星悅康旅股份有限公司
Starjoy Wellness and Travel Company Limited
(formerly known as Aoyuan Healthy Life Group Company Limited 奧園健康生活集團有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3662)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

2023 RESULTS HIGHLIGHTS

- Total revenue was approximately RMB1,563.0 million, representing a year-on-year decrease of approximately 4.1%.
- Gross profit was approximately RMB399.6 million, representing a year-on-year increase of RMB2.4 million, and gross profit margin was approximately 25.6%, representing a year-on-year increase of approximately 1.2 percentage points.
- Administrative expenses were approximately RMB136.2 million, representing a year-on-year decrease of approximately 21.6%.
- The Group achieved net profit of approximately RMB149.2 million, and core net profit[(Note)] of approximately RMB160.5 million, representing a year-on-year increase of approximately RMB43.1 million or approximately 36.7%.
- The Board does not recommend the payment of final dividend for the Year.

Note: The core net profit attributable to the Group, excluding non-recurring profits or loss items and their related tax effects comprising net exchange gain, gain or loss on disposal of subsidiaries, changes in fair value of investment properties and equity instrument at fair value through profit or loss, impairment loss on goodwill.

The board (the "**Board**") of directors (the "**Director(s)**") of Starjoy Wellness and Travel Company Limited (formerly known as "**Aoyuon Healthy Life Group Company Limited**") (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**", "**we**", "**our**" or "**us**") for the year ended 31 December 2023 (the "**Year**" or "**2023**") with comparative figures for the year ended 31 December 2022 (the "**Previous Year**" or "**2022**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	NOTES	**2023**	2022
		RMB'000	*RMB'000*
Revenue	3	**1,563,010**	1,629,751
Cost of services rendered		**(1,163,389)**	(1,232,536)
Gross profit		**399,621**	397,215
Other income, gains and losses	4	**51,303**	81,633
Impairment losses under expected credit loss model ("**ECL**"), net of reversal		**(85,061)**	(89,170)
Impairment losses on goodwill		**(10,562)**	–
(Loss)/gain on disposal of subsidiaries		**(15,117)**	258
Administrative expenses		**(136,161)**	(173,745)
Selling and distribution expenses		**(1,258)**	(1,296)
Change in fair value of investment properties		**(182)**	(17)
Finance costs		**(8,005)**	(15,280)
Profit before tax		**194,578**	199,598
Income tax expense	5	**(45,369)**	(36,434)
Profit for the year	6	**149,209**	163,164
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**4,407**	10,100
Item that will not be reclassified subsequently to profit or loss:			
Fair value gain on equity instrument at fair value through other comprehensive income ("**FVTOCI**")		**13,352**	21,061
Other comprehensive income for the year, net of income tax		**17,759**	31,161
Total comprehensive income for the year		**166,968**	194,325

		Year ended 31 December	
	NOTES	**2023**	2022
		RMB'000	*RMB'000*
Profit for the year attributable to:			
– Owners of the Company		**157,137**	160,407
– Non-controlling interests		**(7,928)**	2,757
		149,209	163,164
Total comprehensive income attributable to:			
– Owners of the Company		**169,568**	182,220
– Non-controlling interests		**(2,600)**	12,105
		166,968	194,325
Earnings per share *(RMB cents)*			
– Basic	7	**21.64**	22.09
– Diluted	7	**21.64**	22.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31 December **2023** *RMB'000*	2022 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**36,060**	29,438
Right-of-use assets		**9,530**	16,599
Investment properties		**8,869**	9,051
Intangible assets		**63,160**	78,858
Goodwill		**115,506**	151,118
Interests in associate		**–**	–
Equity instrument at fair value through profit or loss ("**FVTPL**")		**64,420**	65,108
Equity instrument at FVTOCI		**155,080**	137,321
Deferred tax assets		**60,220**	61,059
Deposits paid for acquisition of property, plant and equipment		**2,524**	2,524
Trade and other receivables	9	**2,900**	2,900
		518,269	553,976
CURRENT ASSETS			
Inventories		**12,691**	9,208
Trade and other receivables	9	**641,805**	691,822
Deferred contract costs		**7,420**	8,149
Amounts due from non-controlling shareholders of subsidiaries		**–**	167
Amounts due from related parties/fellow subsidiaries		**124,973**	54,912
Amounts due from other related parties		**831**	5,460
Restricted bank deposits		**14,188**	71,152
Bank balances and cash		**960,295**	826,180
		1,762,203	1,667,050

	NOTES	As at 31 December 2023 RMB'000	2022 RMB'000
CURRENT LIABILITIES			
Trade and other payables	10	**798,653**	772,821
Contract liabilities		**151,676**	225,601
Amounts due to other related parties		**3,032**	–
Amounts due to non-controlling shareholders of subsidiaries		**–**	7,060
Tax liabilities		**41,877**	43,199
Lease liabilities		**3,168**	3,318
Bank borrowings		**105,000**	138,988
		1,103,406	1,190,987
NET CURRENT ASSETS		**658,797**	476,063
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,177,066**	1,030,039
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**17,789**	21,699
Lease liabilities		**6,776**	15,982
		24,565	37,681
NET ASSETS		**1,152,501**	992,358
CAPITAL AND RESERVES			
Share capital		**6,207**	6,207
Reserves		**1,094,836**	925,268
Equity attributable to owners of the Company		**1,101,043**	931,475
Non-controlling interests		**51,458**	60,883
TOTAL EQUITY		**1,152,501**	992,358

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) on 13 December 2016. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 18 March 2019.

The consolidated financial statements are presented in Renminbi ("**RMB**"), the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group have applied the following new and amendments to IFRSs issued by the International Accounting Standards Board, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements.

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Estimates
Amendments to IAS 8	Definition of Accounting Policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to IFRSs in the current year had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Type of services		
Property management services segment		
Property management services	**1,158,834**	1,099,208
Sales assistance services	**17,863**	80,692
Community value-added services	**176,674**	186,314
Heating service	**39,629**	44,117
Others	**9,929**	34,108
	1,402,929	1,444,439
Commercial operational services segment		
Commercial operation and management services	**150,706**	172,956
Market positioning and business tenant sourcing services	**9,375**	12,356
	160,081	185,312
Total	**1,563,010**	1,629,751
Type of customers		
Property management services segment		
External customers	**1,325,140**	1,333,084
Related parties/fellow subsidiaries*	**69,533**	96,492
An associate	**–**	6,197
Other related parties*	**8,256**	8,666
	1,402,929	1,444,439

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Commercial operational services segment		
External customers	**128,300**	154,305
Related parties/fellow subsidiaries*	**31,781**	31,002
Other related parties*	**–**	5
	160,081	185,312
Total	**1,563,010**	1,629,751
Timing of revenue recognition		
Over time	**1,516,852**	1,572,069
A point in time	**46,158**	57,682
Total	**1,563,010**	1,629,751

* The related parties are subsidiaries of China Aoyuan Group Limited ("**China Aoyuan**", together with its subsidiaries collectively as the "**China Aoyuan Group**"), a substantial shareholder of the Company as at 31 December 2023, and the then controlling shareholder of the Company as at 31 December 2022. The other related parties are joint ventures and associates of China Aoyuan.

The Group's operating segments are determined based on information reported to Chief Executive Officer, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and assessment of segment performance, focused on types of services provided. The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of central administrative costs, change in fair value of investment properties and equity instrument at FVTPL, certain other income, gains and losses, finance costs and gain/loss on disposal of subsidiaries.

The Group's operating and reportable segments are as follows:

a. *Property management services*

The Group engaged in the provision of property management services, sales assistance services, community value-added services, engineering installation services and heating services for both residential and non-residential units to property developers, property owners and residents.

b. *Commercial operational services*

The Group engaged in the provision of commercial operation and management services and market positioning and business tenant sourcing services to commercial property developers and commercial property lessees.

No analysis of segment assets and segment liabilities is presented as such information are not regularly provided to the CODM for review.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Property management services *RMB'000*	**Commercial operational services** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2023			
Segment revenue	**1,402,929**	**160,081**	**1,563,010**
Segment results	**187,189**	**37,673**	**224,862**
Net exchange gain			**8,519**
Change in fair value of investment properties			**(182)**
Change in fair value of equity instrument at FVTPL			**(688)**
Loss on disposal of subsidiaries			**(15,117)**
Central administrative costs			**(14,811)**
Interest on lease liabilities			**(1,102)**
Interest on bank borrowings			**(6,903)**
Profit before tax			**194,578**

	Property management services *RMB'000*	Commercial operational services *RMB'000*	Total *RMB'000*
Year ended 31 December 2022			
Segment revenue	1,444,439	185,312	1,629,751
Segment results	169,113	25,562	194,675
Net exchange gain			45,390
Change in fair value of investment properties			(17)
Change in fair value of equity instrument at FVTPL			(5,415)
Gain on disposal of subsidiaries			258
Central administrative costs			(20,013)
Interest on lease liabilities			(1,876)
Interest on bank borrowings			(13,404)
Profit before tax			199,598

Other segment information

	Property management services *RMB'000*	Commercial operational services *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Year ended 31 December 2023				
Segment information included in the measure of segment results:				
Depreciation of property, plant and equipment	**7,498**	**844**	**1,172**	**9,514**
Amortisation of intangible assets	**12,635**	**–**	**–**	**12,635**
Depreciation of right-of-use assets	**962**	**1,367**	**1,650**	**3,979**
Impairment losses on goodwill	**10,562**	**–**	**–**	**10,562**
Impairment losses under expected credit loss model recognised in profit or loss, net of reversal	**85,809**	**(748)**	**–**	**85,061**
Loss on disposal of property, plant and equipment	**186**	**–**	**–**	**186**
Year ended 31 December 2022				
Segment information included in the measure of segment results:				
Depreciation of property, plant and equipment	7,572	1,065	2,188	10,825
Amortisation of intangible assets	13,074	–	–	13,074
Depreciation of right-of-use assets	2,529	684	3,280	6,493
Impairment losses under expected credit loss model recognised in profit or loss, net of reversal	76,206	12,964	–	89,170
Reversal of impairment losses on deferred contract costs	–	(3,266)	–	(3,266)
Gain on disposal of property, plant and equipment	(110)	–	–	(110)

Geographical information

The Group's revenue from customers is derived solely from its operations and services rendered in the People's Republic of China (the "**PRC**"), and over 90% of the non-current assets of the Group are located in the PRC.

Information about major customers

There were no major customers for whom revenue from transactions with a single customer or group of entities under common control contributing over 10% of the total revenue of the Group.

4. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**14,705**	4,513
Net exchange gain	**8,519**	45,390
Government grants	**22,146**	28,329
(Loss)/gain on disposal of property, plant and equipment	**(186)**	110
Reversal of impairment losses on deferred contract costs	**–**	3,266
Dividend income	**3,998**	2,704
Change in fair value of equity instrument at FVTPL	**(688)**	(5,415)
Gain on early termination of leases	**2,917**	385
Others	**(108)**	2,351
	51,303	81,633

5. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**")	**47,696**	48,559
Deferred tax	**(2,327)**	(12,125)
	45,369	36,434

No provision for Hong Kong profits tax has been made as the Group did not have any assessable income subject to Hong Kong profits tax for both years.

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

According to the provisions of Caishui 2019 No.13 and Guoshui 2019 No.2, certain subsidiaries of the Group enjoy preferential income tax policies for the small and low profit enterprises for both years.

Aoyuan Intelligent Life Services (Guangzhou) Group Company Limited and Easy Life Smart Community Services Group Co., Ltd, subsidiaries of the Group, obtained the certificate of "National High-tech Enterprise" in 2023 and 2021, respectively, under which it is entitled to a preferential income tax rate of 15% for the three years from 1 January 2023 to 31 December 2025 and from 1 January 2021 to 31 December 2023, respectively.

6. PROFIT FOR THE YEAR

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging/(crediting):		
Directors' emoluments	**2,609**	3,970
Other staff's salaries and other benefits	**288,578**	324,743
Other staff's contributions to retirement benefit scheme	**31,460**	34,346
Contributions to housing provident funds	**8,860**	8,942
Other staffs' share-based payments	**–**	1,043
Total staff costs	**331,507**	373,044
Impairment losses recognised/(reversed) on:		
Trade receivables	**114,957**	14,936
Other receivables	**(745)**	742
Related parties/fellow subsidiaries	**(18,955)**	56,720
Non-controlling shareholders of subsidiaries	**(3)**	(67)
Other related parties	**(10,081)**	16,826
Others	**(112)**	13
Total impairment losses under ECL model, net of reversal	**85,061**	89,170
Cost of inventories recognised as an expense	**657**	233
Depreciation of property, plant and equipment	**9,514**	10,825
Depreciation for right-of-use assets	**3,979**	6,493
Amortisation of intangible assets (included in cost of services rendered)	**12,635**	13,074

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2023	2022
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purposes of basic and diluted earnings per share, as appropriate (profit for the year attributable to owners of the Company)	**157,137**	160,407

	2023	2022
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**726,250,000**	726,250,000

The calculation of diluted earnings per share did not assume the exercises of the Company's share options outstanding during the current and prior years because the exercise prices of those share options were higher than the average market price of the Company's shares during the current and prior years, respectively.

8. DIVIDENDS

No dividend had been paid or proposed for both years presented. The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

9. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**666,049**	584,426
Less: impairment losses under expected credit loss model, net of reversal	**(204,810)**	(89,853)
	461,239	494,573
Other receivables:		
Deposits	**27,110**	34,529
Payments on behalf of residents	**69,930**	62,185
Input tax to be deducted	**27,903**	23,108
Prepayments	**24,925**	47,465
Others	**39,988**	39,997
	189,856	207,284
Less: impairment losses under expected credit loss model, net of reversal	**(6,390)**	(7,135)
	183,466	200,149
Total trade and other receivables	**644,705**	694,722
Analysed for reporting purpose as:		
Non-current assets (included in deposits)	**2,900**	2,900
Current assets	**641,805**	691,822
	644,705	694,722

The following is an aged analysis of trade receivables presented based on the date of demand note:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
0 to 60 days	**58,765**	96,391
61 to 180 days	**127,703**	118,591
181 to 365 days	**116,470**	141,132
1 to 2 years	**177,839**	124,714
2 to 3 years	**102,751**	69,814
Over 3 years	**82,521**	33,784
	666,049	584,426

10. TRADE AND OTHER PAYABLES

		As at 31 December	
		2023	2022
	NOTES	***RMB'000***	*RMB'000*
Trade payables		**269,941**	272,937
Other payables:			
Receipts on behalf of residents	(a)	**115,729**	163,856
Deposits received	(b)	**152,080**	167,335
Accrued staff costs		**17,278**	27,855
Accrued contribution to social insurance and housing provident funds		**13,775**	14,835
Other tax payables		**21,442**	30,091
Accrued expenses		**47,468**	38,169
Other payables to related parties	(c)	**120,346**	33,280
Other payables		**40,594**	24,463
Total other payables		**528,712**	499,884
Total trade and other payables		**798,653**	772,821

Note:

(a) The balances represented the receipts on behalf of community residents to settle the utilities bills from utilities suppliers.

(b) The balances mainly represented utility deposits received from the community residents and commercial tenants.

(c) The balances mainly represented the rents received on behalf of subsidiaries of a substantial shareholder.

The credit period granted by suppliers to the Group ranging from 30 days to 90 days (2022: ranging from 30 days to 90 days) during the year. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
0 to 60 days	**78,833**	102,777
61 to 180 days	**85,843**	65,515
181 to 365 days	**31,526**	29,797
1 to 2 years	**26,417**	46,319
2 to 3 years	**27,309**	24,183
Over 3 years	**20,013**	4,346
	269,941	272,937

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

The Group is a renowned property management services and commercial operational services provider in the PRC, and implements a business strategy of diversifying service offerings to meet the evolving demands of customers. The Company offers diversified property management services for residential and non-residential properties, as well as a full range of commercial operational services for mid to high-end properties and mixed-use property development projects in shopping malls to create a quality, healthy and livable environment as well as an environment suitable for commercial and social activities while providing comprehensive, quality and healthy life management services. In addition to maintaining its principal businesses, the Group actively explores the general health and wellness business and the elderly living, cultural tourism and other industries with long-term development opportunities and development potential under development principles of service, pleasure and harmony, to move towards a better path of development and maximise shareholders' benefits.

Property Management

Given the overall downturn of the upstream real estate industry, property service enterprises have actively embraced changes in the market and sought more long-term and stable development by taking quality services as a key factor since 2023. As compared with the past, property management enterprises attach more importance to stable, orderly and sustainable development, cease to chase scale blindly, and take the initiative to choose the "cut-off" strategy for projects that are "dragging their feet", so as to "stabilise" revenue and lay the foundation for sustainable development. The Company has vigorously implemented the strategy of high-quality development, optimised its management model, enhanced its service quality and implemented cost reduction and efficiency enhancement to ensure that the Company maintains a stable and sound development momentum.

As at 31 December 2023, the Group provided property management services to 325 properties (including sales offices) in 75 cities across 22 provinces, municipalities, and autonomous regions in the PRC with chargeable gross floor area ("**GFA**") under management of approximately 40.6 million sq.m.. As at 31 December 2023, the contracted area of the Group was approximately 67.5 million sq.m.

The Group segregates the communities under management into various service tiers and formulates standards for equipment modifications and service solutions to provide a standardised service experience for property owners of different projects, laying the foundation for the long-term stable development of the Group. It is the establishment of a centralised and standardised management system that has enabled the Group to achieve sound cost control while ensuring property owners' satisfaction. In 2023, in terms of improving operational efficiency in the community environment, the Group reduced its manpower operations by investing in and replacing them with equipment, aiming to reduce labour risks and resolve recruitment difficulties, and such a move resulted in improved quality and efficiency across operations.

While pursuing service efficiency improvement, the Group is also committed to building an enthusiastic and warm community. In the first half of 2023, the Group took proactive measures to establish new profit streams. This involved efforts to revitalise old parking lots through self-operation and implementation of fees, optimising spatial resources utilisation by integrating resources effectively, and expanding self-operating value-added businesses such as advertisement placements, water dispensers and window sealing, etc. The Group has achieved satisfactory results in revitalising property owners' demand for resources and focusing its business mindset in the direction of revolving around people's needs in the second half of 2023. In 2023, the Group launched over 1,600 community group purchases and home delivery business promotion activities in combination with community cultural activities, which cultivated the consumption habits of community group buying among property owners so as to effectively increase value-added income.

The Group also continued to reduce elevator repair and maintenance costs through centralised bidding and procurement and introduced new strategic suppliers while simultaneously actively promoting the use of public maintenance funds to address the engineering issues of old, dilapidated and difficult projects as well as projects with higher rectification costs, thereby further reducing project operating costs. In 2023, the Group practised energy conservation and vigorously promoted energy saving and consumption reduction for projects under management. It implemented measures for retrofitting energy-saving lights to save energy consumption in public areas, reducing the burden on property owners, cutting carbon emissions for the environment, and making substantial contributions to green environmental protection. It implemented retrofit for prepaid meters in many projects to encourage property owners to proactively pre-pay for their electricity bills. It optimised the set-up of monitoring centres and merged monitoring centres for projects with specific conditions to save manpower costs for the Group.

The Group is proactively building an online platform of "Aoyuejia" (奧悅家) Wechat Mini Programme for community services. In addition to the functions such as issue reporting, repair requests, online payment, community group purchase and placement of advertisements by partners, optional paid services was newly added, which integrates its self-owned and neighbouring merchants' resources to further enhance the convenience of life for property owners, and also strengthen the connection between property owners in the community and the Group's online platform. Moreover, the Group deploys a certain proportion of housekeepers according to the number of property owners in the community and they make visiting appointments through the online platform and conduct tracking and feedback on property owners' satisfaction promptly, which on one hand ensures the quality of fundamental services in the offline community, and on the other hand efficiently understands the immediate service needs of property owners in the community, so as to promote the corresponding development of value-added business, integrate online and offline business in the community in an organic manner, and thus further expand the competitive advantages of the Group. In recent years, with the rapid development of online platforms, the value-added business has become one of the core competencies of the Group's development and one of the key growth engines.

The Group treasures customer living experience and customer relationship maintenance. In 2023, over 3,543 community cultural and convenience activities were conducted during major festivals, catering to the needs of our property owners and serving over 490,000 persons. From April 2023 onward, the Group has also intiated "Serving homeowners (我為業主辦件事)" campaign, offering free services such as parcel delivery, heavy lifting, plumbing, troubleshooting and inspection of repairs. We have resolved over ten thousand cases since the launch of the campaign, effectively alleviating the concerns and earning high praise from homeowners, with 220,000 likes from property owners, as well as more than 300 flags and thank-you letters from them.

During the Year, the Company had successfully secured six new hospital projects, two new bank projects and one new office building project, which further expands the scope of our comprehensive service layout in industries such as hospitals and enriches the content of non-residential services. The Group is dedicated to enhancing our comprehensive facility management service capabilities, enhancing brand reputation and customer recognition within the industry, driving results growth, and bringing long-term stable returns to investors by establishing residential and non-residential benchmark projects.

Commercial Operation

For the Year, the Group was contracted to provide commercial operational services to 18 shopping malls with a contracted total GFA of approximately 717,000 sq.m. As at 31 December 2023, the Group provided commercial operational services to 15 shopping malls in operation in 11 cities in the PRC, with a total GFA under management of approximately 588,000 sq.m.

In addition to maintaining high-quality commercial operations, the Group continues to deliver warm living services to our consumers. Our existing service segments cover the entire commercial property chain, including preliminary planning, commercial design, technical consultation, business tenant sourcing agency, pre-opening preparations and asset management. In addition to our fundamental operations, the Group constantly develops and deepens diversified services of commercial operation, enriches income sources, conducts sustainable operations and consolidates intrinsic product capacity. Moreover, the Group emphasises on industrial synergy to revitalise shopping mall memberships and offline traffic by leveraging the advantages of the Group in sharing industrial synergy resources. The Group continues to deepen exchange, communication and cooperation with property management services. By leveraging the advantages of self-owned property industry clusters surrounding commercial projects nationwide, we aim to generate high profits with lower costs by way of transforming our property owners into loyal customers of our shopping malls.

The Group also relies on the assistance of various parties to build the innovative "Internet + Business" model. On one hand, our commercial operation independently develops the membership management system to achieve precise customer flow management for both online and offline channels through more effective, convenient and personalised marketing methods, while also stimulating customer consumption enthusiasm and enhancing our understanding of consumer dynamics at minimal costs. By deeply engaging with member private domain traffic in complex projects, we activate the inherent vitality of project operations and elevate commercial value. On the other hand, the Group continued to advance its digital strategy by enhancing operational collaboration, accelerating the implementation of digital business management models tailored for the new era, and transitioning from large-scale operation to refined and efficient operation. These efforts effectively reduced the Group's operational and marketing expenses, improved operational and marketing precision, and achieved cost reduction and efficiency gains. Notably, amidst the backdrop of a swift global economic rebound in 2023, the Group successfully met its targets for cash flow and profit growth.

The Group adapted to the needs of different projects and consumers to create different types of consumption experiences, including immersive, gentle and joyful shopping experiences according to local conditions. Leveraging the business concept of "Community Park (社區公園)", the Group offered highly customised community activity space tailored to the needs of surrounding customers, encompassing both space construction and activity planning. For instance, "Pink Bear Paradise (粉熊樂園)" featuring panoramic immersive visual experience, established within by "Dayu Aoyuan Plaza* (大余奧園廣場)" reached a new record high in customer traffic and sales, which also prolonged customer dwell time, increased the opportunities for spontaneous consumption, empowered brand merchants, and contributed to revenue growth while replicating such model to our other projects. In addition to enhancing the parent-child joyful experience provided by "Baby Paradise (北鼻樂園)", Pubei Aoyuan Plaza* (浦北奧園廣場) unleashed the vibrancy of the bustling city through the introduction of "Night Market Economy (夜市經濟)". The diversified consumption scenarios catalyzed substantial growth in the daily customer traffic and sales of Pubei Aoyuan Plaza* (浦北

奧園廣場). Focusing on the promotion of traditional culture, Guangzhou Panyu Aoyuan Plaza* (廣州番禺奧園廣場) deeply collaborated with institutions and organisations of traditional Lingnan culture, and created an axis of intangible cultural heritage inheritance-themed activities, such as the cultures of "Choy Lee Fut"*(蔡李佛) Kung Fu in October, "Chinese Southern Lion" *(南獅) in November and "Lingnan Opera" *(嶺南戲曲) in December, respectively.

While undertaking social responsibilities, the Group also established a marketing positioning of "Family Growth Centre"*(家庭成長中心) among local customers and consumers, driving the growth of customer traffic. This initiative led to enhanced sales turnover for catering and experiential business merchants.

II. OUTLOOK

In 2024, the property management industry is increasingly focusing on high-quality and sustainable development, and the Group will adhere to its original intention to uphold a sound financial management strategy and commit to the service philosophy of "Property Owners-centric and Customer-centric" to bolster operating performance and improve customer satisfaction. Meanwhile, the Group will strengthen the construction of organisational and corporate culture, constantly forge its organizational resilience, and adapt to changes in the market environment, so as to maintain competitiveness and promote the sustainable development of the Company.

For talents, we will stick to strengthening the construction of the talent echelon. A closed-loop management targeting talents will be implemented by setting standards, checking talent inventory and selection, nurturing and development and dynamic management mechanism. In 2024, with in-depth implementation of talent pipeline certification and earmarked cultivating schemes as focal points, newly upgraded schemes of "Property Butlers Academy"*(管家學院) and "Whampoa Academy"*(黃埔學院) will be introduced, enabling talents to empower the development of the Company as a new driving force.

Property Management

The Group will continue to upgrade its property operation capabilities and decision-making support capabilities through digitalisation construction, and further enhance its business control capabilities and customer experience. We will persist in boosting energy conservation and consumption reduction in projects and continuously exert efforts in the utilisation of public maintenance funds, renovation of energy-saving lighting, installation of prepaid electricity meters and intelligent transformation and optimisation. Project expenses will be reasonably planned to enhance our capability in project operation. For business operations, we will carry out categorised operations and adopt differentiated business mindsets based on different characteristics of non-residential business, large-sized residential business and ordinary residential business. Realising the refined management by promoting "One Project, One Policy"* (一盤一策) and "Independent Accounting" (獨立核算), we will strive to ramp up our operational performance and ensure healthy and stable cash flow.

In respect of value-added services, in addition to intensifying management and control over the business tenants-sourcing operations in traditional value-added services, we will also deeply delve into self-operated value-added businesses. We aim to raise staff's business awareness across the board by way of "passing on the knowledge to others"*(傳幫帶), thereby fostering a "one-to-many"*(一帶多) revenue-generating model. In line with the needs of the owners and the characteristics of the communities, we will also continue to provide services including community group purchases, community insurance, home cleaning and home renovation for rental and sale purposes to increase operating income. Besides, tailor-made packages with membership benefits will be offered to community residents and develop lower-tier end-user businesses. The presence of C-end businesses in projects of commercial office buildings will be expanded, including cleaning services, elderly care services, car services and others. We will launch products with exclusive owner experience to elevate owner stickiness and increase the Group's revenue.

The Group has also been vigorously expanding its cultural tourism and healthcare business by integrating high-quality cultural tourism and healthcare resources and providing cultural tourism and healthcare services to property owners, which not only broadens the Company's sources of income, but also contributes to the enhancement of property owners' satisfaction.

While broadening its property management business scope through diversified development, the Group will also cultivate its basic professional skills. Through the special campaigns of "service improvement", such as the quality improvement of the property butler team, the image of customer service staff and control over the customer channel, the internal management quality will be upgraded in multiple dimensions, and the overall quality and professional standard of our team will be elevated, allowing owners to enhance their sense of happiness.

The Group's property management will put emphasis on promoting the implementation of "Four Modernisations", namely, service standardisation, product standardisation, product branding and brand value enhancement, to propel service quality improvement and efficiency as well as redefining the concept of business management. We will keep on exerting efforts in the integrated facilities management service segment of non-residential businesses. We will elevate the professionalism of itemised service types, and thereby provide customers with solutions to meet their comprehensive demand. This approach aims to unearth the potential for value in new avenues.

Commercial Operation

In 2024, the Group will continue to prioritise cash flows and profits while scaling up investment in business tenant sourcing and operations, taking into account the current situation of the commercial real estate market. Specifically, the business types provided in respect of business tenant sourcing will align more closely with the consumption preferences of corresponding consumer groups. In terms of operation, the Group will attract more customer traffic to increase the conversion rate from customer traffic to sales. We will step up efforts in making value-added improvements, for instance, leasing the outer area of the plaza, venues, and advertising spots, to enrich our business categories, and strive to attract customers and record revenue. Meanwhile, with capability empowerment and customer diversion as our core, the Group will strengthen the bonus point and interest operations, further facilitate digital system development, continue to improve the membership programme, enhance customer experience and drive business development.

In respect of marketing, customers who are mainly from parent-child families in communities will remain our key focus. The operations of key business tenants in major project activities will be maintained and attended to, focusing on organising popular activities and sentiment transformation to improve the overall business tenant-sourcing rate of the projects. At the same time, we will integrate business and property communities, along with new members to bolster the stickiness and satisfaction of owners, and outpace the annual customer traffic over the same period last year.

For value-added services, we will pool our commercial and property resources to expand resource channels and shore up sharing efforts. The sales of commercial intellectual property products propelled by joint operations shall boost customer traffic and business sales, improve service quality and satisfaction, and contribute to revenue growth.

The Company also explores the development of integrated cultural tourism and healthcare services in and around commercial projects with suitable conditions. This enables closer integration of the Company's commercial projects with cultural tourism and healthcare, and realisation of coordinated, benign and high-quality development of commercial projects and tourism business through the complementary and mutual promotion of multiple industries.

In addition, the Group will focus on deepening the strategy of the national presence of our projects, while leveraging our professional operation and management capabilities accumulated over the years and the recognition of the two brands of Aoyuan Plaza and Aoyuan City Plaza by consumers, our various businesses will demonstrate strong risk resistance and achieve growth amid a challenging external environment.

FINANCIAL REVIEW

Results of Operations

The Group's revenue was mainly derived from property management services and commercial operational services. For the Year, the Group's total revenue was approximately RMB1,563.0 million, representing a decrease of approximately RMB66.8 million or approximately 4.1% as compared with that of approximately RMB1,629.8 million for the Previous Year. Revenue generated from property management services segment and commercial operational services segment contributed approximately 89.8% and approximately 10.2% to the total revenue, respectively.

The following table sets forth a breakdown of total revenue for the years indicated by business segment:

	2023		2022			
		Revenue contribution		*Revenue contribution*	Growth amount	Growth rate
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
Property management services segment	**1,402,929**	**89.8**	1,444,439	88.6	(41,510)	(2.9)
Commercial operational services segment	**160,081**	**10.2**	185,312	11.4	(25,231)	(13.6)
Total	**1,563,010**	**100.0**	1,629,751	100.0	(66,741)	(4.1)

Property Management Services Segment

The revenue generated from property management services segment decreased by approximately RMB41.5 million or approximately 2.9%, of which the revenue generated from property management services increased by approximately RMB59.6 million or approximately 5.4%, the revenue generated from major owner value-added services decreased by approximately RMB62.8 million or approximately 77.9%, and the revenue generated from community value-added services decreased by approximately RMB38.3 million or approximately 14.5%. The decrease of revenue generated from major owner value-added services was mainly due to the decrease in pre-delivery consultation services, sales assistance services, and other services provided by the Group to major owners due to the overall impact of the real estate industry environment.

The following table sets forth the breakdown of revenue from the property management services segment by service category for the years indicated:

	2023		2022			
		Revenue contribution		*Revenue contribution*	Growth amount	Growth rate
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
Property management services segment						
Property management services	**1,158,834**	**82.6**	1,099,208	76.1	59,626	5.4
Major owner value-added services	**17,863**	**1.3**	80,692	5.6	(62,829)	(77.9)
Community value-added services	**226,232**	**16.1**	264,539	18.3	(38,307)	(14.5)
Total	**1,402,929**	**100.0**	1,444,439	100.0	(41,510)	(2.9)

The following table sets forth the breakdown of the chargeable GFA under management for the years indicated and total revenue generated from provision of property management services under the property management service segment for the years indicated by type of property developer:

		2023			2022	
	Chargeable GFA	**Revenue**	***Revenue contribution***	Chargeable GFA	Revenue	*Revenue contribution*
	('000 sq.m.)	***(RMB'000)***	***%***	*('000 sq.m.)*	*(RMB'000)*	*%*
China Aoyuan Group and its related parties *(Note)*	**27,426**	**693,455**	**59.8**	25,625	569,649	51.8
Third-party property developers	**13,217**	**465,379**	**40.2**	21,519	529,559	48.2
Total	**40,643**	**1,158,834**	**100.0**	47,144	1,099,208	100.0

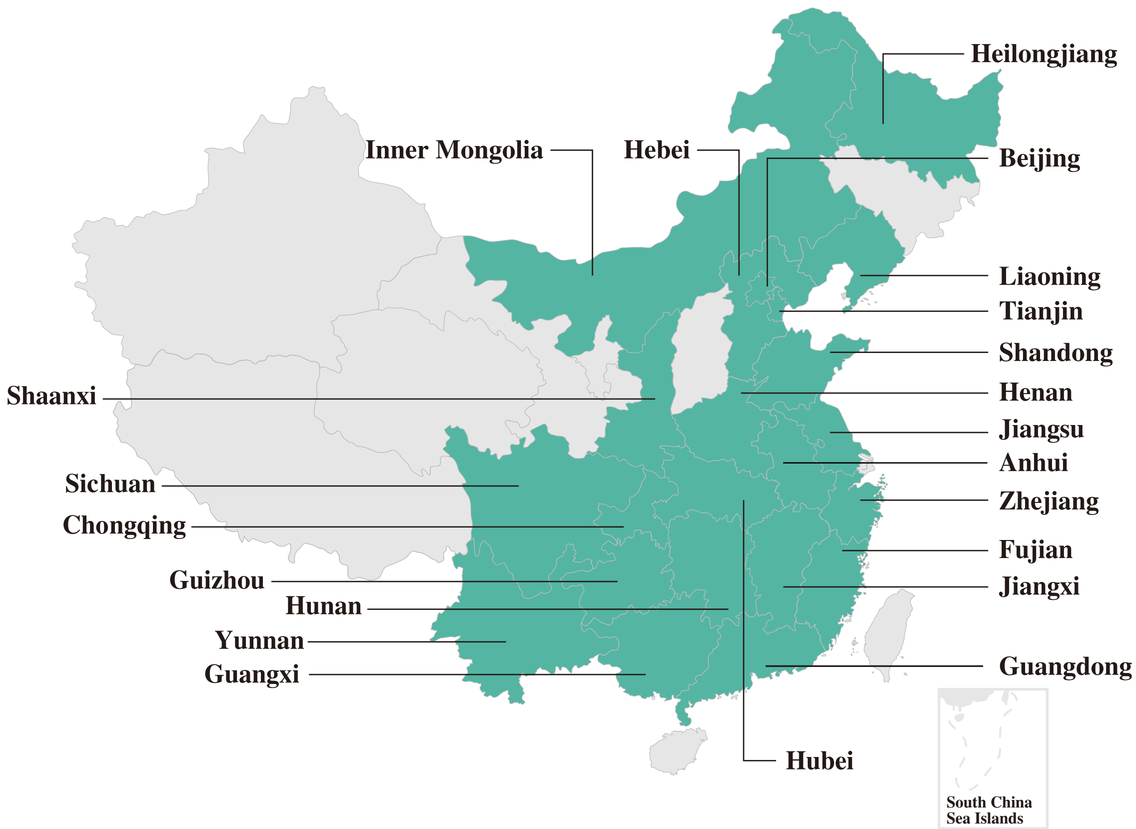
Note: Related parties of the China Aoyuan Group include the joint ventures and associates of China Aoyuan.

The following table sets forth a breakdown of the changes in the chargeable GFA under management for the Year by property developer type:

	Chargeable GFA under management as at 1 January 2023 (*'000 sq.m.*)	Increase for the period (*'000 sq.m.*)	Decrease for the period (*'000 sq.m.*)	Chargeable GFA under management as at 31 December 2023 (*'000 sq.m.*)
China Aoyuan Group and its related parties	25,625	3,248	1,447	27,426
Third party property developers	21,519	225	8,527	13,217
Total	47,144	3,473	9,974	40,643

Geographic Presence

The following map illustrates the location of the properties under the Group's management and properties it contracted to manage as at 31 December 2023:



The following table sets forth the breakdown of the chargeable GFA under management as at the dates indicated and total revenue from the property management service segment for the years indicated by geographic regions:

	2023			2022		
	Chargeable GFA ***('000 sq.m.)***	**Revenue** ***(RMB'000)***	***Revenue contribution %***	Chargeable GFA *('000 sq.m.)*	Revenue *(RMB'000)*	*Revenue contribution %*
South China	**14,632**	**474,735**	**33.8**	13,778	562,781	39.0
Southwest China	**4,620**	**241,527**	**17.2**	4,191	148,013	10.2
East China	**5,884**	**215,139**	**15.3**	8,708	194,456	13.5
Central and North China	**13,083**	**406,942**	**29.0**	18,058	474,960	32.9
Northeast China	**2,424**	**64,586**	**4.7**	2,409	64,229	4.4
Total	**40,643**	**1,402,929**	**100.0**	47,144	1,444,439	100.0

Notes:

(1) South China comprises Guangdong Province and Guangxi Zhuang Autonomous Region.

(2) Southwest China comprises Chongqing Municipality, Sichuan, Yunnan, Guizhou and Shaanxi Provinces.

(3) East China comprises Anhui, Fujian, Jiangsu, Jiangxi, Shandong and Zhejiang Provinces.

(4) Central and North China comprises Hunan, Hubei, Hebei and Henan Provinces, Inner Mongolia Autonomous Region, Beijing Municipality and Tianjin Municipality.

(5) Northeast China comprises Liaoning and Heilongjiang Provinces.

Commercial Operational Services Segment

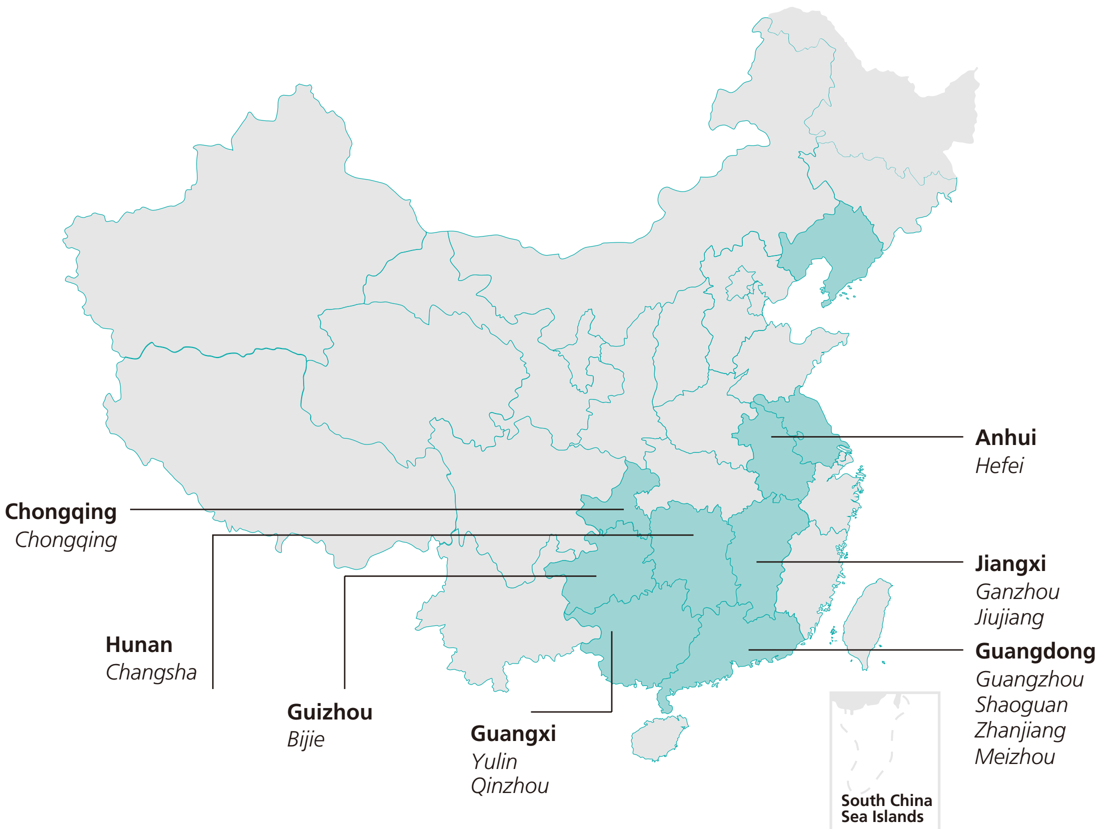
The revenue generated from commercial operational services segment decreased by approximately RMB25.2 million or approximately 13.6%, which was mainly due to the decrease in revenue generated from commercial operation and management services of approximately RMB22.2 million or approximately 12.9% and the decrease in revenue generated from market positioning and business tenant sourcing services of approximately RMB3.0 million or approximately 24.1%. The decrease in revenue generated from commercial operation and management services was mainly attributable to the decrease in the total GFA under management of commercial operational services provided by the Group to shopping malls in operation. The decrease in revenue generated from market positioning and business tenant sourcing services was mainly due to the decrease in preliminary research and business tenant sourcing services provided during the Year.

The following table sets forth the breakdown of revenue from commercial operational service segment by service category for the years indicated:

	2023		2022			
		Revenue contribution		*Revenue contribution*	Growth amount	Growth rate
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
Commercial operational service segment						
Commercial operation and management services	**150,706**	**94.1**	172,956	93.3	(22,250)	(12.9)
Market positioning and business tenant sourcing services	**9,375**	**5.9**	12,356	6.7	(2,981)	(24.1)
Total	**160,081**	**100.0**	185,312	100.0	(25,231)	(13.6)

Geographic Presence

The following map illustrates the location of the shopping malls under the Group's management and shopping malls it contracted to manage as at 31 December 2023:



The following table sets forth the breakdown of revenue from the commercial operational service segment for the years indicated by geographic regions:

	2023		2022	
		Revenue contribution		*Revenue contribution*
	RMB'000	***%***	*RMB'000*	*%*
South China	**114,511**	**71.5**	127,173	68.6
Southwest China	**33,477**	**20.9**	38,898	21.0
East China	**6,980**	**4.4**	13,148	7.1
Central China	**5,113**	**3.2**	6,093	3.3
Total	**160,081**	**100.0**	185,312	100

Notes:

(1) South China comprises Guangdong Province and Guangxi Zhuang Autonomous Region.

(2) Southwest China comprises Chongqing Municipality and Guizhou Province.

(3) East China comprises Jiangxi and Anhui Provinces.

(4) Central China comprises Hunan Province.

Cost of Services

The Group's cost of services primarily consists of (i) labour costs mainly incurred from security services, house-keeping services, labour outsourcing, maintenance services and cleaning and gardening services expenses; (ii) maintenance costs; (iii) utility expenses; and (iv) materials and consumables.

Our cost of services decreased by approximately RMB69.1 million from approximately RMB1,232.5 million for the Previous Year to approximately RMB1,163.4 million for the Year. Such decrease was primarily attributable to:

(1) decrease in labour costs from approximately RMB889.3 million in 2022 to approximately RMB832.1 million in 2023, which was mainly due to the decrease of engineering pre-delivery consultation services, sales assistance services for sales offices, household inspection services and intelligent engineering services provided by the Group to major owners because of the changes in the environment of real estate market, resulting in fewer employees, security staff and house-keeping services staff required and less labour outsourcing cost and cleaning and gardening services expenses incurred; and

(2) decrease in construction costs related to intelligent engineering of approximately RMB21.5 million due to the Group's focus on its principal business and adjustment of the Company's business structure.

Gross Profit and Gross Profit Margin

For the Year, the gross profit of the Group was approximately RMB399.6 million, representing an increase of approximately RMB2.4 million or approximately 0.6% as compared with approximately RMB397.2 million for the Previous Year. For the Year, the gross profit margin was approximately 25.6%, representing an increase of approximately 1.2 percentage points as compared with the gross profit margin of 24.4% for the Previous Year. The Group will continue to promote refined management in the coming years, endeavouring to improve the economic efficiency. For the Year, the gross profit of property management services segment of the Group was approximately RMB347.4 million and the gross profit margin was approximately 24.8%; the gross profit of commercial operational services segment of the Group was approximately RMB52.2 million and the gross profit margin was approximately 32.6%.

Selling and Distribution Expenses and Administrative Expenses

The Group's selling and distribution expenses primarily consist of (i) advertising expenses; (ii) salaries and allowances for our sales personnel; and (iii) office expenses, travelling expenses and business development expenses. The total selling and distribution expenses of the Group for the Year were approximately RMB1.3 million.

The Group's administrative expenses and other expenses primarily consist of (i) salaries and allowances for our administrative and management personnel in the headquarters; (ii) travelling expenses; (iii) professional fees; (iv) rental expenses; and (v) office expenses.

For the Year, the administrative expenses of the Group were approximately RMB136.2 million, representing a decrease of approximately RMB37.5 million or approximately 21.6% as compared with approximately RMB173.7 million for the Previous Year. Such decrease was mainly due to the optimisation of the organisational structure, improvement of management efficiency, and cost reduction and improved efficiency of the Group.

Other Income, Gains and Losses

For the Year, other income, gains and losses of the Group amounted to a net gain of approximately RMB51.3 million, representing a decrease of approximately RMB30.3 million or approximately 37.1% as compared with a net gain of approximately RMB81.6 million arising from other income, gains and losses of the Group for the Previous Year, which was primarily attributable to a decrease in net exchange gain of approximately RMB36.9 million.

Income Tax Expense

For the Year, the income tax of the Group amounted to approximately RMB45.4 million, representing an increase of approximately RMB9.0 million as compared with approximately RMB36.4 million for the Previous Year.

Profit for the Year

As a result of the foregoing, the net profit of the Group for the Year was approximately RMB149.2 million, representing a decrease of approximately RMB14.0 million as compared with net profit of approximately RMB163.2 million for the Previous Year. For the Year, profit attributable to equity shareholders of the Company was approximately RMB157.1 million, as compared with profit attributable to equity shareholders of the Company of approximately RMB160.4 million for the Previous Year.

FINANCIAL POSITION

As at 31 December 2023, the total assets of the Group was approximately RMB2,280.5 million (as at 31 December 2022: approximately RMB2,221.0 million), and the total liabilities was approximately RMB1,128.0 million (as at 31 December 2022: approximately RMB1,228.7 million). As at 31 December 2023, the current ratio was 1.60 (as at 31 December 2022: 1.40).

As at 31 December 2023, the net assets of the Group was approximately RMB1,152.5 million (as at 31 December 2022: approximately RMB992.4 million).

Property, Plant and Equipment

The Group's property, plant and equipment consist of buildings, office equipment, motor vehicles and leasehold improvements. The value of the Group's property, plant and equipment amounted to approximately RMB36.1 million as at 31 December 2023.

Right-of-use Assets

The right-of-use assets of the Group mainly included lease right-of-use assets. The Group's right-of-use assets decreased from approximately RMB16.6 million as at 31 December 2022 to approximately RMB9.5 million as at 31 December 2023, primarily due to a decrease in normal depreciation and early termination of leases for some properties.

Intangible Assets

The Group's intangible assets represent the property management contracts obtained upon the acquisition of other property management companies. Our intangible assets decreased from approximately RMB78.9 million as at 31 December 2022 to approximately RMB63.2 million as at 31 December 2023, primarily due to a decrease in normal amortisation and disposal of a property management company.

Goodwill

The Group's goodwill represents the difference between the total consideration for the acquisitions of Anhui Hanlin Property Services Company Limited, Shenzhen Huazhong Property Management Company Limited, Easy Life Smart Community Services Group Co., Ltd. and Beijing Boan Property Management Co., Ltd. and their respective total identifiable net assets as at the respective acquisition dates, net of relevant impairment amount. As at 31 December 2023, the goodwill of the Group decreased by approximately RMB35.6 million as compared with that as at 31 December 2022, which was primarily attributable to the Group's provision for impairment loss of goodwill of approximately RMB10.6 million due to unsatisfactory business expansion of some subsidiaries acquired in previous years and a decrease in goodwill of approximately RMB25.0 million as a result of the disposal of a property management company.

Trade and Other Receivables

As at 31 December 2023, the total trade and other receivables was approximately RMB644.7 million, representing a decrease of approximately RMB50.0 million as compared with approximately RMB694.7 million as at 31 December 2022.

Amounts Due from Non-controlling Shareholders of Subsidiaries, Related Parties/Fellow Subsidiaries and Other Related Parties

The Group's amounts due from non-controlling shareholders of subsidiaries, related parties/ fellow subsidiaries and other related parties increased from approximately RMB60.5 million as at 31 December 2022 to approximately RMB125.8 million as at 31 December 2023.

Trade and Other Payables

As at 31 December 2023, the trade and other payables was approximately RMB798.7 million, representing an increase of approximately RMB25.9 million or approximately 3.3% as compared with that of approximately RMB772.8 million as at 31 December 2022, mainly due to longer settlement period with our suppliers.

Bank Borrowing

As at 31 December 2023, we had (i) outstanding bank loans of approximately RMB105.0 million (as at 31 December 2022: approximately RMB139.0 million); and (ii) no unutilised banking facilities for short term financing. Our bank borrowing carried at fixed rate of 5.50% (2022: ranging from 4.75% to 5.5%) per annum and was guaranteed by certain subsidiaries of the Group and a subsidiary of China Aoyuan, and was pledged by equity interests in a subsidiary of the Group.

Lease Liabilities

As at 31 December 2023, lease liabilities of the Group due within one year were approximately RMB3.2 million and the balance of lease liabilities due above one year was approximately RMB6.8 million.

Contingent Liabilities

As at 31 December 2023, we did not have any material contingent liabilities (as at 31 December 2022: Nil).

Gearing Ratio

Gearing ratio is calculated based on the total liabilities divided by total assets. Gearing ratio was 0.55 for the year ended 31 December 2022 and 0.49 for the year ended 31 December 2023.

Asset Pledge

As at 31 December 2023, no asset of the Group was pledged, except for the pledge of equity interests in a subsidiary to obtain bank borrowings of RMB103.0 million.

Proceeds from the Listing

The shares of the Company were listed on the Main Board of the Stock Exchange on 18 March 2019 (the "**Listing**") and 175,000,000 new shares were issued. On 2 April 2019, the over-allotment option was fully exercised to allot 26,250,000 new shares. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing and the over-allotment option amounted to approximately HK$577.0 million and HK$93.7 million (equivalent to approximately RMB493.1 million and RMB80.1 million). As at the date of this announcement, the Group has utilised approximately RMB436.8 million of the capital raised, of which approximately RMB333.2 million was used to acquire or invest in other commercial operational services and property management services providers; approximately RMB33.5 million was used to acquire or invest in service providers (providing services complementary to the Group's commercial operational services and property management services); approximately RMB10.2 million was used to develop and upgrade our O2O platforms; approximately RMB2.6 million was used to develop intelligent service systems and upgrade our internal IT system; and approximately RMB57.3 million was used for working capital and general corporate purposes. All unutilised net proceeds as at the date of this announcement, which amounted to approximately RMB136.4 million, will be used to pursue strategic acquisition and investment opportunities to acquire or invest in other commercial operational service and property management service providers to achieve our business strategies of scaling up our commercial operational service business and expanding our property management service portfolio.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2023, the Group had 2,168 employees (as at 31 December 2022: 3,093). The staff cost was approximately RMB331.5 million in 2023 (2022: approximately RMB373.0 million). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations in the PRC, the Group provides contributions to social insurance in China (including pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance) and housing provident funds for our employees in the PRC. The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

There was no material acquisition and disposal conducted by the Group during the Year, nor was there any significant investment or plan authorised by the Board for material investment or addition of capital assets as of 31 December 2023.

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting (the "**AGM**") will be held on Thursday, 30 May 2024 and the notice of AGM will be published and despatched to the shareholders in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") in due course.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the Year (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 23 May 2024 to Thursday, 30 May 2024, both days inclusive. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 22 May 2024, being the last share registration date.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises Mr. Hung Ka Hai Clement (chairman), Dr. Li Zijun and Mr. Wang Shao. The Audit Committee, together with the Board, have reviewed the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the financial statements of the Group for the Year.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED ON THE PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year.

The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion and assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

CORPORATE GOVERNANCE CODE

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards and a culture of openness are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, facilitate effective contribution, and enhance its transparency and accountability, thereby enabling shareholders' evaluation of the Company's application of the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in "Part 2 – Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices" of Appendix C1 to the Listing Rules.

The Company has adopted the CG Code as the basis of the Company's corporate governance practices.

The Company has also in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company. In addition, the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information. Therefore, the Board is of the view that the balance of power and safeguards in place are adequate.

The Board is of the view that throughout the Year, the Company has complied with all the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct for its Directors dealing in securities of the Company. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code throughout the Year.

UPDATED INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, subsequent to the date of the 2023 interim report of the Company and up to the date of this announcement, changes in information of the Directors are set out below:

Mr. Hung Ka Hai Clement was appointed as an independent non-executive director of JX Energy Ltd. (stock code: 3395) with effect from 1 August 2023. He resigned as an independent non-executive director of Gome Finance Technology Company Limited (formerly known as Sino Credit Holdings Limited) (stock code: 628) with effect from 12 December 2023.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

Change of Company Name

A special resolution in relation to the change of company name was passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 19 December 2023. The certificate of incorporation on change of name was issued by the Registrar of Companies in the Cayman Islands on 19 December 2023 certifying the change of the English name of the Company from "Aoyuan Healthy Life Company Limited" to "Starjoy Wellness and Travel Company Limited" and the dual foreign name in Chinese of the Company from "奧園健康生活集團有限公司" to "星悅康旅股份有限公司". The certificate of registration of alteration of name of registered non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 11 January 2024 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Saved as disclosed above, there have been no other material events occurring after the end of the Year and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sjwt.net). The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By the order of the Board
Starjoy Wellness and Travel Company Limited
Li Huiqiang
Executive Director

Hong Kong, 27 March 2024

* *In this announcement, the English names are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

As at the date of this announcement, the executive Director is Mr. Cheng Siu Fai; the non-executive Directors are Mr. Li Huiqiang, Mr. Ruan Yongxi, Mr. Zhu Yunfan and Ms. Jiang Nan; and the independent non-executive Directors are Mr. Hung Ka Hai Clement, Dr. Li Zijun and Mr. Wang Shao.