

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

SUNDOY 宋服務

臻 享 幸 福 +

Sundy Service Group Co. Ltd

宋都服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 9608)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Sundy Service Group Co. Ltd (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 (the “**Period**”), together with the comparative figures for the corresponding period in 2020. The results of the Group for the Period have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board on 31 August 2021.

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

RESULTS HIGHLIGHTS

- Revenue of the Group was RMB139.4 million during the Period, representing an increase of 19.5% as compared with RMB116.7 million in the corresponding period in 2020.
- Revenue generated from four business lines during the Period are as follows: (i) revenue from property management services was RMB79.5 million, representing an increase of 33.6% as compared with that in the corresponding period in 2020; (ii) revenue from value-added services to non-property owners was RMB40.1 million, representing an increase of 26.5% as compared with that in the corresponding period in 2020; (iii) revenue from community value-added services was RMB9.9 million, representing a decrease of 49.7% as compared with that in the corresponding period in 2020; and (iv) revenue from other businesses was RMB9.9 million, representing an increase of 67.8% as compared with that in the corresponding period in 2020.
- Gross profit was RMB47.7 million during the Period, representing an increase of 48.1% as compared with that in the corresponding period in 2020. Gross profit margin was 34.3% during the Period, representing an increase of 6.7 percentage points as compared with that in the corresponding period in 2020.
- Profit attributable to the equity shareholders of the Company was RMB23.4 million during the Period, representing an increase of 44.4% as compared with RMB16.2 million in the corresponding period in 2020.
- The Group’s total gross floor area (“**GFA**”) under management was 7.7 million sq.m. as at 30 June 2021, representing an increase of 20.3% as compared with that as at 30 June 2020. The Group’s total contracted GFA was 11.1 million sq.m. as at 30 June 2021.

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

for the six months ended 30 June 2021 – unaudited

(Expressed in Renminbi Yuan)

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONTINUED)**
for the six months ended 30 June 2021 – unaudited
(Expressed in Renminbi Yuan)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*at 30 June 2021 – unaudited**(Expressed in Renminbi Yuan)*

		At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current assets			
Property, plant and equipment		20,010	22,347
Intangible assets		921	285
Right-of-use assets		–	250
Investment properties		250	734
Investment in joint ventures		3,225	1,550
Deferred tax assets		3,871	3,475
		<hr/>	<hr/>
Total non-current assets		28,277	28,641
		<hr/>	<hr/>
Current assets			
Inventories		287	202
Contract assets		471	538
Trade and other receivables	8	115,065	51,084
Restricted bank balances		13,225	8,501
Cash and cash equivalents		279,712	192,195
		<hr/>	<hr/>
Total current assets		408,760	252,520
		<hr/>	<hr/>
Current liabilities			
Contract liabilities		41,691	34,319
Advances from lessees		378	747
Trade and other payables	9	106,967	125,628
Lease liabilities		760	1,121
Current taxation		6,184	2,065
		<hr/>	<hr/>
Total current liabilities		155,980	163,880
		<hr/>	<hr/>
Net current assets		252,780	88,640
		<hr/>	<hr/>
Total assets less current liabilities		281,057	117,281
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*at 30 June 2021 – unaudited**(Expressed in Renminbi Yuan)*

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Non-current liabilities		
Lease liabilities	—	8
Total non-current liabilities	—	8
NET ASSETS	281,057	117,273
CAPITAL AND RESERVES		
Share capital	208	7
Reserves	279,542	115,988
Total equity attributable to equity shareholders of the Company	279,750	115,995
Non-controlling interests	1,307	1,278
TOTAL EQUITY	281,057	117,273

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

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

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

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

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

2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform – Phase 2*

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

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

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

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

(b) Segment reporting

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

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

(i) Segment results, assets and liabilities

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

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

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

(ii) **Geographic information**

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

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

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

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

4 OTHER REVENUE

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

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

5 PROFIT BEFORE TAXATION

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

(a) Net finance income

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

(b) Staff costs

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

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

(c) Other items

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

6 INCOME TAX

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

7 EARNINGS PER SHARE

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

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

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

8 TRADE AND OTHER RECEIVABLES

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

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

Trade receivables are due when the receivables are recognised.

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

9 TRADE AND OTHER PAYABLES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

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

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

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

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

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

Note:

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

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

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

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

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

Property management services

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

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

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

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

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

Note:

(1) Sundy Land Group means Sundy Land 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 RMB40.1 million, accounting for 28.8% of the total revenue for the Period, representing an increase of 26.5% as compared with RMB31.7 million in the corresponding period in 2020.

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

Community value-added services

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

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

Other businesses

Hotel Business

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

Long-term rental apartment business

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

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

Prospects

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

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

- Actively look for cooperation targets based in the Yangtze River Delta region: In the first half of 2021, the Group achieved remarkable results in expansion of business with independent third party and accumulated valuable experience. The Group plans to further expand its business scale and increase its market share through business cooperation and mergers and acquisitions based on the existing cooperation model and centered on the Yangtze River Delta region.
- Launch branded services for old communities and promote future community pilot works: The Group plans to use the brand effect of the Future Community Pilot Plan of Caihe Street to undertake more property management services for old communities in future in order to expand its management scale and income base.
- Expand the service scope of community value-added services and achieve a variety of business models. The Group plans to reduce operating costs, increase the property owners' satisfaction, and create additional value by providing diversified and differentiated community value-added services, and utilising smart Internet of Things to empower value-added services.

Financial Review

Revenue

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

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

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

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

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

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

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

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

Other businesses: Other businesses include hotel business and long-term rental apartment business. During the Period, the Group realised revenue of RMB9.9 million, representing an increase of 67.8% as compared to RMB5.9 million in the same period of 2020, accounting for 7.1% of the total revenue during the Period. The increase in revenue from other businesses was mainly due to the results of the effective prevention and control of the COVID-19 pandemic nationwide, and the recovery of the domestic tourism industry, leading to the increase in revenue from hotel business.

Cost of sales

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

Gross profit and gross profit margin

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

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

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

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

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

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

Gross profit of other businesses was RMB1.7 million, representing an increase of RMB2.2 million as compared to gross loss of RMB0.5 million in the same period of 2020. During the Period, the gross profit margin amounted to 17.4%, representing an increase of 26.2 percentage points as compared to -8.8% in the same period of 2020. The increase was mainly due to the proper control of the COVID-19 pandemic nationwide, which turned loss into profit for the hotel business.

Other revenue

During the Period, other revenue of the Group was RMB0.9 million, representing a decrease of 72.7% as compared to RMB3.3 million in the same period of 2020, mainly due to the reduction of the government's special subsidies for the prevention and control of the COVID-19 pandemic.

Selling and marketing expenses

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

Administrative expenses

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

Net finance income/(costs)

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

Share of profits and losses of joint ventures

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

Profits before tax

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

Income tax

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

Profit for the period

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

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

Current assets, financial resources and current ratio

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

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

Property, plant and equipment

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

Trade and other receivables

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

Trade and other payables

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

Contingent liabilities

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

USE OF PROCEEDS FROM THE LISTING

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

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

Pledged assets

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

Human resources

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

Significant investments, acquisitions and disposals

The Company did not have any significant investments, acquisitions or disposals during the Period.

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.

EVENTS AFTER THE PERIOD

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

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: 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, from the Listing Date to the date of this announcement, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”). The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

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, 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 as at 30 June 2021.

PUBLIC FLOAT

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

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

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

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

Hong Kong, 31 August 2021

As at the date of this announcement, the Board comprises four executive Directors, Ms. Yu Yun (Chairman), Ms. Zhu Jin (Chief Executive Officer), Mr. Zhu Yihua and Mr. Cheng Huayong; and three independent non-executive Directors, Mr. Zhang Jingzhong, Mr. Xu Rongnian and Mr. Lau Kwok Fai Patrick.