

SUNBY 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

2024
INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. YU Yun (*Chairman of the Board*)
Mr. ZHU Yihua (*Chief Executive Officer*)
Mr. ZHU Congyue
Mr. ZHANG Zhenjiang

Independent Non-executive Directors

Mr. ZHANG Jingzhong (*Resigned on 4 January 2024*)
Mr. LAU Kwok Fai Patrick (*Resigned on 4 January 2024*)
Ms. YE Qian
Mr. HUANG Enze (*Appointed on 4 January 2024*)
Mr. ZHU Haoxian (*Appointed on 4 January 2024*)

AUDIT COMMITTEE

Mr. ZHANG Jingzhong (*Resigned on 4 January 2024*)
Mr. LAU Kwok Fai Patrick (*Resigned on 4 January 2024*)
Ms. YE Qian (*Chairman*)
(*Appointed as Chairman on 4 January 2024*)
Mr. HUANG Enze (*Appointed on 4 January 2024*)
Mr. ZHU Haoxian (*Appointed on 4 January 2024*)

REMUNERATION COMMITTEE

Mr. ZHANG Jingzhong (*Resigned on 4 January 2024*)
Mr. LAU Kwok Fai Patrick (*Resigned on 4 January 2024*)
Mr. ZHU Haoxian (*Chairman*)
(*Appointed as Chairman on 4 January 2024*)
Mr. HUANG Enze (*Appointed on 4 January 2024*)
Ms. YE Qian

HONG KONG LEGAL ADVISOR

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

AUDITOR

Crowe (HK) CPA Limited
Registered Public Interest Entity Auditors
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77 Leighton Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

Bank of Hangzhou
Jiangcheng Sub-branch

China Merchants Bank
Zhijiang Sub-branch

COMPANY'S WEBSITE

<http://songduwuye.com>

AUTHORISED REPRESENTATIVES

Mr. ZHU Congyue
Mr. TSANG Ho Yin

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

NOMINATION COMMITTEE

Ms. YU Yun (*Chairman*)
Mr. ZHANG Jingzhong (*Resigned on 4 January 2024*)
Mr. LAU Kwok Fai Patrick (*Resigned on 4 January 2024*)
Ms. YE Qian
Mr. HUANG Enze (*Appointed on 4 January 2024*)
Mr. ZHU Haoxian (*Appointed on 4 January 2024*)

JOINT COMPANY SECRETARIES

Ms. ZHANG Qisi
Mr. TSANG Ho Yin

STOCK CODE

9608

REGISTERED OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
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P.O. Box 2681
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HONG KONG BRANCH SHARE REGISTRAR

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INVESTOR RELATIONSHIP CONTACT

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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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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 2024 (the “Period”) and the corresponding period in 2023.

RESULTS

	Note	For the six months ended 30 June		Changes (%/ percentage points) (“p.p.”)
		2024 (Unaudited)	2023 (Unaudited)	
Revenue (RMB'000)		117,602	136,180	-13.6%
Gross profit (RMB'000)		21,879	27,333	-20.0%
Gross profit margin	(1)	18.6%	20.1%	-1.5p.p
Profit for the Period (RMB'000)		4,339	5,781	-24.9%
Profit margin	(2)	3.7%	4.2%	-0.5p.p
Profit attributable to owners of the Company (RMB'000)		5,310	4,496	18.1%

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 2024 (Unaudited)	31 December 2023 (Audited)	
Cash and cash equivalents (RMB'000)		136,106	154,178	-11.7%
Current assets (RMB'000)		417,322	465,430	-10.3%
Total assets (RMB'000)		552,416	562,360	-1.8%
Current liabilities (RMB'000)		156,176	168,837	-7.5%
Total liabilities (RMB'000)		156,176	169,811	-8.0%
Total equities attributable to owners of the Company (RMB'000)		389,836	384,316	1.4%
Current ratio	(3)	2.67	2.76	-3.3%
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 2024 and 31 December 2023.

To all shareholders,

With the deep adjustment of China's real estate market, the incremental market of the property management industry is slowing down, while the competition in the stock market is becoming increasingly fierce. The value focus of the real estate industry is moving to the back end of the industrial chain, becoming the core of real estate and related industries based on real estate transaction, operation and management to achieve the transformation and upgraded from "Tile Economy" to "Building Economy, Service Economy and Platform Economy". As a direct related business of real estate developers, property management business has significantly improved its market position and become an important starting point for the transformation and upgrading of real estate enterprises and the expansion of profit channels. Improving service quality and providing differentiated value-added services have become important factors for property management companies to occupy a favorable position in the stock market and gain competitive advantages in the incremental market.

In the first half of 2024, the property management industry has stabilized slightly, especially since April. Affected by various factors, the market has shown a positive performance trend. In the first half of 2024, the growth of receivables of the listed property service companies returned to rationality, and the growth rate was relatively controllable. The listed property companies accelerated advance efforts, improved the collection rate, and significantly improved the cash flow situation compared with the previous year. This shows that the industry risks are gradually cleared, property service enterprises are gradually returning to the cash flow logic, and the business performance and valuation will further rebound.

In the field of community value-added services, space operation services, asset operation services, community life services are still the main components. Under the continuous efforts to expand the scope of business, the satisfaction of property service has stopped the downward trend and shown a stable trend. The latest survey data shows that the satisfaction of property service in 2024 has increased slightly compared with the same period of last year, which is inseparable from the continuous efforts and innovation of property service enterprises, through providing quality services, strengthening communication and interaction with residents, and winning more and more widespread trust and recognition.

In recent years, the central and local governments have frequently issued policy support documents to support the development of unrelated industries, including establishing industry standards and promoting service consumption. These policies provide a good development environment for property management companies. In terms of urban renewal and renovation of old residential areas, with the advancement of relevant policies, property management companies have ushered in new market opportunities. Property management companies can actively participate in urban renewal and old residential renovation projects to provide owners with better property services and expand new business growth points.

In this environment, the Group actively responds to the direction and demand of the market, actively seeks changes and opportunities in the industry market, and at the same time maintains its original intention, adheres to the steady development of the main business, and improves its performance and service level.

CONTINUE TO DEEPEN THE CONSTRUCTION OF SMART PROPERTIES

The Group has promoted the application of the smart property system, realized the online processing of warranty, payment, complaints and other businesses, which has greatly facilitated the life of owners and improved service efficiency. At the same time, the introduction of intelligent security equipment has helped the Group to enhance the security of the community. In the future, the Group will further improve its smart property system and introduce more intelligent technologies to enhance service efficiency and convenience.

CONTINUOUS IMPROVEMENT OF SERVICE QUALITY

The Group has implemented a comprehensive service quality management system to track the satisfaction and service quality of owners and customers, and to identify and correct service deficiencies in a timely manner. In the first half of 2024, the Group strengthened its basic property services such as cleaning, greening and security, creating a clean and beautiful community environment with good public security, and significantly enhancing the sense of security and comfort of residents. The Group will continue to promote the concept of green environmental protection, implement green property management, implement environmental protection measures such as garbage classification, energy conservation and emission reduction, and collaborate with communities and streets to build green ecological communities.

STRENGTHEN COMMUNITY CULTURAL CONSTRUCTION

The Group has organized a variety of community activities to enhance neighborhood relations, further enhance residents' sense of happiness and belonging, and promote community harmony and stability. In the future, the Group will continue to deepen community services, expand the scope of services, and provide value-added services in various fields such as housekeeping, elderly care, education and health to meet the diversified needs of owners.

EMPHASIS ON TEAM BUILDING AND TRAINING

In the first half of 2024, the Group organized several professional skills training and service concept training to enhance the professionalism and service awareness of employees. At the same time, the Group has strengthened the construction of team culture, enhanced team cohesion and centripetal force, and laid a solid talent foundation for providing quality services.

Since the Listing, the Group has always embraced the opportunities and challenges from the industry and the market with full enthusiasm, professional attitude and pragmatic style. In the future, the Group will continue to promote the transformation, upgrading and sustainable development of the Group with a more open attitude and more innovative thinking, and create greater shareholder value!

Yu Yun

Chairman of the Board

Hangzhou, 30 August 2024

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 47th 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	49	58

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 (('000 sq.m.)	%	Number	GFA (('000 sq.m.)	%	Number
Hangzhou	4,906	54.5	26	4,552	50.6	25
Zhejiang Province (excluding Hangzhou)	1,794	19.9	11	2,528	28.1	16
Yangtze River Delta region (excluding Zhejiang Province)	2,166	24.0	10	1,875	20.8	16
Other regions	140	1.6	2	44	0.5	1
Total	9,006	100.0	49	8,999	100.0	58

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.

Management Discussion and Analysis

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 19th 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	92,152	100.0	9,006	100.0	96,776	100.0	8,999	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							
	2024				2023			
	Revenue (RMB'000)		GFA under management ('000 sq.m.)		Revenue (RMB'000)		GFA under management ('000 sq.m.)	
		%	%		%		%	
Properties solely developed by Sundry Land Group ^{note}	47,315	51.3	4,030	44.7	49,877	51.5	4,275	47.5
Properties co-developed by Sundry 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
Total	92,152	100.0	9,006	100.0	96,776	100.0	8,999	100.0

Note: Sundry Land Group means Sundry 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 Sundry 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 Sundry 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.

Management Discussion and Analysis

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	117,602	100.0	136,180	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 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%.

Management Discussion and Analysis

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

	For six months 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	21,879	18.6	27,333	20.1

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 Lvgang (Taizhou) Property Management Service Co., Ltd.* (宋都旅港(台州)物業服務有限公司) (“Sundy Lvgang”), 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.

Management Discussion and Analysis

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 report, 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.

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

Management Discussion and Analysis

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 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 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 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 report, 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 report, 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 report, 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 report, 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 report.

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 of the Company (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.

Management Discussion and Analysis

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 report, 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 report.

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 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 2024, 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 2024, 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	Approximately percentage of shareholding in the Company
Mr. Yu Jianwu ("Mr. Yu")	(1)	Settlor of a trust	2,280,000,000	Long position	59.38%
CMB Wing Lung (Trustee) Limited ("CMB Wing Lung")	(1)	Trustee	2,280,000,000	Long position	59.38%
Success Base Group Limited ("Success Base")	(1)	Interest of a controlled corporation	2,280,000,000	Long position	59.38%
SUNDY HEYE LIMITED (宋都和業有限公司) ("Sundy Heye")	(1)	Beneficial owner	2,280,000,000	Long position	59.38%
Wang Xiangyu* (王翔宇)	(2)	Interest of a controlled corporation	340,000,000	Long position	8.85%
Shanghai Mingjin International Trade Co., Ltd.* (上海明堇國際貿易有限公司) ("Shanghai Mingjin International")	(2)	Interest of a controlled corporation	340,000,000	Long position	8.85%
Shanghai Mingjin New Energy Development Co., Ltd.* (上海明堇新能源開發有限公司) ("Shanghai Mingjin New Energy")	(2)	Interest of a controlled corporation	340,000,000	Long position	8.85%
Fuyang Mingjin New Energy Development Co., Ltd.* (阜陽明堇新能源開發有限公司) ("Fuyang Mingjin New Energy")	(2)	Beneficial owner	340,000,000	Long position	8.85%

Corporate Governance and Other Information

Names	Note	Capacity/Nature of interest	Number of shares	Long/short position	Approximately percentage of shareholding in the Company
Lin Mingqing (林明清)	(3)	Interest of a controlled corporation	300,000,000	Long position	7.81%
Southeast Ming and Qing Supply Chain (Xiamen) Co., Ltd.* (東南明清供應鏈(廈門)有限公司) (“ Southeast Xiamen ”)	(3)	Interest of a controlled corporation	300,000,000	Long position	7.81%
Southeast Ming Qing Supply Chain (Fuyang) Co., Ltd.* (東南明清供應鏈(阜陽)有限公司) (“ Southeast Fuyang ”)	(3)	Beneficial owner	300,000,000	Long position	7.81%

Notes:

- (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.
- (2) Fuyang Mingjin New Energy was wholly owned by Shanghai Mingjin New Energy, which was in turn wholly owned by Shanghai Mingjin International, and Shanghai Mingjin International was owned as to 90% by Wang Xiangyu. Accordingly, Shanghai Mingjin New Energy, Shanghai Mingjin International and Wang Xiangyu are therefore be deemed or taken to be interested in the Shares in which Fuyang Mingjin New Energy is interested pursuant to the SFO.
- (3) Southeast Fuyang was wholly owned by Southeast Xiamen, which was in turn owned as to 90% by Lin Mingqing. Accordingly, Southeast Xiamen and Lin Mingqing are therefore be deemed or taken to be interested in the Shares in which Southeast Fuyang is interested pursuant to the SFO.

Save as disclosed above, as at 30 June 2024, to the best knowledge of the Directors, no 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 was established to recognise and acknowledge the contributions the eligible participants of the Share Option Scheme (the “**Eligible Participants**”) had or may have made to the Group. The Share Option Scheme will provide Eligible Participants with 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 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 a 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 for the period from the Listing Date to the date of this annual report.

In any event, any grant of the Options under the Share Option Scheme shall comply with Chapter 17 of the Listing Rules taking effect from 1 January 2024.

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 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 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

On 4 January 2024, the Company announced that (1) Mr. Zhang Jingzhong had resigned as an independent non-executive Director, the chairman of the remuneration committee (the “**Remuneration Committee**”) and a member of each of the Audit Committee and the nomination committee (the “**Nomination Committee**”) of the Company with effect from 4 January 2024 in order to devote more time to his business and personal affairs; (2) Mr. Lau Kwok Fai Patrick had resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee; (3) Mr. Zhu Haoxian had been appointed as an independent non-executive Director, a member of the Audit Committee, the chairman of the Remuneration Committee and a member of the Nomination Committee; (4) Mr. Huang Enze had been appointed as an independent non-executive Director, and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee; and (5) Ms. Ye Qian had been further appointed as the chairman of the Audit Committee.

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, 30 August 2024

* 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.

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)
Revenue	4	117,602	136,180
Cost of sales and services rendered		(95,723)	(108,847)
Gross profit		21,879	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	(42)	(57)
Profit before taxation		5,021	6,785
Income tax expense	8	(682)	(1,004)
Profit for the period	9	4,339	5,781
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of the Company		652	6,377
		652	6,377
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		(442)	(5,213)
		(442)	(5,213)
Total comprehensive income for the period		4,549	6,945
Profit for the period attributable to:			
Owners of the Company		5,310	4,496
Non-controlling interests		(971)	1,285
		4,339	5,781
Total comprehensive income for the period attributable to:			
Owners of the Company		5,520	5,660
Non-controlling interests		(971)	1,285
		4,549	6,945
Earnings per share			
– Basic and diluted (RMB cents)	10	0.14	0.14

Unaudited Condensed Consolidated Statement of Financial Position

at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	22,201	26,615
Goodwill		–	1,242
Intangible assets		216	3,927
Right-of-use assets		–	112
Financial assets at fair value through profit or loss	12	50,019	43,917
Investment in joint ventures		2,153	2,153
Investment in an associate		5,823	5,421
Prepayments	13	44,381	4,651
Deferred tax assets		10,301	8,892
		135,094	96,930
Current assets			
Inventories		626	379
Trade and other receivables	13	243,143	230,313
Financial assets at fair value through profit or loss	12	20,120	70,198
Property held for sale		8,696	8,696
Restricted bank balances		2,529	1,666
Cash and cash equivalents		136,106	154,178
		411,220	465,430
Assets classified as held for sale	14	6,102	–
		417,322	465,430
Current liabilities			
Contract liabilities		39,273	31,824
Advances from lessees		99	85
Trade and other payables	15	113,165	133,481
Lease liabilities		–	48
Current taxation		1,389	3,399
		153,926	168,837
Liabilities directly associated with assets classified as held for sale	14	2,250	–
		156,176	168,837
Net current assets		261,146	296,593
TOTAL ASSETS LESS CURRENT LIABILITIES		396,240	393,523
Non-current liabilities			
Lease liabilities		–	74
Deferred tax liabilities		–	900
		–	974
NET ASSETS		396,240	392,549
Capital and reserves			
Share capital	16	254	254
Reserves		389,582	384,062
Equity attributable to owners of the Company		389,836	384,316
Non-controlling interests		6,404	8,233
TOTAL EQUITY		396,240	392,549

The condensed consolidated financial statements on pages 25 to 52 were approved and authorised for issue by the Board of Directors on 30 August 2024 and are signed on its behalf by:

ZHU YIHUA
Director

ZHU CONGYUE
Director

Unaudited Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024

	Attributable to owners of the Company								Total equity RMB'000
	Share capital RMB'000	Share premium* RMB'000	Capital reserves* RMB'000	PRC			Total RMB'000	Non-controlling interests RMB'000	
				statutory reserves* RMB'000	Exchange reserves* RMB'000	Retained profits* RMB'000			
At 1 January 2023 (Audited)	208	178,384	(33,780)	21,510	562	175,487	342,371	5,628	347,999
Profit for the period	-	-	-	-	-	4,496	4,496	1,285	5,781
Other comprehensive income for the period	-	-	-	-	1,164	-	1,164	-	1,164
Total comprehensive income for the period	-	-	-	-	1,164	4,496	5,660	1,285	6,945
Appropriation to statutory reserves	-	-	-	757	-	(757)	-	-	-
At 30 June 2023 (Unaudited)	208	178,384	(33,780)	22,267	1,726	179,226	348,031	6,913	354,944

	Attributable to owners of the Company								Total equity RMB'000
	Share capital RMB'000	Share premium* RMB'000	Capital reserves* RMB'000	PRC			Total RMB'000	Non-controlling interests RMB'000	
				statutory reserves* RMB'000	Exchange reserves* RMB'000	Retained profits* RMB'000			
At 1 January 2024 (Audited)	254	209,966	(33,780)	23,354	1,521	183,001	384,316	8,233	392,549
Profit for the period	-	-	-	-	-	5,310	5,310	(971)	4,339
Other comprehensive income for the period	-	-	-	-	210	-	210	-	210
Total comprehensive income for the period	-	-	-	-	210	5,310	5,520	(971)	4,549
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	(858)	(858)
Appropriation to statutory reserves	-	-	-	805	-	(805)	-	-	-
At 30 June 2024 (Unaudited)	254	209,966	(33,780)	24,159	1,731	187,506	389,836	6,404	396,240

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

Unaudited Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	(20,842)	(62,405)
Income tax paid	(4,209)	(5,065)
Net cash used in operating activities	(25,051)	(67,470)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(39,938)	(148)
Acquisition of financial assets at fair value through profit or loss	(20,000)	–
Proceeds from disposal of financial assets at fair value through profit or loss	70,217	–
Interest received	1,220	1,299
Decrease in restricted bank balances	–	135,000
Net cash generated from investing activities	11,499	136,151
Cash flows from financing activities		
Capital element of lease rentals paid	–	(54)
Interest element of lease rentals paid	–	(15)
Net cash used in financing activities	–	(69)
Net (decrease)/increase in cash and cash equivalents	(13,552)	68,612
Cash and cash equivalents at the beginning of the period	154,178	109,289
Effect of foreign exchange rate changes	210	1,164
Cash and cash equivalents at the end of the period	140,836	179,065
Analysis of cash and cash equivalents		
Bank and cash balances	136,106	179,065
Bank and cash balances classified as held for sale	4,730	–
	140,836	179,065

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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

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

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

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual periods beginning on or after 1 January 2027

4 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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

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)
Revenue from contracts with customers:		
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
	116,649	135,428
Revenue from other sources:		
Hotel business		
– Leasing of commercial shopping arcades	953	752
	953	752
Total revenue	117,602	136,180

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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

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 2024 and 2023.

For the six months ended 30 June 2024	Property management services	Value-added services to non-property owners	Community value-added services	Hotel business – rooms operation services and sales of food and beverage	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Timing of revenue recognition					
At a point in time	–	–	–	633	633
Over time	92,152	6,771	8,589	8,504	116,016
	92,152	6,771	8,589	9,137	116,649

For the six months ended 30 June 2023	Property management services	Value-added services to non-property owners	Community value-added services	Hotel business – rooms operation services and sales of food and beverage	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Timing of revenue recognition					
At a point in time	–	–	–	115	115
Over time	96,776	19,250	10,485	8,802	135,313
	96,776	19,250	10,485	8,917	135,428

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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

5. SEGMENT INFORMATION (continued)

(a) Segment reporting (continued)

Segment revenue and results

For the six months ended 30 June 2024

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

For the six months ended 30 June 2023

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

5. SEGMENT INFORMATION (continued)

(a) Segment reporting (continued)

Segment assets and liabilities

As at 30 June 2024

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

As at 31 December 2023

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

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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

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 (Note)	(4,553)	–
Commission income on financial guarantee in 2022	–	1,327
Commission income on financial guarantee in 2023	–	300
Amortisation 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
	1,741	8,287

Note: As disclosed in Note 14, 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
	42	57

8. INCOME TAX EXPENSE

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

8. INCOME TAX EXPENSE (continued)

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:

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

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 (“FINANCIAL ASSETS AT FVTPL”)

	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 (Note)	20,120	70,198
	70,139	114,115

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), 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) offered by Huaxia Wealth Management Co., Ltd* (華夏理財有限責任公司) (the “Huaxia Wealth Management Product”) in an aggregate amount of RMB70,000,000 using internal resources. The Huaxia Wealth Management Product had non-fixed term, the expected annualised rate of return was 2.85% to 3.35% (non-guaranteed). 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天定期法人理財產品) 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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

13. TRADE AND OTHER RECEIVABLES

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

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:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Related parties		
0 to 180 days	18,065	21,402
181 to 365 days	19,036	17,805
1 to 2 years	16,796	56,101
2 to 3 years	54,675	28,931
Over 3 years	31,124	3,764
Third parties		
0 to 180 days	54,159	31,194
181 to 365 days	9,358	23,565
1 to 2 years	22,187	19,514
	225,400	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. Details of amount with a related party are set out in Note 21(d).

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

14. ASSETS CLASSIFIED AS HELD FOR SALE

Disposal of subsidiary

On 15 June 2024, the Group entered into an equity transfer agreement with Taizhou Lu Qiao Estate, an independent third party to dispose of its 51% equity interest in a subsidiary, namely Sundy Lvgang at an aggregate consideration of approximately RMB2,958,000 as at the date of disposal. The subsidiary provides property management services.

During the six months ended 30 June 2024, the disposal of Sundy Lvgang has not been completed and the relevant assets and liabilities were classified as assets held for sale.

At 30 June 2024, the assets and liabilities attributable to Sundy Lvgang have been classified as assets held for sale and are presented separately in the unaudited condensed consolidated statement of financial position.

At 30 June 2024, the major classes of assets and liabilities of the subsidiary are as follows:

	RMB'000
Property, plant and equipment	7
Goodwill	1,242
Intangible assets	3,200
Deferred tax assets	8
Trade and other receivables (a)	1,468
Bank balances and cash	4,730
	10,655
Less: Loss on measurement of assets classified as held for sale to fair value less cost to sell (Note 6)	(4,553)
Total assets classified as held for sale	6,102
Contract liabilities	(210)
Trade and other payables	(1,240)
Deferred tax liabilities	(800)
Total liabilities directly associated with assets classified as held for sale	(2,250)
Net assets of Sundy Lvgang classified as held for sale	3,852
Intragroup balances	(894)
Net assets of Sundy Lvgang	2,958

- (a) The following is an aged analysis of trade receivables presented based on the date of revenue recognition and net of allowance at 30 June 2024:

	RMB'000
0-180 days	1,211
181-365 days	123
1 to 2 years	115
2 to 3 years	19
	1,468

Trade receivables are due when the receivables are recognised.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

15. TRADE AND OTHER PAYABLES

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables			
– Related parties	(a)	2,516	1,159
– Third parties	(b)	50,226	60,736
		52,742	61,895
Other payables			
– Related parties	(c)	2,271	2,192
– Deposits	(d)	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	(e)	23,343	22,723
– Others		3,462	14,177
		46,448	54,359
Accrued payroll and other benefits		13,975	17,227
		113,165	133,481

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 21(d).
- (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. Details of amounts due to related parties are set out in Note 21(d).
- (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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

15. TRADE AND OTHER PAYABLES (continued)

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Related parties		
Within 1 year	1,357	1,159
After 1 year but within 2 years	1,159	–
Third parties		
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
	52,742	61,895

16. 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 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	5,000,000,000	350
Issued and fully paid:		
At 1 January 2023 (audited)	3,200,000,000	208
Issue of shares upon share subscriptions (Note)	640,000,000	46
At 31 December 2023 (audited) and 30 June 2024 (unaudited)	3,840,000,000	254

Note:

On 16 May 2023, the Company entered into the subscription agreements with each of the subscribers, pursuant to which, the Company conditionally agreed to allot and issue, and the subscribers conditionally agreed to subscribe for, a total 640,000,000 subscription shares at the subscription Price of HK\$0.05568 per subscription share for cash of HK\$35,635,200. The Company received approximately RMB31,628,000 (net of issuance cost of approximately RMB760,000) from the share subscriptions. The completion of the subscription took place on 27 December 2023. Details of the subscription were disclosed in the announcements of the Company dated 16 May 2023 and 27 December 2023.

17. 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 2024 and 31 December 2023:

	Fair value measurements using			
	Level 1: RMB'000 (Unaudited)	Level 2: RMB'000 (Unaudited)	Level 3: RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 30 June 2024				
Recurring fair value measurements:				
Financial assets at FVTPL				
Convertible note issued by a company listed in Australia	—	50,019	—	50,019
Wealth Management Product	—	20,120	—	20,120
Total recurring fair value measurements	—	70,139	—	70,139

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

17. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy at 30 June 2024 and 31 December 2023: (continued)

	Fair value measurements using			
	Level 1: RMB'000 (Audited)	Level 2: RMB'000 (Audited)	Level 3: RMB'000 (Audited)	Total RMB'000 (Audited)
At 31 December 2023				
Recurring fair value measurements:				
Financial assets at FVTPL				
Convertible note issued by a company listed in Australia	–	43,917	–	43,917
Wealth Management Product	–	70,198	–	70,198
Total recurring fair value measurements	–	114,115	–	114,115

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

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to establish the appropriate valuation techniques and inputs to the model. The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes. 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	Valuation technique	Inputs	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
			Convertible note issued by a company listed in Australia	Binominal option pricing model
Wealth Management Product	Discounted cash flow	Expected annual return	20,120	70,198

There is no transfer between the different levels of the fair value hierarchy during the six months ended 30 June 2024.

18. CAPITAL COMMITMENTS

The Group did not have any material capital commitments at 30 June 2024 and 31 December 2023.

19. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities at 30 June 2024 and 31 December 2023.

20. FINANCIAL GUARANTEE CONTRACTS

On 31 January 2022, in order to meet the financing needs of Hangzhou Sundy Property (an indirect wholly-owned subsidiary of the Company) and Xingfu Jian Holdings Group and requirements of some financial institutions on third party guarantees when financing, Sundy Property entered into the 2022 Cross-guarantee agreement with Xingfu Jian Holdings (for itself and as trustee for the benefit of other members of Xingfu Jian Holdings Group), pursuant to which Sundy Property and Xingfu Jian Holdings Group agreed to provide guarantee in respect of their borrowings or financing from banks or financial institutions for each other. The details refer to the announcements dated on 31 January 2022, 28 February 2022 and 25 March 2022. The respective accumulated amount under the cross-guarantee arrangement should not exceed RMB150,000,000. The transactions were approved by the shareholders at the extraordinary general meeting held on 25 March 2022.

Xingfu Jian Holdings Group drew down loan of RMB128,000,000 in April 2022 under the 2022 Cross-guarantee Agreement. Pursuant to the 2022 financial guarantee contract, Sundy Property was entitled to a commission fee of 4% which would be payable by Xingfu Jian Holdings Group for any amount of guarantee provided to Xingfu Jian Holdings Group, as well as any interest, fees, damages and enforcement expenses for breach of the relevant loan. For the six months ended 30 June 2023, the Group recorded commission income of approximately RMB1,327,000 from the 2022 Cross-guarantee Agreement.

As the 2022 Cross-guarantee Agreement expired on 31 March 2023, on 18 January 2023, in order to meet the financing needs of Sundy Property and Xingfu Jian Holdings Group and requirements of some financial institutions on third-party guarantees when financing, Sundy Property entered into the 2023 Cross-guarantee Agreement with Xingfu Jian Holdings (for itself and as trustee for the benefit of other members of Xingfu Jian Holdings Group) to renew the terms of such continuing connected transaction for a term commencing on 1 April 2023 and expiring on 31 March 2024. Pursuant to the 2023 Cross-guarantee Agreement, Sundy Property and Xingfu Jian 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 should not exceed RMB150,000,000. The transactions were approved by the shareholders at the extraordinary general meeting held on 30 March 2023. In April 2023, the RMB128,000,000 financial guarantee obligation was released due to the repayment of the loan by Xingfu Jian Holdings Group. At 31 December 2023, the Group did not provide any amount of guarantee to the Xingfu Jian Holdings Group.

Pursuant to the 2023 financial guarantee contract, Sundy Property was entitled to a commission fee of 4% which would be payable by Xingfu Jian Holdings Group for any amount of guarantee provided to Xingfu Jian Holdings Group, as well as any interest, fees, damages and enforcement expenses for breach of the relevant loan. For the six months ended 30 June 2023, the Group recorded commission income of approximately RMB300,000 from the 2023 Cross-guarantee Agreement.

During the six months ended 30 June 2024, in the opinion of the directors, the Group did not provide any financial guarantees to either related parties or independent third parties.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

21. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the Group entered into the following significant related party transactions for the six months ended 30 June 2024.

(a) Name of and relationship with related parties

During the six months ended 30 June 2024, 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
Xingfu Jian Holdings Group (formerly known as Sundy Holdings Group) including 幸福健控股集團	Corporate controlled by Mr. Yu Jianwu
(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	
(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 Xingfu Jian Holdings
Zhoushan Rongdu Property Co., Ltd. 舟山榮都置業有限公司	Joint venture of Xingfu Jian 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 Xingfu Jian Holdings
Liuzhou Shuangdu Real Estate Co., Ltd. 柳州雙都置業有限公司	Joint venture of Xingfu Jian Holdings
Guzhang Daying Mining Co., Ltd. 古丈大盈礦業有限公司	Joint venture of Xingfu Jian Holdings
Quzhou Ronsheng Property Co., Ltd. 衢州融晟置業有限公司	Associate of Xingfu Jian Holdings
Zhoushan Hongdu Real Estate Co., Ltd. 舟山弘都置業有限公司	Associate of Xingfu Jian Holdings
Shaoxing Guangdu Real Estate Development Co., Ltd. 紹興廣都房地產開發有限公司	Associate of Xingfu Jian Holdings
Guigang Dalong Property Co., Ltd. 貴港大龍置業有限公司	Associate of Xingfu Jian Holdings
Hangzhou Jinxing Real Estate Development Co., Ltd. 杭州金興房地產開發有限公司	Associate of Xingfu Jian Holdings
Hangzhou Xuandu Real Estate Development Co., Ltd. 杭州軒都房地產開發有限公司	Associate of Xingfu Jian Holdings

for the six months ended 30 June 2024

21. RELATED PARTY TRANSACTIONS (continued)**(a) Name of and relationship with related parties (continued)**

Name of related party	Relationship with the Group
Ningbo Fenghua Huaqi Real Property Co., Ltd. 寧波奉化花祺置業有限公司	Associate of Xingfu Jian 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.

* As at 22 November 2023, Zhejiang Zhizhonghe Industry and its subsidiaries became related parties.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors, is as follows:

	Six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	751	876
Discretionary bonuses	368	414
Retirement scheme contributions	79	73
	1,198	1,363

Total remuneration is included in “staff costs” (see Note 9).

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

21. RELATED PARTY TRANSACTIONS (continued)

(c) Significant related party transactions

The particulars of significant transactions between the Group and the above related parties for the six months ended 30 June 2024 presented are as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Property management services and the corresponding value-added services		
(i) Property management services		
– Xingfu Jian Holdings Group		
– Sundy Land and its subsidiaries	10,700	5,586
– Associates and joint ventures of Xingfu Jian Holdings	1,036	1,847
– Sundy Yangguang Kindergarten	–	43
(ii) Value-added services to non-property owners		
– Sundy Land and its subsidiaries	1,705	10,280
– Associates and joint ventures of Xingfu Jian Holdings	3,356	8,327
(iii) Remodelling and decoration of property units		
– Sundy Land and its subsidiaries	–	233
– Associates and joint ventures of Xingfu Jian Holdings	–	1
(iv) Other community value-added services		
– Sundy Land and its subsidiaries	219	151
– Associates and joint ventures of Xingfu Jian Holdings	212	46
Hotel business services		
(i) Hotel operation income from:		
– Sundy Land and its subsidiaries	–	24
(ii) Variable lease expenses to:		
– Sundy Land and its subsidiaries	2,285	2,253
Leases of office buildings and staff dormitories		
Short-term lease expenses to		
– Xingfu Jian Holdings Group		
– Sundy Land and its subsidiaries	–	139
Interest expense to		
– Greenland Property	42	42
Financial guarantee contract		
– Commission income from Xingfu Jian Holdings Group	–	1,627
Pledged bank deposits to secure the borrowings of		
– Xingfu Jian Holdings*	–	130,000

* In April 2023, RMB130 million bank deposit was pledged to secure a loan of the Xingfu Jian Holdings, the deposit was repaid by Xingfu Jian Holdings in June and July 2023.

21. RELATED PARTY TRANSACTIONS (continued)

(c) Significant related party transactions (continued)

(a) Hotel business

The Group leased one hotel premise from Hangzhou Sundy Real Estate Group Co., Ltd. ("**Sundy Real Estate**") (杭州宋都房地產集團有限公司), which is a wholly-owned subsidiary of Sundy Land for its hotel business under variable lease term in 2017. According to the hotel lease agreement signed with Sundy Real Estate dated 1 November 2017, the Group is required to pay 15% of the revenue from hotel operation in its first six months of operation, i.e. October 2018, and then 20% of the revenue from hotel operation from the seventh month of operation onwards. In addition, the Group is required to pay 60% of the rental income from 2019 when the Group sub-lets the shops in the hotel premise.

The leasing period is three years commencing from the delivery of hotel premise in October 2018. The agreement was renewed in October 2021 for 10 years with the lease terms unchanged.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

21. RELATED PARTY TRANSACTIONS (continued)

(d) Balances with related parties

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade related		
Trade receivables		
– Xingfu Jian Holdings Group		
– Sundy Land and its subsidiaries	122,690	104,794
– Associates and joint ventures of Xingfu Jian Holdings	17,006	23,209
	139,696	128,003
Trade payables		
– Xingfu Jian Holdings Group		
– Sundy Land and its subsidiaries	842	782
– Greenland Property	1,674	–
– Associates and joint ventures of Xingfu Jian Holdings	–	377
	2,516	1,159
Contract liabilities		
– Sundy Land and its subsidiaries	1,101	1,194
– Associates and joint ventures of Xingfu Jian Holdings	–	1,391
	1,101	2,585
Non-trade related		
Other receivables		
– Sundy Land and its subsidiaries (Note i)	5,538	5,150
– Joint venture of Xingfu Jian Holdings (Note ii)	–	3,466
	5,538	8,616
Other payables		
– Greenland Property	2,234	2,192
– Joint Venture of Xingfu Jian Holdings	37	–
	2,271	2,192
Prepayments		
– Joint Venture of Xingfu Jian Holdings (Note 13(b))	39,730	–

Notes:

- (i) The balance of other receivables due from Sundy Land and its subsidiaries at 30 June 2024 includes commission income on financial guarantee of approximately RMB5,120,000 (At 31 December 2023: RMB5,120,000).
- (ii) The balance of other receivables due from joint venture of Xingfu Jian Holdings at 31 December 2023 includes certain performance guarantee deposit of approximately RMB3,422,000 to secure the quality of property management services provided to Twin Towers Property.

21. RELATED PARTY TRANSACTIONS (continued)

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of provision of property management services and the corresponding value-added services and hotel operation services to Sundy Land and its subsidiaries, Zhizhonghe Industry and its subsidiaries and Sundy Yangguang Kindergarten, and hotel variable lease expenses to Sundy Land and its subsidiaries above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

22. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 30 June 2024 and 31 December 2023, the directors consider the immediate parent to be Sundy Heye Limited, which is incorporated in the BVI, and ultimate controlling party of the Group to be Mr. Yu Jianwu.

23. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the unaudited condensed interim consolidated financial statements, the following significant event took place after the end of the reporting period:

(a) Major transaction project investment agreement in relation to gold refinery and foundry

On 31 January 2024 (after trading hours), Gold Standard Mining (Chongqing) Co., Ltd. (“**Gold Standard Mining (Chongqing)**”), an indirect wholly-owned subsidiary of the Company entered into the Project Investment Agreement with Tongnan Industrial Investment and Development (Group) Co., Ltd. (“**Tongnan Industrial Investment and Development**”), pursuant to which Gold Standard Mining (Chongqing) shall, among others, provide an aggregated amount of RMB150,000,000 using internal resources and re-allocated part of the net proceeds and acquire the state-owned land use rights of the Land and Tongnan Industrial Investment and Development shall construct and establish the Project on the Land. The period for construction is expected to be approximately 18 months. On 23 August 2024, the Company announced that the Company decided to terminate the Project Investment Agreement and all parties thereto mutually release and discharge each other from all obligations, duties, responsibilities, claims and liabilities whatsoever of whatever nature owed to any other party (if any) arising out of or in connection with the Project Investment Agreement. Details please refer to the announcements dated 31 January 2024 and 23 August 2024.

(b) Major transaction subscription agreement in relation to acquisition of listed securities

On 14 March 2024, the Company entered into the subscription agreement in relation to the acquisition of an aggregate of 133,333,334 shares issued by Black Cat Syndicate Limited (“**Black Cat**”), 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 per share of Black Cat (the “**Subscription Agreement**”), using the proceeds from the potential subscription of new Shares under the General Mandate. On 15 August 2024, the Company received a termination letter dated 14 August 2024 (the “**Termination Letter**”) from Black Cat, Black Cat has stated in the Termination Letter that they unilaterally terminated the Subscription Agreement with effective from the date of the Termination Letter. Details please refer to the announcements dated 14 March 2024 and 15 August 2024.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

for the six months ended 30 June 2024

24. APPROVAL OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed interim consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 August 2024.