

SUNY 宋服務
臻 享 幸 福 +

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

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



INTERIM
REPORT
2023



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. YU Yun (*Chairman of the Board*)
Mr. ZHU Yihua (*Chief Executive Officer*)
(*Appointed as Chief Executive Officer on 2 June 2023*)
Mr. ZHU Congyue (*Appointed on 2 June 2023*)
Mr. ZHANG Zhenjiang (*Appointed on 4 July 2023*)
Mr. CHENG Huayong (*Resigned on 14 April 2023*)
Ms. ZHU Jin (*Resigned on 2 June 2023*)

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. ZHANG Qisi
Mr. TSANG Ho Yin

AUTHORISED REPRESENTATIVES

Mr. ZHU Congyue
Mr. TSANG Ho Yin

HONG KONG LEGAL ADVISOR

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

AUDITOR

Zhonghui Anda CPA Limited
Certified Public Accountants and Registered
Public Interest Entity Auditor
23/F, Tower 2, Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Hong Kong

PRINCIPAL BANKERS

Bank of Hangzhou
Jiangcheng Sub-branch

China Merchants Bank
Zhijiang Sub-branch

COMPANY'S WEBSITE

<http://songduwuye.com>

STOCK CODE

9608

REGISTERED OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
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P.O. Box 2681
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Cayman Islands

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

127, Hanghai Road
Jianggan district
Hangzhou
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

Computershare Hong Kong Investor Services Limited
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INVESTOR RELATIONSHIP CONTACT

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Financial Summary

The following is a summary of the results and assets and liabilities of Sundy Service Group Co. Ltd (the “Company”) and its subsidiaries (collectively, the “Group”) for each of the six months ended 30 June 2023 (the “Period”) and the corresponding period in 2022.

RESULTS

	Note	For the six months ended 30 June		Changes (%/ percentage points (“p.p.”))
		2023 (Unaudited)	2022 (Unaudited)	
Revenue (RMB'000)		136,180	130,760	4.1%
Gross profit (RMB'000)		27,333	39,626	-31.0%
Gross profit margin	(1)	20.1%	30.3%	-10.2p.p
Profit for the Period (RMB'000)		5,781	19,451	-70.3%
Profit margin	(2)	4.2%	14.9%	-10.7p.p
Profit attributable to equity shareholders of the Company (RMB'000)		4,496	19,168	-76.5%

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 2023 (Unaudited)	31 December 2022	
Cash and cash equivalents (RMB'000)		179,065	109,289	63.8%
Current assets (RMB'000)		467,747	462,352	1.2%
Total assets (RMB'000)		529,021	529,976	-0.2%
Current liabilities (RMB'000)		172,929	180,670	-4.3%
Total liabilities (RMB'000)		174,077	181,977	-4.3%
Total equities attributable to owners of the Company (RMB'000)		348,031	342,371	1.7%
Current ratio	(3)	2.70	2.56	5.2%
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 2023 and 31 December 2022.

To all shareholders,

Since last year, with the publication of the “Ten New Measures” of COVID-19 prevention and control by the People’s Republic of China (the “**PRC**”) government in December 2022, all regions across the country relaxed the prevention policies step by step and the society has gradually entered into the “post-pandemic era”. In the past three years, the COVID-19 pandemic has changed the people’s lifestyle and will be expected to influence the global economy in the years ahead.

Entering 2023, active regulatory policies and macro-economic measures have sent positive market signals. With the results of relaxation of pandemic prevention and control, real estate sales in key cities across the country have steadily recovered and have basically bottomed out. The PRC government and relevant authorities continuously issued new policies to support the healthy and orderly development of the real estate industry and property management industry. The Group remains positive and optimistic about the future development of the industry. While the downturn in the real estate industry has a negative influence on the Group’s performance, we believe that such impact is temporary.

Under this circumstance, in the first half of 2023, the Group adhered to the goal of steady development. Instead of blindly following the trend or restraining ourselves from making progress, we have been actively seeking development opportunities in the market and striving to develop into a diversified life service platform.

FOCUSING ON THE FOUNDATION OF SERVICE QUALITY FIRST.

With its solid service quality and good market reputation, the Group was awarded “Top 44 among Top 100 Property Management Companies in 2023* (2023年物業服務百強企業TOP44)”. Based on the foundational property management service, the Group strives to improve service quality by upgrading equipment and smart operating systems in communities. To improve the satisfaction of the property owners, the Group conducts satisfaction surveys at regular time and responses to every complaint within a reasonable time.

EXPLORING URBAN SERVICES AND ACCUMULATING GROWTH MOMENTUM.

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

In face of the new conditions and new requirements, the Group will improve its quality and stick to the foundational revenue bases. Meanwhile, to smooth the counter-cyclical period of the industry, the Group has the confidence in reform and innovation, which will lower the direct connections with the real estate industry to the minimum extent.

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 January 2021 (the “**Listing**”). Since the Listing, the Group has always aimed the direction of long-term development and regards high-quality services as the cornerstone of its corporate development. In the future, the Group will continue to remain true to its original aspiration of putting the customers first and withstand the pressure under difficult environment!

Yu Yun

Chairman of the Board

Hangzhou, 31 August 2023

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 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 EH Consulting (億瀚智庫), the Group ranked the 44th among the "Top 100 Property Management Companies in China" (中國物業服務百強企業) in terms of overall strength in property management in 2023.

As at 30 June 2023, 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 58 properties, including 39 residential properties and 19 non-residential properties, with a total GFA under management of approximately 9.0 million sq.m. and a total contracted GFA of 11.1 million sq.m.

The table below sets forth the changes in the GFA under management and number of managed projects of the Group as at 30 June 2023 and 2022:

	As at 30 June 2023	2022
GFA under management (<i>'000 sq.m.</i>)	8,999	9,266
Number of managed projects	58	56

The table below sets forth the GFA under management by region as at 30 June 2023 and 2022:

	As at 30 June					
	2023			2022		
	GFA	Number		GFA	Number	
	(<i>'000 sq.m.</i>)	%		(<i>'000 sq.m.</i>)	%	
Hangzhou	4,552	50.6	25	4,974	53.7	30
Zhejiang Province (excluding Hangzhou)	2,528	28.1	16	2,149	23.2	13
Yangtze River Delta region (excluding Zhejiang Province)	1,875	20.8	16	2,099	22.7	12
Other regions	44	0.5	1	44	0.4	1
Total	8,999	100.0	58	9,266	100.0	56

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

During the Period, the Group's revenue was RMB136.2 million, representing an increase of 4.1% as compared with RMB130.8 million in the corresponding period in 2022. Among which, revenue from property management services was RMB96.8 million, revenue from value-added services to non-property owners was RMB19.3 million, revenue from community value-added services was RMB10.5 million and revenue from other businesses was RMB9.7 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 2023, the number of managed projects reached 58 properties, including eight properties from independent third-party property developers. The Group utilised the strength in property management of residential properties to increase brand value. During the Period, the Group's revenue from property management services to residential properties was RMB78.2 million, representing an increase of 5.5% as compared with RMB74.1 million in the corresponding period in 2022.

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							
	2023				2022			
	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%
Residential properties	78,229	80.8	7,786	86.5	74,133	80.3	7,724	77.8
Non-residential properties	18,547	19.2	1,213	13.5	18,175	19.7	1,542	22.2
Total	96,776	100.0	8,999	100.0	92,308	100.0	9,266	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							
	2023				2022			
	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%
Properties solely developed by Sundy Land Group ^{Note}	49,877	51.5	4,275	47.5	54,318	58.8	3,914	42.2
Properties co-developed by Sundy Land Group	22,811	23.6	2,555	28.4	15,421	16.7	2,377	25.7
Properties developed by independent third-party property developers	24,088	24.9	2,169	24.1	22,569	24.5	2,975	32.1
Total	96,776	100.0	8,999	100.0	92,308	100.0	9,266	100.0

Note: Sundy Land Group means Sundy Land Investment Co., Ltd.* (宋都基業投資股份有限公司) ("Sundy Land") and its subsidiaries

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

Value-added services to non-property owners primarily include consulting services, sales assistance services and pre-delivery services, which were mainly provided to non-property owners such as real estate developers. During the Period, the revenue from value-added services to non-property owners of the Group was RMB19.3 million, accounting for 14.1% of the total revenue for the Period, representing a decrease of 13.8% as compared with RMB22.4 million in the corresponding period in 2022.

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 2023, the Group's pipeline projects involved 12 properties, representing a GFA of 2.1 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 RMB10.5 million, which was mainly from property repair and maintenance, remodelling and decoration, waste cleaning, 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 RMB9.7 million, which was primarily generated from hotel room charge, food services and sales of personal care products.

PROSPECTS

In the first half of 2023, measures like stabilising the property market and ensuring timely delivery of residential projects, together with the release of pent-up demand, have supported the improvement of the real estate industry in the PRC. As the real estate industrial chain is gradually recovering from the downturn, the property management services industry is expected to return to a favourable position step by step, and to promote market confidence and liquidity.

Focusing on the future, the Group is optimistic about the prospect of the industry and continues to emphasise the development of the four business lines with the philosophy of "Revitalise and beautify lives with its services". Going forward, the Group will continue to build on the foundation of profitability for the development of the Group and improve satisfaction of property owners.

In the second half of 2023, the Group will focus on the following aspects:

- The Group will continue to solidify its fundamental property management services, especially in residential properties with "Professionalism, Quality and Heartwarming". Based on the cooperation with local streets and districts, the Group will actively look for cooperation targets based in the Yangtze River Delta region.

- The Group will strive to achieve its business targets by expanding its management areas and third-party projects and complying with the macro policies and regulations in the real estate industry in the PRC to steadily and stably smooth the industrial cycle.
- The Group will continue to promote excellence in quality services and further upgrade advanced technology to improve the smart community in the projects under management. Meanwhile, the Group will focus on reconstructing the core profitable model of value-added services to strengthen and diversify the revenue bases.

FINANCIAL REVIEW

Revenue

During the Period, the Group's revenue amounted to RMB136.2 million, representing an increase of 4.1% as compared with RMB130.8 million in the same period of 2022.

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

	For the six months ended 30 June			
	2023		2022	
	(RMB'000)	%	(RMB'000)	%
Property management services	96,776	71.1	92,308	70.6
Value-added services to non-property owners	19,250	14.1	22,377	17.1
Community value-added services	10,485	7.7	11,134	8.5
Other businesses	9,669	7.1	4,941	3.8
Total	136,180	100.0	130,760	100.0

Property management services: Property management services primarily consist of security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services. The portfolio of the Group's managed properties comprises residential properties and non-residential properties. During the Period, the Group realised revenue of RMB96.8 million, representing an increase of 4.9% as compared to RMB92.3 million in the same period of 2022, accounting for 71.1% of the total revenue during the Period, which is the main source of revenue for the Group. The growth in revenue was mainly attributable to the increase in the number of projects under management.

Value-added services to non-property owners: Value-added services to non-property owners are a range of value-added services 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 RMB19.3 million, representing a decrease of 13.8% as compared to RMB22.4 million in the same period of 2022, accounting for 14.1% of the total revenue during the Period. The decrease in revenue was mainly attributable to the decrease in the number of pipeline projects and the decline in the revenue of consulting and pre-delivery services.

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 RMB10.5 million, representing a decrease of 5.4% as compared to RMB11.1 million in the same period of 2022, accounting for 7.7% of the total revenue during the Period. The decrease in revenue from community value-added services was mainly attributable to the decrease in revenue from decoration and remodelling.

Other businesses: Other businesses include hotel business and long-term rental apartment business. During the Period, the Group realised revenue of RMB9.7 million, representing a growth of 98.0% as compared to RMB4.9 million in the same period of 2022, accounting for 7.1% of the total revenue during the Period. The rapid growth in revenue from other businesses was mainly due to the recovery of travelling business from the COVID-19 pandemic, which benefits the hotel business.

Cost of sales

During the Period, the Group's cost of sales was RMB108.8 million, representing a growth of 19.4% as compared to RMB91.1 million in the same period of 2022, mainly due to the increase in the number of properties under management as a result of geographic expansion.

Gross profit and gross profit margin

Based on the above factors, during the Period, the Group realised gross profit of RMB27.3 million, representing a decrease of 31.1% as compared to RMB39.6 million in the same period of 2022. During the Period, the Group's gross profit margin decreased by 10.2 percentage points from the same period of 2022 to 20.1%.

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

	For the six months ended 30 June			
	2023		2022	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit/ (loss) (RMB'000)	Gross profit/ (loss) margin %
Property management services	18,596	19.2	25,377	27.5
Value-added services to non-property owners	3,414	17.7	9,133	40.8
Community value-added services	3,524	33.6	6,032	54.2
Other businesses	1,799	18.6	(916)	(18.5)
Total	27,333	20.1	39,626	30.3

Gross profit of property management services was RMB18.6 million, representing a decrease of 26.8% as compared to RMB25.4 million in the same period of 2022. During the Period, the gross profit margin amounted to 19.2%, representing a decrease of 8.3 percentage points as compared to 27.5% in the same period of 2022. The decrease was mainly due to the increase in the investment of the Group for residential properties projects to improve the service quality and the smart community.

Gross profit of value-added services to non-property owners was RMB3.4 million, representing a decrease of 62.6% as compared to RMB9.1 million in the same period of 2022. During the Period, the gross profit margin amounted to 17.7%, representing a decrease of 23.1 percentage points as compared to 40.8% in the same period of 2022. The decrease was mainly due to the decrease in the revenue generated from consulting and pre-delivery services with high gross profit margin.

Gross profit of community value-added services was RMB3.5 million, representing a decrease of 41.7% as compared to RMB6.0 million in the same period of 2022. During the Period, the gross profit margin amounted to 33.6%, representing a decrease of 20.6 percentage points as compared to 54.2% in the same period of 2022. The decrease was mainly due to the decrease in the revenue of standardised remodelling and decoration services, and the extensive promotion of retail services to property owners, which lowered the gross profit during the Period.

Gross profit of other businesses was RMB1.8 million, representing a profitable growth as compared to gross loss of RMB0.9 million in the same period of 2022. During the Period, the gross profit margin amounted to 18.6%, representing an increase of 37.1 percentage points as compared to the gross loss margin of 18.5% in the same period of 2022. The increase was mainly due to the profitability of the hotel business as a result of the release in the controlling policies of COVID-19 pandemic applied nationwide in the first half of 2023.

Other income

During the Period, other income of the Group was RMB8.3 million, increased by 3.8% as compared to RMB8.0 million in the same period of 2022, mainly due to the increase in the revenue 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 Sundry Holdings Co., Ltd.* (浙江宋都控股有限公司)) (“**Xingfu Jian Holdings**”).

Selling and marketing expenses

During the Period, selling and marketing expenses of the Group amounted to RMB0.5 million, representing a slight increase by RMB0.3 million as compared to RMB0.2 million in the same period of 2022, mainly due to the increase in sales commission expenses from hotel business.

Administrative expenses

During the Period, administrative expenses of the Group amounted to RMB13.5 million, representing a decrease by RMB0.4 million as compared to RMB13.9 million in the same period of 2022, mainly due to the decrease in the number of staff.

Net finance income/(costs)

During the Period, the Group’s net finance income decreased from RMB1.4 million in the same period of 2022 to RMB1.2 million, mainly due to the decrease in interest income on bank deposits.

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 RMB0.7 million, representing an increase of 700.0% as compared with the same period in 2022, mainly due to the increase in the revenue generated from property management services.

During the Period, the Group realised share of profits of its joint ventures, namely Hangzhou Honghe Environmental Engineering Co., Ltd.* (杭州宏合環境工程有限公司) and Ningbo Songjie Enterprise Management Partnership (Limited Partnership)* (寧波宋捷企業管理合夥企業(有限合夥)), of a total of approximately RMB82,000.0, representing a decrease of 74.1% as compared to RMB0.3 million in the same period of 2022, mainly due to the decrease in revenue generated from a joint venture, which had become a subsidiary of the Company in June 2022.

Profits before tax

During the Period, the Group's profits before tax was RMB6.8 million, representing a decline of 73.6% from RMB25.8 million in the same period of 2022. The decline was mainly due to the increase in cost of sales and impairment loss on trade and other receivables.

Income tax

During the Period, the Group's income tax expenses decreased by 84.1% from RMB6.3 million in the same period of 2022 to RMB1.0 million, mainly due to the decrease of the Group's profit before tax, leading to corresponding decrease in income tax expenses.

Profit for the period

During the Period, the Group's profit for the period was RMB5.8 million, representing a decline of 70.3% from RMB19.5 million in the same period of 2022.

During the Period, profit attributable to owners of the Company was RMB4.5 million, representing a decline of 76.6% from RMB19.2 million in the same period of 2022. The decrease in profit attributable to owners of the Company during the Period is mainly due to the increase in impairment loss on trade and other receivables after the relatively higher expected credit loss (ECL) applied by an independent valuer as compared with the same period in 2022, as well as the sluggish post-pandemic economic recovery that affects industrial performance.

Current assets, financial resources and current ratio

In the first half of 2023, the financial position of the Group remained stable. As at 30 June 2023, the Group's current assets amounted to RMB467.7 million, representing an increase of 1.1% as compared with RMB462.4 million as at 31 December 2022.

As at 30 June 2023, the Group's cash and cash equivalents amounted to RMB179.1 million, representing an increase of 63.9% as compared with RMB109.3 million as at 31 December 2022, mainly due to the release of the RMB128.0 million financial guarantee contract due to the repayment of the loan by Xingfu Jian Holdings. The current ratio (calculated by dividing current assets by current liabilities) of the Group increased from 2.56 times as at 31 December 2022 to 2.70 times as at 30 June 2023.

As at 30 June 2023, the gearing ratio (calculated as net debt divided by total equity) is not applicable because the Company recorded a net cash position.

Bank loans and other borrowings

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

Property, plant and equipment

As at 30 June 2023, the property, plant and equipment of the Group amounted to RMB29.5 million, representing a decrease of 11.9% as compared with RMB33.5 million as at 31 December 2022, mainly due to the increase in accumulated depreciation.

Capital structure

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

Trade and other receivables

As at 30 June 2023, trade and other receivables of the Group amounted to RMB278.5 million, representing an increase of 34.3% as compared with RMB207.3 million as at 31 December 2022, mainly due to the increase in other receivables from third parties which mainly related to the bidding deposits and short-term liquidity loans to third parties.

As at 30 June 2023, the other receivables due from third parties of the Group amounted to RMB72.4 million, representing an increase of 513.6% as compared with RMB11.8 million as at 31 December 2022, mainly due to the loans of approximately RMB57.2 million which were provided to third parties (the “**Third-party Loans**”). As at the date of this report, the principal amounts of the Third-party Loans were repaid to the Group.

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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)	Subsequent settlement RMB'000
Related parties			
0 to 180 days	18,505	42,191	13,539
181 to 365 days	31,970	33,966	7,728
1 to 2 years	38,385	30,956	7,965
Third parties			
0 to 180 days	44,307	32,390	13,025
181 to 365 days	15,143	14,551	10,304
1 to 2 years	24,397	23,539	1,110
	172,707	177,593	53,671

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 RMB16.8 million, representing an increase of 11 times as compared with RMB1.4 million in the same period of 2022. The dramatic growth was mainly due to a relatively higher ECL assessment based on ageing of trade receivables, probability of default, industry performance of the customers and the country risk applied by an independent valuer as compared with the ECL assessment based on the historical behaviours and statistics applied by the Group in the same period of 2022.

Trade and other payables

As at 30 June 2023, trade and other payables of the Group amounted to RMB130.5 million, representing a decrease of 8.5% as compared with RMB142.7 million as at 31 December 2022, mainly due to the decrease in trade payables to third parties.

Contingent liabilities

Referring to the announcement of the Company dated 18 January 2023, Hangzhou Sundy Property Management Co., Ltd.* (杭州宋都物業經營管理有限公司) (formerly known as Hangzhou Shenye Sundy Property Management Co., Ltd.* (杭州深業宋都物業經營管理有限公司)) (“**Sundy Property**”) entered into a new cross-guarantee agreement with Xingfu Jian Holdings (for itself and as trustee for the benefit of other members of Xingfu Jian Holdings and its subsidiaries (“**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 respective accumulated amount under the cross-guarantee arrangement shall not exceed RMB150.0 million. The transactions were approved by the shareholders at the extraordinary general meeting held on 30 March 2023.

As at 31 December 2022, Xingfu Jian Holdings had a loan of RMB128.0 million from a bank for its business need and was secured by a pledge of certain bank deposit of Sundy Property. In April 2023, the financial guarantee obligation of RMB128.0 million (secured by a pledge of certain bank deposit of Sundy Property) was released due to the repayment of the loan by Xingfu Jian Holdings. As at 30 June 2023, the Group did not provide any amount of guarantee to the Xingfu Jian Holdings Group.

Save as disclosed above, during the Period, the Group did not have any material contingent liabilities.

Treasury policy

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

Pledged assets

The Group did not have any pledged assets as at 30 June 2023.

As at 31 December 2022, the Group provided a pledge of bank deposit of RMB135.0 million to Xingfu Jian Holdings under the cross-guarantee agreement. In April 2023, the said pledge of bank deposit of Sundy Property was released due to the repayment of the loan by Xingfu Jian Holdings.

Human resources and remuneration policies

As at 30 June 2023, the Group employed a total of 630 employees (30 June 2022: 689 employees). The staff costs of the Group for the Period were RMB37.3 million (for the six months ended 30 June 2022: RMB37.6 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**”) and in the paragraph headed “Share Option Scheme” in this report.

Significant investments

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

Material acquisitions and disposals of subsidiaries, associates and joint ventures

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

Foreign exchange risk exposure

The Group mainly operates its business in the PRC, and most of its business are conducted in RMB, and its exposure to foreign exchange risks is limited. However, as the proceeds from the Listing are dominated in Hong Kong dollar, the depreciation or appreciation of the Hong Kong dollar and interest rate adjustments will affect the performance of the Group. Therefore, the Group will closely monitor the exchange rate risks and interest rate risks involved, actively discuss foreign exchange hedging solutions with major banks, and use financial instruments to counter the risks involved when necessary.

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

The net proceeds from the Listing received by the Company, after deducting the underwriting commission, fees and estimated expenses payable by the Company in connection with the Listing, amounted to approximately HK\$133.2 million (based on the final offer price of HK\$0.25 per share). The net proceeds from the Listing are intended to be applied in accordance with the section headed “Future Plans and Use of Proceeds” in the Prospectus 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 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 2023;
- approximately 12% to invest in and expand the services related to the Future Community Pilot Plan, which primarily involves the provision of property management services and various types of community value-added services. As at the date of this report, all of the amount has been used for investing in digital 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 development of a mobile application for property owners and residents. As at the date of this report, all of the amount has been utilised to develop 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 laundry 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 2023; 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.

EVENTS AFTER THE PERIOD

On 4 July 2023, the Company announced that Mr. Zhang Zhenjiang was appointed as an executive Director.

On 20 September 2023, the Company announced that there were two loans (which were part of the Third-party Loans) in the principal amounts of RMB22.0 million in total, which on an aggregated basis, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. For more details of such two loans, please refer to the announcement of the Company dated 20 September 2023.

Save as disclosed above, no other significant events took place subsequent to 30 June 2023 and up to the date of this report.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the Period (six months ended 30 June 2022: Nil).

AUDIT COMMITTEE AND REVIEW OF INTERIM REPORT

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

The Audit Committee has reviewed with the management of the Company the unaudited interim financial statements and interim results for the Period, as well as this report.

PUBLIC FLOAT

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

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

As at 30 June 2023, 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 2023, to the best knowledge of the Directors, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to be maintained pursuant to section 336 of the SFO:

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

Note:

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

Save as disclosed above, as at 30 June 2023, to the best knowledge of the Directors, none of any other person (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

SHARE OPTION SCHEME

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

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

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

The amount payable by the grantee of an option (the “**Option**”) to the Company under the Share Option Scheme on acceptance of the offer for the grant of an Option is HK\$1.00. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised.

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

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

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

The Company by resolution in a general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Option will be offered but Option granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme. The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing, after which no further options will be granted or offered.

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

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

In any event, any grant of the Option under the Share Option Scheme shall comply with Chapter 17 of the Listing Rules taking effect from 1 January 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CHANGE IN DIRECTORS’ INFORMATION

On 14 April 2023, Mr. Cheng Huayong resigned as an executive Director.

On 2 June 2023, Ms. Zhu Jin (“**Ms. Zhu**”) resigned as an executive Director and the chief executive officer of the Company and ceased to act as an authorised representative of the Company (the “**Authorised Representative**”). Following Ms. Zhu’s resignation, Mr. Zhu Congyue was appointed as an executive Director and an Authorised Representative, and Mr. Zhu Yihua was appointed as the chief executive officer with effect from the same day.

On 4 July 2023, Mr. Zhang Zhenjiang was appointed as an executive Director.

Save as disclosed above, the Directors confirmed that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Period and up to the date of this report.

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

Hong Kong, 31 August 2023

* The English name is for identification purpose only.

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	4	136,180	130,760
Cost of sales		(108,847)	(91,134)
Gross profit		27,333	39,626
Interest income		1,299	1,471
Other income	6	8,287	7,969
Selling and marketing expenses		(501)	(162)
Administrative expenses		(13,510)	(13,851)
Impairment loss on trade and other receivables		(16,844)	(1,358)
Other expenses		(37)	(8,011)
Share of profit of joint ventures		82	316
Share of profit/(loss) of an associate		733	(132)
Finance costs	7	(57)	(75)
Profit before taxation		6,785	25,793
Income tax	8	(1,004)	(6,342)
Profit for the period	9	5,781	19,451
Other comprehensive income/(expense):			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of the Company		6,377	713
		6,377	713
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		(5,213)	292
		(5,213)	292
Total comprehensive income for the period		6,945	20,456
Profit for the period attributable to:			
Owners of the Company		4,496	19,168
Non-controlling interests		1,285	283
		5,781	19,451
Total comprehensive income for the period attributable to:			
Owners of the Company		5,660	20,173
Non-controlling interests		1,285	283
		6,945	20,456
Earnings per share			
– Basic and diluted (RMB cents)	10	0.14	0.60

Condensed Consolidated Statement of Financial Position

at 30 June 2023

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	29,465	33,537
Goodwill		1,242	1,242
Intangible assets		4,054	4,578
Right-of-use assets		338	396
Investment in joint ventures		2,469	2,387
Investment in an associate		6,507	5,774
Prepayments	12	9,368	14,085
Deferred tax assets		7,831	5,625
		61,274	67,624
Current assets			
Inventories		404	313
Trade and other receivables	12	278,541	207,273
Property held for sale		9,258	10,102
Restricted bank balances		479	135,375
Cash and cash equivalents		179,065	109,289
		467,747	462,352
Current liabilities			
Contract liabilities		40,481	28,344
Advances from lessees		105	54
Trade and other payables	13	130,509	142,732
Lease liabilities		116	111
Financial guarantee contract	14	–	5,857
Current taxation		1,718	3,572
		172,929	180,670
Net current assets		294,818	281,682
TOTAL ASSETS LESS CURRENT LIABILITIES		356,092	349,306
Non-current liabilities			
Lease liabilities		248	307
Deferred tax liabilities		900	1,000
		1,148	1,307
NET ASSETS		354,944	347,999
Capital and reserves			
Share capital	15	208	208
Reserves		347,823	342,163
Equity attributable to owners of the Company		348,031	342,371
Non-controlling interests		6,913	5,628
TOTAL EQUITY		354,944	347,999

The condensed consolidated financial statements on pages 23 to 42 were approved and authorised for issue by the Board of Directors on 31 August 2023 and are signed on its behalf by:

ZHU YIHUA
Director

ZHU CONGYUE
Director

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023

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

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

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

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash used in operations	(62,405)	(10,626)
Income tax paid	(5,065)	(13,985)
Net cash used in operating activities	(67,470)	(24,611)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(148)	(1,223)
Acquisition of intangible assets	—	(522)
Proceeds from disposal of property, plant and equipment	—	8
Payments for investment in a joint venture	—	(900)
Payments for investment in an associate	—	(6,010)
Acquisition of a subsidiary	—	4,787
Acquisition of property held for sale	—	(8,514)
Payment from a joint venture	—	1
Interest received	1,299	918
Decrease/(increase) in restricted bank balances	135,000	(135,000)
Net cash generated from/(used in) investing activities	136,151	(146,455)
Cash flows from financing activities		
Capital element of lease rentals paid	(54)	(85)
Interest element of lease rentals paid	(15)	(33)
Net cash used in financing activities	(69)	(118)
Net increase/(decrease) in cash and cash equivalents	68,612	(171,184)
Cash and cash equivalents at the beginning of the period	109,289	318,169
Effect of foreign exchange rate changes	1,164	1,015
Cash and cash equivalents at the end of the period	179,065	148,000
Analysis of cash and cash equivalents		
Bank and cash balances	179,065	148,000

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim 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 16 to the Listing Rules.

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

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis. They are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2022. The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2022.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards (the “IFRSs”) issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards (the “IFRS”); International Accounting Standards (the “IAS”); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the current year and prior years.

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

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

4. REVENUE

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

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from contracts with customers:		
Property management services	96,776	92,308
Value-added services to non-property owners	19,250	22,377
Community value-added services	10,485	11,134
Hotel business		
– Rooms operation services	8,802	4,054
– Sales of food and beverage	115	122
	135,428	129,995
Revenue from other sources:		
Hotel business		
– Leasing of commercial shopping arcades	752	761
Long-term rental apartment business	–	4
	752	765
Total revenue	136,180	130,760

Note: For the six months ended 30 June 2023, the revenue from Hangzhou Xingfu Jian Holdings Co., Ltd. (formerly known as Zhejiang Sundry Holdings Co., Ltd.) (“Xingfu Jian Holdings”) and its subsidiaries (collectively, “Xingfu Jian Holdings Group”), a related party of the Group, accounted for 12% (six months ended 30 June 2022: 21%) 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.

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 2023 and 2022.

For the six months ended 30 June 2023	Property management services RMB'000 (Unaudited)	Value-added services to non-property owners RMB'000 (Unaudited)	Community value-added services RMB'000 (Unaudited)	Hotel business – rooms operation services and sales of food and beverage RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Timing of revenue recognition					
At a point in time	–	–	3,620	115	3,735
Over time	96,776	19,250	6,865	8,802	131,693
	96,776	19,250	10,485	8,917	135,428

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

5. SEGMENT INFORMATION

(a) Segment reporting

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

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

(i) Segment results, assets and liabilities

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

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

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

5. SEGMENT INFORMATION (continued)

(a) Segment reporting (continued)

*Segment revenue and results***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)	Long- term rental apartment 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

For the six months ended 30 June 2022

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

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for the six months ended 30 June 2023

5. SEGMENT INFORMATION (continued)

(a) Segment reporting (continued)

Segment assets and liabilities

As at 30 June 2023

	Property management services and the corresponding value-added services RMB'000 (Unaudited)	Hotel business services RMB'000 (Unaudited)	Long- term rental apartment services RMB'000 (Unaudited)	Reconciling items RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets	518,075	19,446	–	(8,500)	529,021
Segment liabilities	168,830	13,747	–	(8,500)	174,077

As at 31 December 2022

	Property management services and the corresponding value-added services RMB'000 (Audited)	Hotel business services RMB'000 (Audited)	Long- term rental apartment services RMB'000 (Audited)	Reconciling items RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets	520,615	18,537	–	(9,176)	529,976
Segment liabilities	179,119	12,034	–	(9,176)	181,977

Information about non-current assets

As at 30 June 2023 and 31 December 2022, all of the non-current assets of the Group were located in the PRC.

6. OTHER INCOME

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Government grants	56	2,277
Exchange gain	68	50
Commission income on financial guarantee	1,627	912
Amortization on financial guarantee contract	5,857	1,407
Fair value gain on investment in a joint venture	–	2,924
Others	679	399
	8,287	7,969

7. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on lease liabilities	15	33
Others	42	42
	57	75

8. INCOME TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax (“EIT”)	3,310	6,952
Deferred tax	(2,306)	(610)
	1,004	6,342

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

For the six months ended 30 June 2023 and 2022, 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 2023 and 2022.

The Group’s PRC subsidiaries are subject to the PRC income tax rate of 25%. 17 subsidiaries were recognised as a small profit enterprise as at 30 June 2023 (as at 30 June 2022: 14). The portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% (2022: 12.5%) as taxable income amount, and be subject to enterprise income tax at 20% (2022: 20%). And the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 25% (2022: 25%) as taxable income amount, and be subject to enterprise income tax at 20% (2022: 20%).

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

9. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	4,220	2,062
Depreciation of right-of-use assets	58	99
Amortisation of intangible assets	524	54
Listing expenses	—	308
Impairment loss on trade and other receivables	16,844	1,358
Loss on disposal/written off of property, plant and equipment	—	318
Recognition of financial guarantee contracts (included in other expenses)	—	7,900
Staff costs	32,594	32,780
Retirement benefits scheme contributions	4,703	4,787
	37,297	37,567

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 2023 attributable to the owners of the Company of approximately RMB4,496,000 (six months ended 30 June 2022: RMB19,168,000) and on the weighted average number of shares in issue during the period of approximately 3,200,000,000 (six months ended 30 June 2022: 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 2023 and 2022.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of approximately RMB148,000 (six months ended 30 June 2022: approximately RMB1,223,000).

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

12. TRADE AND OTHER RECEIVABLES

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables			
– Related parties	(1)	109,219	115,335
– Third parties	(1)	99,615	81,541
Less: loss allowance	(1)	(36,127)	(19,283)
		172,707	177,593
Other debtors			
– Related parties		8,572	6,944
– Third parties	(2)	72,388	11,760
		80,960	18,704
Deposits and prepayments		34,242	25,061
		34,242	25,061
Less: deposits and prepayments under non-current asset		287,909	221,358
– Others		(9,368)	(14,085)
Presented under current assets		278,541	207,273

Notes:

- (1) 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 RMB36,127,000 for trade receivables recognised at 30 June 2023 (At 31 December 2022: RMB19,283,000), 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.

- (2) Included in other debtors were amounts of approximately RMB57,230,000, representing loans to third parties. The loans are unsecured, short-term and bear interests at one-year loan prime rate in the PRC.

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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Related parties		
0 to 180 days	18,505	42,191
181 to 365 days	31,970	33,966
1 to 2 years	38,385	30,956
Third parties		
0 to 180 days	44,307	32,390
181 to 365 days	15,143	14,551
1 to 2 years	24,397	23,539
	172,707	177,593

Trade receivables are due when the receivables are recognised.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

13. TRADE AND OTHER PAYABLES

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables			
– Related parties	(a)	1,683	444
– Third parties	(b)	70,963	78,939
		72,646	79,383
Other payables			
– Related parties	(a)	2,150	2,108
– Deposits	(c)	6,438	7,161
– Other taxes and surcharges payable		272	359
– Cash collected on behalf of the property owners' associations		8,164	8,113
– Temporary receipts from property owners	(d)	22,638	23,736
– Others		3,044	5,281
		42,706	46,758
Accrued payroll and other benefits		15,157	16,591
		130,509	142,732

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 18.
- (b) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers.
- (c) Deposits mainly represent miscellaneous decoration deposits received from property owners for the decoration period.
- (d) Temporary receipts represent utility charges received from property owners on behalf of utility companies.

13. TRADE AND OTHER PAYABLES (continued)

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

	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Related parties		
Within 1 year	1,683	444
Third parties		
Within 1 year	52,067	55,492
After 1 year but within 2 years	8,131	9,186
After 2 years but within 3 years	5,481	11,192
Over 3 years	5,284	3,069
	72,646	79,383

14. FINANCIAL GUARANTEE CONTRACT

On 31 January 2022, in order to meet the financing needs of Hangzhou Sundy Property Management Co., Ltd.* (杭州宋都物業經營管理有限公司) (“**Sundy Property**”) (an indirect wholly-owned subsidiary of the Company) and Xingfu Jian Holdings Group (formerly known as Sundy Holdings Group) and requirements of some financial institutions on third party guarantees when financing, Sundy Property entered into a cross-guarantee agreement (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 31 January 2022, 28 February 2022 and 25 March 2022. The respective accumulated amount under the 2022 Cross-Guarantee Agreement shall not exceed RMB150 million. 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 million in April 2022 under the 2022 Cross-Guarantee Agreement. Pursuant to the 2022 Cross-Guarantee Agreement, Sundy Property is entitled to a commission fee of 4% which will 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 RMB1.3 million (six months ended 30 June 2022: RMB0.9 million) from the 2022 Cross-Guarantee Agreement.

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for the six months ended 30 June 2023

14. FINANCIAL GUARANTEE CONTRACT (continued)

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 another cross-guarantee agreement (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 shall not exceed RMB150 million. The transactions were approved by the shareholders at the extraordinary general meeting held on 30 March 2023. In April 2023, the RMB128 million financial guarantee obligation was released due to the repayment of the loan by Xingfu Jian Holdings Group. As at 30 June 2023, the Group does not provide any amount of guarantee to the Xingfu Jian Holdings Group.

Pursuant to the 2023 Cross-Guarantee Agreement, Sundy Property is entitled to a commission fee of 4% which will 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. The Group recorded commission income of RMB0.3 million from the 2023 Cross-Guarantee Agreement.

15. SHARE CAPITAL

	Number of shares	Amount equivalent to RMB'000
Authorised:		
Shares of the Company with nominal value of USD0.00001 each		
At 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	5,000,000,000	350
Issued and fully paid:		
At 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	3,200,000,000	208

Notes:

On 16 May 2023, the Company entered into the subscription agreements with each of the subscribers, pursuant to which, the Company has conditionally agreed to allot and issue, and the subscribers have 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.

Up to the date of these condensed consolidated financial statements, the subscription has not yet been completed.

16. CAPITAL COMMITMENTS

The Group did not have any material capital commitments as at 30 June 2023 and 31 December 2022.

17. CONTINGENT LIABILITIES

Other than the financial guarantee contract disclosed in note 14, the Group did not have any material contingent liabilities as at 30 June 2023 and 31 December 2022.

18. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions for the six months ended 30 June 2023.

(a) Name of and relationship with related parties

During the six months ended 30 June 2023, 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 (i) Sundy Land Investment Co., Ltd. ("Sundy Land") and its subsidiaries 宋都基業投資股份有限公司及其附屬公司; and (ii) Zhejiang Zhizhonghe Industry Co., Ltd. ("Zhizhonghe Industry") and its subsidiaries * 浙江致中和實業有限公司及其附屬公司	Corporate controlled by Mr. Yu Jianwu
Tonglu Daqi County Real Estate Co., Ltd. 桐廬大奇山郡置業有限公司	Joint venture of Xingfu Jian Holdings
Ningbo Fenghua Hedu Real Estate Development Co., Ltd. ** 寧波奉化和都房地產開發有限公司	Joint venture of 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
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

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

18. RELATED PARTY TRANSACTIONS (continued)

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

Name of related party	Relationship with the Group
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
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 December 21, 2022, Zhejiang Zhizhonghe Industry Co., Ltd. and its subsidiaries were no longer related parties.

** As at January 7, 2022, Ningbo Fenghua Hedu Real Estate Development Co., Ltd. was no longer a related party.

18. RELATED PARTY TRANSACTIONS (continued)**(b) Significant related party transactions**

The particulars of significant transactions between the Group and the above related parties for the six months ended 30 June 2023 presented are as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Property management services and the corresponding value-added services:		
(i) Property management services		
– Xingfu Jian Holdings Group		
– Sundy Land and its subsidiaries	5,586	10,193
– Zhizhonghe Industry and its subsidiaries	–	990
– Associates and joint ventures of Xingfu Jian Holdings	1,847	344
– Sundy Yangguang Kindergarten	43	36
(ii) Value-added services to non-property owners		
– Sundy Land and its subsidiaries	10,280	16,129
– Associates and joint ventures of Xingfu Jian Holdings	8,327	4,694
(iii) Remodelling and decoration of property units		
– Sundy Land and its subsidiaries	233	34
– Associates and joint ventures of Xingfu Jian Holdings	1	–
(iv) Other community value-added services		
– Sundy Land and its subsidiaries	151	529
– Associates and joint ventures of Xingfu Jian Holdings	46	51
Hotel business services		
(i) Hotel operation income from:		
– Sundy Land and its subsidiaries	24	78
– Associates and joint ventures of Xingfu Jian Holdings	–	3
(ii) Variable lease expenses to:		
– Sundy Land and its subsidiaries	2,253	1,318
Leases of office buildings and staff dormitories		
Short-term lease expenses to		
– Xingfu Jian Holdings Group		
– Sundy Land and its subsidiaries	139	208
– Zhizhonghe Industry and its subsidiaries	–	14
Purchase goods from:		
– Zhizhonghe Industry and its subsidiaries	–	44
Financial guarantee contract		
– Commission income from Xingfu Jian Holdings Group	1,627	912

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18. RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade related		
Trade receivables		
– Xingfu Jian Holdings Group		
– Sundy Land and its subsidiaries	74,858	94,140
– Associates and joint ventures of Xingfu Jian Holdings	14,002	12,973
	88,860	107,113
Trade payables		
– Xingfu Jian Holdings Group		
– Sundy Land and its subsidiaries	1,647	372
– Greenland Property	36	72
	1,683	444
Contract liabilities		
– Sundy Land and its subsidiaries	214	342
– Associates and joint ventures of Xingfu Jian Holdings	1,483	1,026
	1,697	1,368
Non-trade related		
Other receivables		
– Sundy Land and its subsidiaries (Note i)	5,150	3,522
– Joint venture of Xingfu Jian Holdings (Note ii)	3,422	3,422
	8,572	6,944
Other payables		
– Greenland Property	2,150	2,108

Notes:

- (i) The balance of other receivables due from Sundy Land and its subsidiaries as at 30 June 2023 includes commission income on financial guarantee of RMB5,120,000 (31 December 2022: RMB3,493,000).
- (ii) The balance of other receivables due from joint venture of Xingfu Jian Holdings as at 30 June 2023 and 31 December 2022 includes certain performance guarantee deposit of RMB3,422,000 to secure the quality of property management services provided to Twin Towers Property.

19. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 August 2023.