint venture of Sundy Holdings as at 30 June 2022 and 31 December 2021 includes certain performance guarantee deposit of RMB3,422,000 to secure the quality of property management services provided to Twin Towers Property.

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20. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 June 2022:

	Fair value measurements using			Total RMB'000 (Unaudited)
	Level 1: RMB'000 (Unaudited)	Level 2: RMB'000 (Unaudited)	Level 3: RMB'000 (Unaudited)	
Recurring fair value measurements:				
Assets:				
Financial assets at FVTPL	-	1,100	-	1,100
Total recurring fair value measurements	-	1,100	-	1,100

Disclosures of level in fair value hierarchy at 31 December 2021:

	Fair value measurements using			Total RMB'000 (Audited)
	Level 1: RMB'000 (Audited)	Level 2: RMB'000 (Audited)	Level 3: RMB'000 (Audited)	
Recurring fair value measurements:				
Assets:				
Financial assets at FVTPL	-	1,100	-	1,100
Total recurring fair value measurements	-	1,100	-	1,100

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20. FAIR VALUE MEASUREMENTS (continued)

- (b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

Level 2 fair value measurements

Description	As at 30 June	As at 31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Financial assets at FVTPL	1,100	1,100

21. Approval of condensed consolidated financial statements

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 August 2022.