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**SUNDY 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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Sundy Service Group Co. Ltd (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023. The results of the Group for the Period have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board on 30 August 2024.

Certain amount and percentage figure included in this announcement 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.

### **RESULTS HIGHLIGHTS**

#### **Financial performance of the Group**

- Revenue of the Group was RMB117.6 million during the Period, representing a decrease of 13.7% as compared with RMB136.2 million in the corresponding period in 2023.
- Revenue generated from four business lines during the Period are as follows: (i) revenue from property management services was RMB92.1 million, representing a decrease of 4.9% as compared with that in the corresponding period in 2023; (ii) revenue from value-added services to non-property owners was RMB6.8 million, representing a decrease of 64.8% as compared with that in the corresponding period in 2023; (iii) revenue from community value-added services was RMB8.6 million, representing a decrease of 18.1% as compared with that in the corresponding period in 2023; and (iv) revenue from other businesses was RMB10.1 million, representing an increase of 4.1% as compared with that in the corresponding period in 2023.
- Gross profit was RMB21.9 million during the Period, representing a decrease of 19.8% as compared with that in the corresponding period in 2023. Gross profit margin was 18.6% during the Period, representing a decrease of 1.5 percentage points as compared with that in the corresponding period in 2023.
- Profit attributable to owners of the Company was RMB5.3 million during the Period, representing an increase of 17.8% as compared with RMB4.5 million in the corresponding period in 2023.
- The Group’s total gross floor area (“**GFA**”) under management was 9.0 million sq.m. as at 30 June 2024, remaining stable as compared with that as at 30 June 2023. The Group’s total contracted GFA was 10.5 million sq.m. as at 30 June 2024.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*for the six months ended 30 June 2024*

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>117,602</b>	136,180
Cost of sales and services rendered		<u>(95,723)</u>	<u>(108,847)</u>
<b>Gross profit</b>		<b>21,879</b>	27,333
Interest income		1,220	1,299
Other income and gains	6	1,741	8,287
Selling and marketing expenses		(487)	(501)
Administrative expenses		(13,219)	(13,510)
Impairment loss on trade and other receivables		(6,305)	(16,844)
Other expenses		(168)	(37)
Share of profit of joint ventures		–	82
Share of profit of an associate		402	733
Finance costs	7	<u>(42)</u>	<u>(57)</u>
<b>Profit before taxation</b>		<b>5,021</b>	6,785
Income tax expense	8	<u>(682)</u>	<u>(1,004)</u>
<b>Profit for the period</b>	9	<u><b>4,339</b></u>	<u>5,781</u>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of the Company		<u>652</u>	<u>6,377</u>
		<u>652</u>	<u>6,377</u>
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>(442)</u>	<u>(5,213)</u>
		<u>(442)</u>	<u>(5,213)</u>
<b>Total comprehensive income for the period</b>		<u><b>4,549</b></u>	<u>6,945</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (CONTINUED)**

*for the six months ended 30 June 2024*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>5,310</b>	4,496
Non-controlling interests		<b>(971)</b>	1,285
		<b><u>4,339</u></b>	<b><u>5,781</u></b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>5,520</b>	5,660
Non-controlling interests		<b>(971)</b>	1,285
		<b><u>4,549</u></b>	<b><u>6,945</u></b>
<b>Earnings per share</b>			
– Basic and diluted (RMB cents)	<i>10</i>	<b><u>0.14</u></b>	<b><u>0.14</u></b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*at 30 June 2024*

	<i>Notes</i>	As at <b>30 June 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>22,201</b>	26,615
Goodwill		–	1,242
Intangible assets		<b>216</b>	3,927
Right-of-use assets		–	112
Financial assets at fair value through profit or loss	<i>12</i>	<b>50,019</b>	43,917
Investment in joint ventures		<b>2,153</b>	2,153
Investment in an associate		<b>5,823</b>	5,421
Prepayments	<i>13</i>	<b>44,381</b>	4,651
Deferred tax assets		<b>10,301</b>	8,892
		<u><b>135,094</b></u>	<u>96,930</u>
<b>Current assets</b>			
Inventories		<b>626</b>	379
Trade and other receivables	<i>13</i>	<b>243,143</b>	230,313
Financial assets at fair value through profit or loss	<i>12</i>	<b>20,120</b>	70,198
Property held for sale		<b>8,696</b>	8,696
Restricted bank balances		<b>2,529</b>	1,666
Cash and cash equivalents		<b>136,106</b>	154,178
		<u><b>411,220</b></u>	<u>465,430</u>
Assets classified as held for sale		<b>6,102</b>	–
		<u><b>417,322</b></u>	<u>465,430</u>
<b>Current liabilities</b>			
Contract liabilities		<b>39,273</b>	31,824
Advances from lessees		<b>99</b>	85
Trade and other payables	<i>14</i>	<b>113,165</b>	133,481
Lease liabilities		–	48
Current taxation		<b>1,389</b>	3,399
		<u><b>153,926</b></u>	<u>168,837</u>
Liabilities directly associated with assets classified as held for sale		<b>2,250</b>	–
		<u><b>156,176</b></u>	<u>168,837</u>
<b>Net current assets</b>		<u><b>261,146</b></u>	<u>296,593</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>396,240</b></u>	<u>393,523</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONTINUED)**  
*at 30 June 2024*

	<i>Notes</i>	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
<b>Non-current liabilities</b>			
Lease liabilities		–	74
Deferred tax liabilities		–	900
		<hr/>	<hr/>
		–	974
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>396,240</b>	<b>392,549</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Share capital		254	254
Reserves		389,582	384,062
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		<b>389,836</b>	<b>384,316</b>
<b>Non-controlling interests</b>		<b>6,404</b>	<b>8,233</b>
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>396,240</b>	<b>392,549</b>
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

## 1. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited condensed interim consolidated 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 (“HKD”). The Group translates the unaudited condensed interim consolidated financial statements of the Company and the Company’s subsidiaries outside Mainland China from HKD into RMB.

## 2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments 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 interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2023. The accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2023.

## 3. ADOPTION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### Adoption of amendments to IFRSs

In the current period, the Group has adopted the following amendments to IFRSs issued by the IASB that are relevant to its operations and mandatory effective for its accounting year beginning on or after 1 January 2024 for the preparation of the Group’s unaudited condensed interim consolidated financial statements:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The adoption of these amendments to IFRSs has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed interim consolidated financial statements.

## **New and amendments to IFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective for the current accounting period:

Amendments to IAS 21	Lack of Exchangeability <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Annual Improvements to IFRS Accounting Standards 2024	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
IFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

The Group is in the process of evaluating the impact of IFRS 18 on the consolidated financial statements for the forthcoming years.

Except for the aforesaid, the directors of the Group anticipate that the application of all the other new and amendments to IFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

#### 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, and hotel business.

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Revenue from contracts with customers:</b>		
Property management services	92,152	96,776
Value-added services to non-property owners	6,771	19,250
Community value-added services	8,589	10,485
Hotel business		
– Rooms operation services	8,504	8,802
– Sales of food and beverage	633	115
	<u>116,649</u>	<u>135,428</u>
<b>Revenue from other sources:</b>		
Hotel business		
– Leasing of commercial shopping arcades	953	752
	<u>953</u>	<u>752</u>
<b>Total revenue</b>	<u><u>117,602</u></u>	<u><u>136,180</u></u>

*Note:* For the six months ended 30 June 2024, the revenue from Hangzhou Xingfu Jian Holdings Co., Ltd. (“**Xingfu Jian Holdings**”) (Formerly known as Zhejiang Sundry Holdings Co., Ltd.) and its subsidiaries (collectively, “**Xingfu Jian Holdings Group**”), a related party of the Group, accounted for approximately 10% (2023: 12%) of the Group’s revenue. The Group has a large number of customers in addition to Xingfu Jian Holdings Group, but none of them accounted for more than 10% or more of the Group’s revenue during the period.



## 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 2024 and 2023.

	Property management services <i>RMB'000</i> (Unaudited)	Value-added services to non-property owners <i>RMB'000</i> (Unaudited)	Community value-added services <i>RMB'000</i> (Unaudited)	Hotel business – rooms operation services and sales of food and beverage <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>For the six months ended 30 June 2024</b>					
<b>Timing of revenue recognition</b>					
At a point in time	–	–	–	633	633
Over time	92,152	6,771	8,589	8,504	116,016
	<u>92,152</u>	<u>6,771</u>	<u>8,589</u>	<u>9,137</u>	<u>116,649</u>
<b>For the six months ended 30 June 2023</b>					
<b>Timing of revenue recognition</b>					
At a point in time	–	–	–	115	115
Over time	96,776	19,250	10,485	8,802	135,313
	<u>96,776</u>	<u>19,250</u>	<u>10,485</u>	<u>8,917</u>	<u>135,428</u>

## 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, and hotel 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.

### (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.

### *Segment revenue and results*

For the six months ended 30 June 2024

	<b>Property management services and the corresponding value-added services <i>RMB'000</i> (Unaudited)</b>	<b>Hotel business services <i>RMB'000</i> (Unaudited)</b>	<b>Total <i>RMB'000</i> (Unaudited)</b>
Revenue from external customers	<b>107,512</b>	<b>10,090</b>	<b>117,602</b>
Inter-segment sales	<b>–</b>	<b>–</b>	<b>–</b>
Reportable segment revenue	<b><u>107,512</u></b>	<b><u>10,090</u></b>	<b><u>117,602</u></b>
Segment profit	<b><u>2,941</u></b>	<b><u>2,080</u></b>	<b><u>5,021</u></b>

For the six months ended 30 June 2023

	<b>Property management services and the corresponding value-added services <i>RMB'000</i> (Unaudited)</b>	<b>Hotel business services <i>RMB'000</i> (Unaudited)</b>	<b>Total <i>RMB'000</i> (Unaudited)</b>
Revenue from external customers	126,511	9,669	136,180
Inter-segment sales	2	97	99
Reportable segment revenue	<b><u>126,513</u></b>	<b><u>9,766</u></b>	<b><u>136,279</u></b>
Segment profit/(loss)	<b><u>7,583</u></b>	<b><u>(798)</u></b>	<b><u>6,785</u></b>

### ***Segment assets and liabilities***

**As at 30 June 2024**

	<b>Property management services and the corresponding value-added services <i>RMB'000</i> (Unaudited)</b>	<b>Hotel business services <i>RMB'000</i> (Unaudited)</b>	<b>Reconciling items <i>RMB'000</i> (Unaudited)</b>	<b>Total <i>RMB'000</i> (Unaudited)</b>
Segment assets	<b><u>539,386</u></b>	<b><u>21,530</u></b>	<b><u>(8,500)</u></b>	<b><u>552,416</u></b>
Segment liabilities	<b><u>152,463</u></b>	<b><u>12,213</u></b>	<b><u>(8,500)</u></b>	<b><u>156,176</u></b>

**As at 31 December 2023**

	<b>Property management services and the corresponding value-added services <i>RMB'000</i> (Audited)</b>	<b>Hotel business services <i>RMB'000</i> (Audited)</b>	<b>Reconciling items <i>RMB'000</i> (Audited)</b>	<b>Total <i>RMB'000</i> (Audited)</b>
Segment assets	<b><u>550,828</u></b>	<b><u>20,032</u></b>	<b><u>(8,500)</u></b>	<b><u>562,360</u></b>
Segment liabilities	<b><u>165,581</u></b>	<b><u>12,730</u></b>	<b><u>(8,500)</u></b>	<b><u>169,811</u></b>

### ***Information about non-current assets***

As at 30 June 2024 and 31 December 2023, all of the non-current assets, excluding financial assets at fair value through profit or loss, prepayments and deferred tax assets, of the Group were located in the PRC.

## 6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Government grants	–	56
Exchange gain	12	68
Loss on measurement of assets classified as held for sale to fair value less cost to sell ( <i>Note</i> )	(4,553)	–
Commission income on financial guarantee in 2022	–	1,327
Commission income on financial guarantee in 2023	–	300
Amortization on financial guarantee contract	–	5,857
Fair value gain on financial assets at fair value through profit or loss	6,023	–
Gain on termination of right-of-use assets	10	–
Gain on investment in wealth management product	19	–
Others	230	679
	<u>1,741</u>	<u>8,287</u>

*Note:* The Group entered into an equity transfer agreement with Taizhou City Lu Qiao Lu Gang Real Estate Association Co. Ltd.\* (台州市路橋旅港同鄉置業有限公司) (“**Taizhou Lu Qiao Estate**”), an independent third party to dispose of its 51% equity interest in a subsidiary, Sundy Lvgang (Taizhou) Property Management Service Co., Ltd.\* (宋都旅港(台州)物業服務有限公司) (“**Sundy Lvgang**”), the disposal has not been completed and the relevant assets and liabilities were classified as assets held for sale as at 30 June 2024.

Loss on measurement of assets classified as held for sale to fair value less cost to sell amounting to approximately RMB4,553,000 was recognised in profit or loss during the six months ended 30 June 2024 as it is measured at the lower of its carrying amount of net assets value of the subsidiary and fair value less cost to sell.

## 7. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest expenses on lease liabilities	–	15
Interest expense to a related party	42	42
	<u>42</u>	<u>57</u>

## 8. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax – PRC Enterprise Income Tax (“EIT”)	<b>2,199</b>	3,310
Deferred tax	<b>(1,517)</b>	(2,306)
	<b>682</b>	1,004

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (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 2024 and 2023, Hong Kong Profits Tax is calculated under a 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 2024 and 2023.

The Group’s PRC subsidiaries are subject to the PRC EIT rate of 25%. 18 subsidiaries were recognised as a small profit enterprise at 30 June 2024 (At 30 June 2023: 17). The portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% (2023: 25%) as taxable income amount, and be subject to enterprise income tax at 20% (2023: 20%). The portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 25% (2023: 25%) as taxable income amount, and be subject to enterprise income tax at 20% (2023: 20%).

## 9. PROFIT FOR THE PERIOD

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Depreciation of property, plant and equipment	<b>4,743</b>	4,220
Depreciation of right-of-use assets	–	58
Amortisation of intangible assets	<b>507</b>	524
Impairment loss on trade and other receivables	<b>6,305</b>	16,844
Staff costs	<b>23,610</b>	32,594
Retirement benefits scheme contributions	<b>3,435</b>	4,703
	<b>27,045</b>	37,297

## 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 2024 attributable to the owners of the Company of approximately RMB5,310,000 (2023: RMB4,496,000) and on the weighted average number of shares in issue during the period of approximately 3,840,000,000 (2023: 3,200,000,000).

No diluted earnings per share is presented as the Company had no potential ordinary shares outstanding for the six months ended 30 June 2024 and 2023.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment of approximately RMB208,000 (2023: RMB148,000).

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Convertible notes issued by a company listed in Australia	50,019	43,917
Wealth Management Product ( <i>Note</i> )	20,120	70,198
	<u>70,139</u>	<u>114,115</u>

*Note:* On 29 November 2023, Hangzhou Sundy Property Management Co., Ltd. (“**Sundy Property**”), an indirect wholly-owned subsidiary of the Company, entered into an agency sales agreement for institutional wealth management product with Huaxia Bank Co., Ltd.\* (華夏銀行股份有限公司) (“**Huaxia Bank**”), pursuant to which Sundy Property agreed to subscribe for the Huaxia Wealth Management Fixed-income Pure Debt Wealth Management Product No. 7F\* (華夏理財固定收益純債型日日開理財產品7號F) (the “**Huaxia Wealth Management Product**”) offered by Huaxia Wealth Management Co., Ltd\* (華夏理財有限責任公司) (“**Huaxia Wealth Management**”) in an aggregate amount of RMB70,000,000 using internal resources. Sundy Property redeemed the Huaxia Wealth Management Product on 3 January 2024. and the total gain on investment was approximately RMB217,000 with an average annualized rate of return of approximately 3.33%.

On 15 April 2024, Sundy Property entered into an agency sales agreement for institutional wealth management product with Industrial and Commercial Bank of China Limited\* (中國工商銀行股份有限公司), pursuant to which Sundy Property agreed to subscribe for the ICBC Wealth Management • Zhouzhou Xintianyi Fixed-income 7-day Wealth Management Product\* (工銀理財•周周鑫添益固收類7天定開法人理財產品) offered by ICBC Wealth Management Co., Ltd\* (工銀理財有限責任公司) (the “**ICBC Wealth Management Product**”) in an aggregate amount of RMB20,000,000 using internal resources. The ICBC Wealth Management Product has non-fixed term, the expected annualised rate of return is 2.6% to 3.6% (non-guaranteed). Sundy Property redeemed the ICBC Wealth Management Product on 10 July 2024.

### 13. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables			
– Related parties	<i>(a)</i>	141,229	129,897
– Third parties	<i>(a)</i>	122,521	105,375
Less: loss allowance	<i>(a)</i>	<u>(38,350)</u>	<u>(32,996)</u>
		<u>225,400</u>	<u>202,276</u>
Other debtors			
– Related parties		5,538	8,616
– Third parties		10,636	7,899
Less: loss allowance		<u>(951)</u>	<u>–</u>
		<u>15,223</u>	<u>16,515</u>
Deposits and prepayments			
– Others	<i>(b)</i>	<u>46,901</u>	<u>16,173</u>
		<u>46,901</u>	<u>16,173</u>
		287,524	234,964
Less: deposits and prepayments under non-current assets			
– Others	<i>(b)</i>	<u>(44,381)</u>	<u>(4,651)</u>
Presented under current assets		<u><u>243,143</u></u>	<u><u>230,313</u></u>

*Notes:*

- (a) 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 allowances for doubtful debts of approximately RMB38,350,000 (At 31 December 2023: RMB32,996,000) for trade receivables recognised at 30 June 2024, were made at each reporting date with reference to an expected credit loss assessment provided by an independent professional valuer, based on a collective group basis assessment by ageing of trade receivables, probability of default, industry performance of the customers and the country risk.



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

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>Related parties</b>		
0 to 180 days	<b>18,065</b>	21,402
181 to 365 days	<b>19,036</b>	17,805
1 to 2 years	<b>16,796</b>	56,101
2 to 3 years	<b>54,675</b>	28,931
Over 3 years	<b>31,124</b>	3,764
<b>Third parties</b>		
0 to 180 days	<b>54,159</b>	31,194
181 to 365 days	<b>9,358</b>	23,565
1 to 2 years	<b>22,187</b>	19,514
	<b>225,400</b>	202,276

Trade receivables are due when the receivables are recognised.

- (b) At 30 June 2024, deposits and prepayments include prepayments for acquisition of properties of approximately RMB39,730,000 (At 31 December 2023; nil) to a related party, which is classified under non-current assets.

## 14. TRADE AND OTHER PAYABLES

	<i>Notes</i>	As at <b>30 June 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
Trade payables			
– Related parties	<i>(a)</i>	2,516	1,159
– Third parties	<i>(b)</i>	<u>50,226</u>	<u>60,736</u>
		<u>52,742</u>	<u>61,895</u>
Other payables			
– Related parties	<i>(c)</i>	2,271	2,192
– Deposits	<i>(d)</i>	5,781	5,603
– Other taxes and surcharges payable		1,209	515
– Cash collected on behalf of the property owners' associations		10,382	9,149
– Temporary receipts from property owners	<i>(e)</i>	23,343	22,723
– Others		<u>3,462</u>	<u>14,177</u>
		<u>46,448</u>	<u>54,359</u>
Accrued payroll and other benefits		<u>13,975</u>	<u>17,227</u>
		<u><b>113,165</b></u>	<u><b>133,481</b></u>

### *Notes:*

- (a) The amounts due to related parties are unsecured and interest-free.
- (b) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers.
- (c) The amounts due to related parties include a loan of approximately RMB2,000,000 (At 31 December 2023: RMB2,000,000) is unsecured, interest-bearing at 4.2% (At 31 December 2023: 4.2%) and repayable on or before 30 September 2024. The remaining balances are unsecured and interest free.
- (d) Deposits mainly represent miscellaneous decoration deposits received from property owners for the decoration period.
- (e) Temporary receipts represent utility charges received from property owners on behalf of utility companies.

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

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>Related parties</b>		
Within 1 year	1,357	1,159
After 1 year but within 2 years	1,159	–
<b>Third parties</b>		
Within 1 year	29,398	38,843
After 1 year but within 2 years	12,224	11,769
After 2 years but within 3 years	3,016	3,565
Over 3 years	5,588	6,559
	<u>52,742</u>	<u>61,895</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

The Group is a reputable integrated property management service provider in Zhejiang province. Established in Hangzhou in 1995, the Group has nearly three decades of experience in the property management service industry in the People's Republic of China (the "PRC"). The Company was successfully listed on the Main Board of the Stock Exchange on 18 January 2021 (the "Listing"). The Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and other businesses. The Group's business covers a wide range of properties, including residential properties and non-residential properties, such as commercial office buildings, city complexes and industrial parks.

According to CRIC Property Management (克而瑞物管) and China Property Management Research Institution, the Group ranked 47<sup>th</sup> among the "2024 Top 100 Property Service Companies in China" (2024中國物業服務力百強企業). The project under the management of the Group, "Caihe Golden Bulter Governance Service Project" (採荷金牌管家治理服務項目) was recognised as a benchmark project in terms of urban services in the year 2024 by CRIC Property Management (克而瑞物管) and China Property Management Research Institution.

As at 30 June 2024, the Group had 21 subsidiaries and 26 branches covering 20 cities in the PRC, the majority of which are located in Zhejiang province, providing property management services to 49 properties, including 34 residential properties and 15 non-residential properties, with a total GFA under management of approximately 9.0 million sq.m. and a total contracted GFA of 10.5 million sq.m..

The table below sets forth the changes in the GFA under management and number of projects under management of the Group as at 30 June 2024 and 2023:

	As at 30 June	
	2024	2023
GFA under management ('000 sq.m.)	9,006	8,999
Number of projects under management	<u>49</u>	<u>58</u>

The table below sets forth the GFA under management by region as at 30 June 2024 and 2023:

	As at 30 June					
	2024		2023			
	GFA ( <i>'000</i> <i>sq.m.</i> )	%	Number	GFA ( <i>'000</i> <i>sq.m.</i> )	%	Number
Hangzhou	<b>4,906</b>	<b>54.5</b>	<b>26</b>	4,552	50.6	25
Zhejiang Province (excluding Hangzhou)	<b>1,794</b>	<b>19.9</b>	<b>11</b>	2,528	28.1	16
Yangtze River Delta region (excluding Zhejiang Province)	<b>2,166</b>	<b>24.0</b>	<b>10</b>	1,875	20.8	16
Other regions	<b>140</b>	<b>1.6</b>	<b>2</b>	44	0.5	1
<b>Total</b>	<b><u>9,006</u></b>	<b><u>100.0</u></b>	<b><u>49</u></b>	<b><u>8,999</u></b>	<b><u>100.0</u></b>	<b><u>58</u></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 RMB117.6 million, representing a decrease of 13.7% as compared with RMB136.2 million in the corresponding period in 2023. Among which, revenue from property management services was RMB92.1 million, revenue from value-added services to non-property owners was RMB6.8 million, revenue from community value-added services was RMB8.6 million and revenue from other businesses was RMB10.1 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 2024, the number of the projects under management reached 49 properties, including 7 properties from independent third-party property developers. The Group utilised the strength in property management of residential properties to increase the brand value. During the Period, the Group's revenue from property management services accounted for 78.4% of total revenue and 79.7% of gross profit. Hangzhou Arch, as one of the key supporting projects of 19<sup>th</sup> Asian Games in Hangzhou, is under the management of the Group and earns a reputable brand value for the Group. During the Period, based on the valuable experience in Hangzhou Arch, the Group's revenue from property management services to non-residential properties recorded RMB24.0 million, representing an increase of 29.7% as compared with the same period in 2023.

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							
	2024				2023			
	Revenue (RMB'000)		GFA under management ( '000 sq.m.)		Revenue (RMB'000)		GFA under management ( '000 sq.m.)	
		%	%		%	%	%	
Residential properties	68,152	74.0	6,812	75.6	78,229	80.8	7,786	86.5
Non-residential properties	24,000	26.0	2,194	24.4	18,547	19.2	1,213	13.5
Total	<u>92,152</u>	<u>100.0</u>	<u>9,006</u>	<u>100.0</u>	<u>96,776</u>	<u>100.0</u>	<u>8,999</u>	<u>100.0</u>

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							
	2024				2023			
	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>note</sup>	47,315	51.3	4,030	44.7	49,877	51.5	4,275	47.5
Properties co-developed by Sundy Land Group	26,944	29.3	2,747	30.5	22,811	23.6	2,555	28.4
Properties developed by independent third-party property developers	17,893	19.4	2,229	24.8	24,088	24.9	2,169	24.1
<b>Total</b>	<b>92,152</b>	<b>100.0</b>	<b>9,006</b>	<b>100.0</b>	<b>96,776</b>	<b>100.0</b>	<b>8,999</b>	<b>100.0</b>

Note: Sundy Land Group means Sundy Land Investment Co., Ltd.\* (宋都基業投資股份有限公司) 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 RMB6.8 million, accounting for 5.8% of the total revenue for the Period, representing a decrease of 64.8% as compared with RMB19.3 million in the corresponding period in 2023.

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 2024, the Group's pipeline projects involved 11 properties, representing a GFA of 1.5 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.

During the Period, the revenue from community value-added services of the Group reached RMB8.6 million, which was mainly from property repair and maintenance, remodelling and decoration, waste cleaning, society retailing, utility fee collection and community space services.

### Other businesses

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). Revenue during the Period reached RMB10.1 million, which was primarily generated from hotel room charge, food services and sales of food and beverage and leasing of commercial shopping arcades.

## Prospects

To develop the business scale, the Group will continue to focus on the property management sector to provide a serene and enjoyable living environment for the customers and property owners. Meanwhile, under the fierce competition among the property management companies, the Group has innovated by introducing new value-added services to the owners of the properties such as the society retailing.

### **Fulfill the duties and strictly enforce for greater achievements**

Looking ahead to the second half of 2024, the Group will define its development strategy as “Focusing on Main Business and Diversifying by Commercial Services”, including strengthening the sense of responsibilities and mission, taking efficiency as core, optimizing staff position allocation, improving service quality standards, strengthening the development of society retailing and actively promoting the layout of new business opportunities.

### **Make progress and empower, seize the opportunity and act accordingly**

Looking back at the first half of 2024, reviewing the achievements and innovative practice in the field of property services, project management and customers relationship, the Group will continue to fortify the basic property management services and constantly improve the management efficiency which will be the core to maintain a leading position in the fiercely competitive market and ensure the sustainable development and success of the Group.

### **Stay true to the original intention, serve with heart**

In the face of the upcoming challenges in the second half of 2024, the Group will adhere to the core concept of gathering strength and serving with heart. Through the unity and cooperation of all employees, the Group is dedicated to enhancing service quality consistently, fostering team unity and optimizing management structure to achieve more excellent performance in the second half of 2024.

## Financial Review

### **Revenue**

During the Period, the Group’s revenue amounted to RMB117.6 million, representing a decrease of 13.7% as compared with RMB136.2 million in the same period of 2023.

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

	For the six months ended 30 June			
	2024		2023	
	(RMB'000)	%	(RMB'000)	%
Property management services	92,152	78.4	96,776	71.1
Value-added services to non-property owners	6,771	5.8	19,250	14.1
Community value-added services	8,589	7.3	10,485	7.7
Other businesses	10,090	8.5	9,669	7.1
Total	<u>117,602</u>	<u>100.0</u>	<u>136,180</u>	<u>100.0</u>



*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 properties under management comprises residential properties and non-residential properties. During the Period, the Group realised revenue of RMB92.1 million, representing a slight decrease of 4.9% as compared to RMB96.8 million in the same period of 2023, accounting for 78.4% of the total revenue during the Period, which is the main source of revenue for the Group. The slight decrease was mainly due to the decline in the number of the properties under management during the Period.

*Value-added services to non-property owners:* Value-added services to non-property owners are a range of value-added services that 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 RMB6.8 million, representing a decrease of 64.8% as compared to RMB19.3 million in the same period of 2023, accounting for 5.8% of the total revenue during the Period. The decrease was mainly due to the adjustment of the Group's business strategy to reduce the negative influence from the property developers in PRC.

*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 RMB8.6 million, representing a decrease of 18.1% as compared to RMB10.5 million in the same period of 2023, accounting for 7.3% of the total revenue during the Period. The decrease was due to the decline in the number of the properties under management.

*Other businesses:* Other businesses mainly include hotel business. During the Period, the Group realised revenue of RMB10.1 million, representing a growth of 4.1% as compared to RMB9.7 million in the same period of 2023, accounting for 8.5% of the total revenue during the Period. The increase was mainly due to the recovery of the tourism industry leading to the growth in the hotel business.

### ***Cost of sales***

During the Period, the Group's cost of sales was RMB95.7 million, representing a decline of 12.0% as compared to RMB108.8 million in the same period of 2023, mainly due to the decline in the number of the properties under management of the Group.

### ***Gross profit and gross profit margin***

Based on the above factors, during the Period, the Group realised gross profit of RMB21.9 million, representing a decrease of 19.8% as compared to RMB27.3 million in the same period of 2023. During the Period, the Group's gross profit margin decreased by 1.5 percentage points from the same period of 2023 to 18.6%.

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

	For the year ended 30 June			
	2024		2023	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Property management services	17,444	18.9	18,596	19.2
Value-added services to non-property owners	888	13.1	3,414	17.7
Community value-added services	523	6.1	3,524	33.6
Other businesses	3,024	30.0	1,799	18.6
Total	<u>21,879</u>	<u>18.6</u>	<u>27,333</u>	<u>20.1</u>

Gross profit of property management services was RMB17.4 million, representing a decrease of 6.5% as compared to RMB18.6 million in the same period of 2023. During the Period, the gross profit margin amounted to 18.9%, representing a decrease of 0.3 percentage points as compared to 19.2% in the same period of 2023. The decrease was mainly due to the increase in cost in the projects which are located outside Zhejiang province.

Gross profit of value-added services to non-property owners was RMB0.9 million, representing a decrease of 73.5% as compared to RMB3.4 million in the same period of 2023. During the Period, the gross profit margin amounted to 13.1%, representing a decrease of 4.6 percentage points as compared to 17.7% in the same period of 2023. The decrease was mainly due to the decrease in pre-delivery services and sale assistance services.

Gross profit of community value-added services was RMB0.5 million, representing a decrease of 85.7% as compared to RMB3.5 million in the same period of 2023. During the Period, the gross profit margin amounted to 6.1%, representing a decrease of 27.5 percentage points as compared to 33.6% in the same period of 2023. The decrease was mainly due to the investment in upgrading online systems and service applications.

Gross profit of other businesses was RMB3.0 million, representing a profitable growth as compared to RMB1.8 million in the same period of 2023. During the Period, the gross profit margin amounted to 30.0%, representing an increase of 11.4 percentage points as compared to 18.6% in the same period of 2023. The increase was mainly due to the growth in the hotel business, which shares profitable performance.

### ***Other income and gains***

During the Period, other income of the Group was RMB1.7 million, decreased by 79.5% as compared to RMB8.3 million in the same period of 2023. The decrease was mainly due to i) a subsidiary of the Group, Sundy Lvngang, to be disposed to an independent third party, which leads to the loss on measurement of assets classified as held for sale to fair value less cost to sell during the Period; ii) the decrease in the revenue generated from the cross-guarantee agreement with Hangzhou Xingfu Jian Holdings Co., Ltd.\* (杭州幸福健控股有限公司) (formerly known as Zhejiang Sundy Holdings Co., Ltd.\* (浙江宋都控股有限公司)) (“**Xingfu Jian Holdings**”); and offset by iii) the increase of fair value gain on financial assets at fair value through profit or loss.

### ***Selling and marketing expenses***

During the Period, selling and marketing expenses of the Group amounted to RMB0.5 million, remaining steady as compared to RMB0.5 million in the same period of 2023.

### ***Administrative expenses***

During the Period, administrative expenses of the Group amounted to RMB13.2 million, representing a slight decrease as compared to RMB13.5 million in the same period of 2023.

### ***Net finance income***

During the Period, the Group's net finance income recorded RMB1.2 million remaining the same level in the same period of 2023.

### ***Share of profits and losses of an associate and joint ventures***

During the Period, the Group recorded share of profits 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), of a total of approximately RMB0.4 million, representing a decrease of 42.9% as compared with the same period in 2023.

During the Period, the joint ventures of the Group, namely Hangzhou Honghe Environmental Engineering Co., Ltd.\* (杭州宏合環境工程有限公司) and Ningbo Songjie Enterprise Management Partnership (Limited Partnership)\* (寧波宋捷企業管理合夥企業(有限合夥)), did not record any profits or losses during the Period.

### ***Profit before tax***

During the Period, the Group's profits before tax was RMB5.0 million, representing a decline of 26.5% from RMB6.8 million in the same period of 2023. The decline was mainly due to the decrease of the revenue of the Group leading to the decline of the gross profit during the Period.

### ***Income tax***

During the Period, the Group's income tax expenses decreased by 30.0% from RMB1.0 million in the same period of 2023 to RMB0.7 million, mainly due to the decrease in the taxable profits during the Period.

### ***Profit for the period***

During the Period, the Group's profit for the period was RMB4.3 million, representing a decline of 25.9% from RMB5.8 million in the same period of 2023.

During the Period, profit attributable to owners of the Company was RMB5.3 million, representing a growth of 17.8% from RMB4.5 million in the same period of 2023. The growth in profit attributable to owners of the Company during the Period is mainly due to the recognition of the fair value gain on financial assets.

### ***Current assets, financial resources and current ratio***

As at 30 June 2024, the Group's current assets amounted to RMB417.3 million, representing a decrease of 10.3% as compared with RMB465.4 million as at 31 December 2023.

As at 30 June 2024, the Group's cash and cash equivalents amounted to RMB136.1 million, representing a decrease of 11.7% as compared with RMB154.2 million as at 31 December 2023, mainly due to the increasing investment in acquisition of properties and plants. The current ratio (calculated by dividing current assets by current liabilities) of the Group decreased from 2.76 times as at 31 December 2023 to 2.67 times as at 30 June 2024.

### ***Bank loans and other borrowings***

During the Period, the Group did not have any bank loans or other borrowings.

### ***Property, plant and equipment***

As at 30 June 2024, the property, plant and equipment of the Group amounted to RMB22.2 million, representing a decrease of 16.5% as compared with RMB26.6 million as at 31 December 2023, mainly due to the increase in accumulated depreciation.

### ***Capital structure***

There has been no change in capital structure of the Company during the Period. The capital of the Company comprises ordinary shares and other reserves.

As at 30 June 2024 and as at the date of the announcement, there are a total of 3,840,000,000 issued shares of the Company of per share of US\$0.00001 each.

### ***Trade and other receivables***

As at 30 June 2024, trade and other receivables of the Group amounted to RMB243.1 million, representing an increase of 5.6% as compared with RMB230.3 million as at 31 December 2023, mainly due to the sluggish settlement of trade receivables during the Period.

The table below sets forth the ageing analysis of trade receivables as at the date indicated and the subsequent settlement of the trade receivables for the Period.

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>	<b>Subsequent settlement RMB'000</b>
<b>Related parties</b>			
0 to 180 days	<b>18,065</b>	21,402	420
181 to 365 days	<b>19,036</b>	17,805	706
1 to 2 years <sup>Note</sup>	<b>16,796</b>	56,101	–
2 to 3 years <sup>Note</sup>	<b>54,675</b>	28,931	–
Over 3 years <sup>Note</sup>	<b>31,124</b>	3,764	4
<b>Third parties</b>			
0 to 180 days	<b>54,159</b>	31,194	4,922
181 to 365 days	<b>9,358</b>	23,565	10,609
1 to 2 years	<b>22,187</b>	19,514	2,356
	<b>225,400</b>	202,276	19,017

*Note:*

On 26 March 2024, the Company entered into the acquisition of properties and debts settlement framework agreement with Sundy Land Group (the “**Acquisition of Properties and Debts Settlement Framework Agreement**”). Pursuant to the Acquisition of Properties and Debts Settlement Framework Agreement, the Company has conditionally agreed to acquire and the Sundy Land Group has conditionally agreed to dispose of the Settlement Properties (as defined in the announcement of the Company dated 26 March 2024) in an aggregate consideration of RMB100,050,000 which shall be offset against the total amount of the trade receivables under the Property Managements and the Service Agreements for the year ended 31 December 2023 which were due and remained outstanding as at 26 March 2024 on a dollar-for-dollar basis. The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 14 June 2024. As at the date of the announcement, the Settlement Properties which intends to be acquired by the Group to offset the trade receivable have not been transferred to the Group as necessary governmental and regulatory approvals in relation to the Acquisition of Properties and the Debts Settlement Framework Agreement have not been obtained.

In order to recover the long aged trade receivables, the Group has taken actions as below:

For related parties (mainly members of Sundy Land Group), the Group regularly follows up with the corresponding units on the payment status and sends out reminders on a quarterly or semi-annual basis for accounts receivables with longer ageing periods. Considering the long-term cooperations with Sundy Land Group and the fact that the Group has been substantially benefited from such relationship to acquire various projects, as at the date of this announcement, the Group has no current plans to take out legal actions regarding such accounts receivables. Meanwhile, the Group will continue to closely monitor the payment status and the recoverability of such accounts receivables, and when necessary, for instance, if payment has not been settled according to the agreed schedule by the corresponding unit, the Group will consider and commence legal proceedings against the relevant related parties to recover the said accounts receivables. The Group also actively negotiated with the related parties to deal with the receivables including but not limited to other payables covering the trade receivables and taking assets to cover the unpaid receivables.

For third parties, based on the historical payment record of the customer(s) involved and the actual agreed payment date of the corresponding accounts receivables, the Group has issued or will issue reminder to the customer setting out the deadline to settle the outstanding sum. If such customer does not settle the outstanding sum on or before the deadline, a formal demand letter will be issued. For those accounts receivables which are not recovered after the said actions, the Group will commence legal proceedings accordingly. Taking into account the business nature of the Group, some independent third parties are property owners, according to industry practice, the Group also conducts regular activities to encourage such property owners to settle management fees in a timely manner, as well as report to the management the collection status of outstanding management fees on a daily basis.

### ***Impairment loss on trade and other receivables***

During the Period, the impairment loss on trade and other receivables of the Group amounted to RMB6.3 million, representing a decline of 62.5% as compared with RMB16.8 million in the same period of 2023.

### ***Trade and other payables***

As at 30 June 2024, trade and other payables of the Group amounted to RMB113.2 million, representing a decrease of 15.2% as compared with RMB133.5 million as at 31 December 2023, mainly due to the decrease in trade payables to third parties and accrued payrolls and other benefits.

### ***Contingent liabilities***

During the Period, the Group did not have any material contingent liabilities.

### ***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***

The Group did not have any pledged assets as at 30 June 2024.

### ***Human resources and remuneration policies***

As at 30 June 2024, the Group employed a total of 496 employees (30 June 2023: 630 employees). The staff costs of the Group for the Period were RMB27.0 million (for the six months ended 30 June 2023: RMB37.3 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 have been disclosed in the paragraph headed "Statutory and General Information – D. Other information – 1. Share Option Scheme" in Appendix IV of the prospectus of the Company dated 31 December 2020 (the "**Prospectus**").

### ***Significant investments***

The Group's significant investments comprised the convertible notes issued by a company listed in Australia and wealth management product, and details of which are set out in below.



## **Convertible note issued by a company listed in Australia**

As disclosed in the announcement of the Company dated 22 December 2023, the Company entered into the binding terms sheet in relation to the subscription of convertible notes (the “**Convertible Notes**”) with Black Cat Syndicate Limited (“**Black Cat**”), a company incorporated in Australia and listed on Australia Securities Exchange (Stock Code: BC8) and principally engaged in the exploration for minerals and the economic evaluation of gold projects located in Western Australia, pursuant to which the Company agreed to subscribe for the convertible notes in an aggregate amount of AUD\$9,000,000 using internal resources. The Convertible Notes will mature on 31 March 2027 and can be converted at any time at the Company’s discretion. Interest will be accrued daily at 10% per annum inclusive of interest withholding tax and will be capitalised monthly up to 30 September 2024.

As at 30 June 2024, the fair value of the Convertible Notes was approximately RMB50.0 million. As at 30 June 2024, the size of the Convertible Notes relative to the Company’s total assets as at 30 June 2024 was approximately 9.1%.

## **Wealth Management Product**

- (a) As disclosed in the announcement of the Company dated 29 November 2023, Sundy Property entered into an agency sales agreement for institutional wealth management product with Huaxia Bank, pursuant to which Sundy Property agreed to subscribe for the offered by Huaxia Wealth Management in an aggregate amount of RMB70,000,000 using internal resources.

Huaxia Wealth Management is a wealth management subsidiary wholly owned by Huaxia Bank. The business scope of Huaxia Wealth Management mainly covers issuing wealth management products to the public and investing and managing the investors’ assets as trustee, issuing wealth management products to qualified investors and investing and managing the investors’ assets as trustee, and financial advisory and consulting services. Huaxia Bank is a licensed bank in the PRC and a joint stock company established under the laws of the PRC, which provides corporate and personal banking business, treasury business, finance leasing, asset management and other financial services in the PRC. Its shares are listed on the Shanghai Stock Exchange (stock code: 600015).

The investment cost of the Huaxia Wealth Management Product was RMB70,000,000. As disclosed in the announcement of the Company dated 24 January 2024, Sundy Property redeemed the Huaxia Wealth Management Product on 3 January 2024 and the total gain on investment in Huaxia Wealth Management Product was approximately RMB217,000 with an average annualized rate of return of approximately 3.33%.

- (b) On 15 April 2024, Sundy Property, entered into an agency sales agreement for institutional wealth management product with Industrial and Commercial Bank of China Limited\* (中國工商銀行股份有限公司), pursuant to which Sundy Property agreed to subscribe for the ICBC Wealth Management • Zhouzhou Xintianyi Fixed-income 7-day Wealth Management Product (工銀理財•周周鑫添益固收類7天定開法人理財產品) offered by ICBC Wealth Management Co., Ltd\* (工銀理財有限責任公司) (the “**ICBC Wealth Management Product**”) in an aggregate amount of RMB20,000,000 using internal resources. The ICBC Wealth Management Product has non-fixed term, the expected annualised rate of return is 2.6% to 3.6% (non-guaranteed). Sundy Property redeemed the ICBC Wealth Management Product on 10 July 2024.

As at 30 June 2024, the fair value of the ICBC Wealth Management Product amounted to approximately RMB20,120,000. The investment cost of the ICBC Wealth Management Product was RMB20,000,000. The total gain on investment in ICBC Wealth Management Product was approximately RMB125,000 with an average annualized rate of return of approximately 2.68%.

### ***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**

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 and with details as set out as follow:

- 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 announcement, approximately 15.3% of the amount has been utilised, mainly for investment in a joint venture and an associate and expected to be fully utilised by 31 December 2024;
- 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 announcement, all of the amount has been used for investing in digital upgrading 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 develop a mobile application for property owners and residents. As at the date of this announcement, all of the amount has been utilised to develop AIoT platform and upgrade the online-offline retailing 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 announcement, approximately 55.2% of the amount has been utilised, mainly for investing in childcare, babysitting and elderly care services for residents and expected to be fully utilised by 31 December 2024; and
- approximately 10% to provide funding for its working capital and other general corporate purposes. As at the date of this announcement, all of the amount has been used, mainly for payment of daily operation.

## USE OF PROCEEDS FROM ISSUE OF EQUITY SECURITIES

References are made to the announcements of the Company dated 16 May 2023 and 27 December 2023 (the “**Subscription Announcements**”), respectively. Unless otherwise defined herein, capitalised terms in this section shall have the same meaning as those defined in the Subscription Announcements.

On 27 December 2023, the Company completed the subscription of new Shares. An aggregate of 640,000,000 Subscription Shares have been allotted and issued to the Subscribers at the Subscription Price of HK\$0.05568 per Subscription Share pursuant to the terms and conditions of each of the Subscription Agreements. The Subscription Price of HK\$0.05568 per Subscription Share represented: (i) a discount of approximately 18.12% to the closing price of HK\$0.068 as quoted on the Stock Exchange on the date of the Subscription Agreements; and (ii) a discount of approximately 19.54% to the average closing price of HK\$0.0692 as quoted on the Stock Exchange for the five consecutive trading days of Shares immediately prior to the date of the Subscription Agreements. The net proceeds from the Subscriptions would be used for subscription of Convertible Notes (as defined in the announcement of the Company dated 22 December 2023). Net proceeds from the Subscriptions, after deducting the related fees and expenses, amounted to approximately HK\$33,835,200 and have been utilized as at the date of this announcement.

## EVENTS AFTER THE PERIOD

- Trading in the ordinary shares of the Company has been suspended from 28 March 2024 pending the publication of the annual results for the year ended 31 December 2023. Trading in the ordinary shares of the Company was resumed at 9:00 a.m. on 4 July 2024.
- On 6 August 2024, the Company has received a letter of resignation and professional clearance letter both dated 30 July 2024 from ZHONGHUI ANDA CPA Limited (“**Zhonghui Anda**”) on 30 July 2024 and 5 August 2024, respectively. Zhonghui Anda has stated in their resignation letter that, with effect from 30 July 2024, they decided to tender their resignation as auditor of the Company as the Company and Zhonghui Anda cannot reach an agreement on the audit fee for the financial year ending 31 December 2024. With the recommendation of the Audit Committee, the Board has resolved to appoint Crowe (HK) CPA Limited (“**Crowe**”) as the new auditor of the Company with effect from 6 August 2024 to fill the casual vacancy following the resignation of Zhonghui Anda and to hold office until the conclusion of the next annual general meeting of the Company. Crowe was reappointed as the auditor of the Company at the annual general meeting of the Company held on 29 August 2024.
- On 15 August 2024, the Company has received a termination letter dated 14 August 2024 from Black Cat. Black Cat has stated that they unilaterally terminated the subscription agreement dated 14 March 2024 in relation to conditionally acquire an aggregate of 133,333,334 share issued by Black Cat (the “**Black Cat Share**”) at an aggregate consideration of AUD\$30.0 million (equivalent to approximately HK\$155.5 million) representing approximately 30.2% of the issued share capital of Black Cat at a price of AUD\$0.225 Black Cat Share.
- On 23 August 2024, the Company has decided to terminate the project investment agreement dated 31 January 2024 in relation to gold refinery and foundry (the “**Project Investment Agreement**”). Given that the Project Investment Agreement will not proceed, the Board intended to re-allocate and change back the unutilized Net Proceeds amounting approximately HKD63.1 million from Global Offering in accordance with the Prospectus.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the Period (six months ended 30 June 2023: Nil).

## **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 announcement, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix C1 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 C3 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 announcement.

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

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The Company has established the Audit Committee in compliance with 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, Ms. Ye Qian, Mr. Huang Enze and Mr. Zhu Haoxian. Ms. Ye Qian 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 as at 30 June 2024.

## **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 announcement. The Company maintained the minimum level of public float of 25% of its total issued share capital.

**PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY**

This announcement has been published on the websites of the Stock Exchange at ([www.hkexnews.com.hk](http://www.hkexnews.com.hk)) and the Company at (<http://songduwuye.com>). The interim report of the Company for the Period, which contains all information required by the Listing Rules, will be dispatched to the Company's shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 August 2024

*As at the date of this announcement, the Board comprises four executive Directors, Ms. Yu Yun (Chairman), Mr. Zhu Yihua (Chief Executive Officer), Mr. Zhu Congyue and Mr. Zhang Zhenjiang, and three independent non-executive Directors, Mr. Zhu Haoxian, Mr. Huang Enze and Ms. Ye Qian.*

*\* For identification purpose only*