**星悅康旅股份有限公司**

**Starjoy Wellness and Travel Company Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3662)**

# ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

## HIGHLIGHTS

For the six months ended 30 June 2024:

- The Group's revenue was approximately RMB700.0 million, representing a year-on-year decrease of approximately 11.0%.
- Gross profit was approximately RMB218.7 million, representing a year-on-year increase of approximately RMB15.4 million, and gross profit margin was approximately 31.2%, representing a year-on-year increase of approximately 5.4 percentage points.
- The Group achieved net profit of approximately RMB75.1 million, representing a year-on-year increase of approximately 9.3%; net profit margin was approximately 10.7%, representing a year-on-year increase of approximately 2.0 percentage points.
- Basic earnings per share were approximately RMB11.24 cents, representing a year-on-year increase of approximately 29.2%.

The board (the "**Board**") of directors (the "**Director(s)**") of Starjoy Wellness and Travel Company Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**", "**we**", "**our**" or "**us**") for the six months ended 30 June 2024, together with the unaudited comparative figures for the corresponding period in 2023, and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 together with the comparative figures as at 31 December 2023, are as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

| | | For the six months ended | |
|---|---|---|---|
| | | **30.6.2024** | 30.6.2023 |
| | *NOTES* | ***RMB'000*** | *RMB'000* |
| | | **(unaudited)** | (unaudited) |
| Revenue | 3 | **700,045** | 786,540 |
| Cost of services | | **(481,332)** | (583,244) |
| Gross profit | | **218,713** | 203,296 |
| Other income, gains and losses | 5 | **10,121** | 37,696 |
| Impairment losses under expected credit loss model ("**ECL**"), net of reversal | | **(81,758)** | (84,272) |
| Administrative expenses | | **(42,519)** | (65,085) |
| Selling and distribution expenses | | **(1,662)** | (275) |
| Finance costs | | **(2,789)** | (3,857) |
| Profit before tax | | **100,106** | 87,503 |
| Income tax expense | 6 | **(25,007)** | (18,781) |
| Profit for the period | 7 | **75,099** | 68,722 |
| **Other comprehensive income** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translating foreign operations | | **1,630** | 5,796 |
| 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**") | | **–** | 14,774 |
| Other comprehensive income for the period, net of income tax | | **1,630** | 20,570 |
| Total comprehensive income for the period | | **76,729** | 89,292 |

| | NOTES | For the six months ended 30.6.2024 RMB'000 (unaudited) | 30.6.2023 RMB'000 (unaudited) |
|---|---|---|---|
| Profit/(loss) for the period attributable to: | | | |
| – Owners of the Company | | **81,648** | 63,220 |
| – Non-controlling interests | | **(6,549)** | 5,502 |
| | | **75,099** | 68,722 |
| Total comprehensive income/(expense) attributable to: | | | |
| – Owners of the Company | | **82,789** | 77,619 |
| – Non-controlling interests | | **(6,060)** | 11,673 |
| | | **76,729** | 89,292 |
| Earnings per share *(RMB cents)* | | | |
| – Basic | 9 | **11.24** | 8.70 |
| – Diluted | 9 | **11.24** | 8.70 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*At 30 June 2024*

| | *NOTES* | **30.6.2024** *RMB'000* **(unaudited)** | 31.12.2023 *RMB'000* (audited) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **26,926** | 36,060 |
| Right-of-use assets | | **8,400** | 9,530 |
| Investment properties | | **4,197** | 8,869 |
| Intangible assets | | **58,455** | 63,160 |
| Goodwill | | **115,506** | 115,506 |
| Equity instrument at fair value through profit or loss ("**FVTPL**") | | **57,324** | 64,420 |
| Equity instruments at fair value through other comprehensive income | | **156,710** | 155,080 |
| Deferred tax assets | | **64,976** | 60,220 |
| Deposits paid for acquisition of property, plant and equipment | | **2,524** | 2,524 |
| Trade and other receivables | 10 | **2,900** | 2,900 |
| | | **497,918** | 518,269 |
| **CURRENT ASSETS** | | | |
| Inventories | | **12,313** | 12,691 |
| Trade and other receivables | 10 | **689,421** | 641,805 |
| Deferred contract costs | | **7,688** | 7,420 |
| Amounts due from related parties/fellow subsidiaries | | **149,906** | 124,973 |
| Amounts due from other related parties | | **543** | 831 |
| Restricted bank deposits | | **17,178** | 14,188 |
| Bank balances and cash | | **988,426** | 960,295 |
| | | **1,865,475** | 1,762,203 |

| | NOTES | 30.6.2024 RMB'000 (unaudited) | 31.12.2023 RMB'000 (audited) |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | **809,751** | 798,653 |
| Contract liabilities | | **147,869** | 151,676 |
| Amounts due to other related parties | | **3,169** | 3,032 |
| Tax liabilities | | **57,694** | 41,877 |
| Lease liabilities | | **2,468** | 3,168 |
| Bank borrowings | | **90,000** | 105,000 |
| | | **1,110,951** | 1,103,406 |
| **NET CURRENT ASSETS** | | **754,524** | 658,797 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **1,252,442** | 1,177,066 |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liabilities | | **16,621** | 17,789 |
| Lease liabilities | | **6,591** | 6,776 |
| | | **23,212** | 24,565 |
| **NET ASSETS** | | **1,229,230** | 1,152,501 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **6,207** | 6,207 |
| Reserves | | **1,177,625** | 1,094,836 |
| Equity attributable to owners of the Company | | **1,183,832** | 1,101,043 |
| Non-controlling interests | | **45,398** | 51,458 |
| **TOTAL EQUITY** | | **1,229,230** | 1,152,501 |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

### 1. BASIS OF PREPARATION AND BUSINESS COMBINATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

This interim financial information does not contain all the notes generally included in the annual financial report. Therefore, this condensed consolidated interim financial information should be read in conjunction with the annual financial report for the year ended 31 December 2023 and any announcements made by the Company during the interim reporting period.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**") and application of certain accounting policies which become relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the Group's audited consolidated financial statements for the year ended 31 December 2023.

The application of the new and amendments to IFRSs in the current interim period that are relevant to the Group and effective from the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group has not early adopted the new and amendments to IFRSs that have been issued but are not yet effective. The directors of the Company do not anticipate that the adoption of the new and amendments to IFRSs in the future periods will have any material impact on the Group's condensed consolidated financial statements.

## 3. REVENUE

**Disaggregation of revenue**

| | Six months ended | |
|---|---|---|
| | **30.6.2024** | 30.6.2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| **Type of services** | | |
| Property management services | | |
| Property management services | **521,118** | 573,616 |
| Sales assistance services | **2,648** | 9,158 |
| Community value-added services | **70,534** | 96,845 |
| Heating services | **22,974** | 27,866 |
| Others | **2,182** | 2,647 |
| | **619,456** | 710,132 |
| Commercial operational services | | |
| Commercial operation and management services | **80,589** | 73,066 |
| Market positioning and business tenant sourcing services | **–** | 3,342 |
| | **80,589** | 76,408 |
| Total | **700,045** | 786,540 |
| **Type of customers** | | |
| Property management services | | |
| External customers | **602,558** | 676,309 |
| Related parties/fellow subsidiaries | **14,029** | 30,064 |
| Other related parties | **2,869** | 3,759 |
| | **619,456** | 710,132 |
| Commercial operational services | | |
| External customers | **67,864** | 64,132 |
| Related parties/fellow subsidiaries | **12,725** | 12,276 |
| | **80,589** | 76,408 |
| Total | **700,045** | 786,540 |
| **Timing of revenue recognition** | | |
| Over time | **680,496** | 760,038 |
| A point in time | **19,549** | 26,502 |
| Total | **700,045** | 786,540 |

## 4. SEGMENT INFORMATION

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

**Six months ended 30 June 2024 (unaudited)**

| | **Property management services** *RMB'000* | **Commercial operational services** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| Segment revenue | **619,456** | **80,589** | **700,045** |
| Segment results | **86,773** | **31,990** | **118,763** |
| Net exchange gain | | | **1,878** |
| Change in fair value of investment properties | | | **(1,920)** |
| Change in fair value of equity instrument at FVTPL | | | **(7,096)** |
| Central administrative costs | | | **(8,730)** |
| Interest on lease liabilities | | | **(141)** |
| Interest on bank borrowings | | | **(2,648)** |
| Profit before tax | | | **100,106** |

Six months ended 30 June 2023 (unaudited)

| | Property management services *RMB'000* | Commercial operational services *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| Segment revenue | 710,132 | 76,408 | 786,540 |
| Segment results | 86,937 | 16,262 | 103,199 |
| Net exchange gain | | | 18,587 |
| Change in fair value of equity instrument at FVTPL | | | (828) |
| Central administrative costs | | | (29,598) |
| Interest on lease liabilities | | | (331) |
| Interest on bank borrowings | | | (3,526) |
| Profit before tax | | | 87,503 |

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the chief operating decision maker. Accordingly, no segment assets and liabilities are presented.

## 5. OTHER INCOME, GAINS AND LOSSES

| | Six months ended | |
|---|---|---|
| | **30.6.2024** | 30.6.2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Bank interest income | **11,668** | 5,964 |
| Net exchange gain | **1,878** | 18,587 |
| Government grants | **6,593** | 9,932 |
| Change in fair value of investment properties | **(1,920)** | – |
| (Loss)/gain on disposal of property, plant and equipment | **(1,873)** | 2 |
| Dividend income from equity investment | **871** | 1,500 |
| Change in fair value of equity instrument at FVTPL | **(7,096)** | (828) |
| Gain on early termination of leases | **–** | 2,474 |
| Others | **–** | 65 |
| | **10,121** | 37,696 |

## 6. INCOME TAX EXPENSE

| | Six months ended | |
|---|---|---|
| | **30.6.2024** | 30.6.2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Income tax expense recognised comprises of: | | |
| Current tax: | | |
| The People's Republic of China ("**PRC**") Enterprise Income Tax ("**EIT**") | **30,931** | 31,981 |
| Deferred tax | **(5,924)** | (13,200) |
| | **25,007** | 18,781 |

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

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 periods.

Aoyuan Intelligent Life Services (Guangzhou) Group Company Limited*, a subsidiary of the Group, obtained the certificate of "National High-tech Enterprise" in 2023, 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.

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from Hong Kong for both periods.

* *The English name is for identification purpose only*

## 7. PROFIT FOR THE PERIOD

| | Six months ended | |
|---|---|---|
| | **30.6.2024** | 30.6.2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Profit for the period has been arrived at after charging the following items: | | |
| Amortisation of deferred contract costs | **268** | – |
| Depreciation of property, plant and equipment | **3,804** | 2,414 |
| Depreciation of right-of-use assets | **1,130** | 1,682 |
| Amortisation of intangible assets (included in cost of services provided) | **4,705** | 6,557 |
| Staff costs | **116,447** | 159,207 |

## 8. DIVIDENDS

The directors of the Company do not recommend or declare any payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## 9. 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:

| | Six months ended | |
|---|---|---|
| | **30.6.2024** | 30.6.2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| **Earnings:** | | |
| Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to owners of the Company | **81,648** | 63,220 |

| | Six months ended | |
|---|---|---|
| | **30.6.2024** | 30.6.2023 |
| **Number of shares:** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | **726,250,000** | 726,250,000 |

The computation of diluted earnings per share for both periods does not assume the exercise of the Company's share options outstanding during the current and prior periods because the exercise price of those options was higher than the average market price of the Company's shares during the current and prior periods, respectively.

## 10. TRADE AND OTHER RECEIVABLES

| | Notes | 30.6.2024 RMB'000 (unaudited) | 31.12.2023 RMB'000 (audited) |
|---|---|---|---|
| Trade receivables | | **802,868** | 666,049 |
| Less: impairment losses under ECL model, net of reversal | | **(285,133)** | (204,810) |
| Total trade receivables | | **517,735** | 461,239 |
| Other receivables: | | | |
| Deposits | (a) | **24,341** | 27,110 |
| Payments on behalf of residents | (b) | **77,000** | 69,930 |
| Input tax to be deducted | | **15,510** | 27,903 |
| Prepayments | | **30,972** | 24,925 |
| Others | | **34,218** | 39,988 |
| | | **182,041** | 189,856 |
| Less: impairment losses under ECL model, net of reversal | | **(7,455)** | (6,390) |
| | | **174,586** | 183,466 |
| Total trade and other receivables | | **692,321** | 644,705 |
| Analysis for reporting purpose: | | | |
| Non-current assets (included in deposits) | | **2,900** | 2,900 |
| Current assets | | **689,421** | 641,805 |
| | | **692,321** | 644,705 |

*Notes:*

(a) The balance represents the amount paid to the service providers as deposits.

(b) The balance represents the amount paid on behalf of residential communities and commercial tenants to the utilities service provider for the service provided.

Property management service income under property management service segment and commercial operation and management service income under commercial operational service segment are generally required to be settled by property owners and property developers within 60 days upon the issuance of demand note.

Generally, the counter-parties of market positioning and business tenant sourcing services under commercial operational service segment are required to make installment payments in accordance with the payment schedule as set out in contracts. However, depending on market conditions and bargaining power of the counter-parties, credit and payment terms may vary in accordance with the contracts.

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

| | **30.6.2024**<br>***RMB'000***<br>**(unaudited)** | 31.12.2023<br>*RMB'000*<br>(audited) |
|---|---|---|
| 0 to 60 days | **120,291** | 58,765 |
| 61 to 180 days | **99,400** | 127,703 |
| 181 to 365 days | **131,416** | 116,470 |
| 1 to 2 years | **186,729** | 177,839 |
| 2 to 3 years | **127,333** | 102,751 |
| Over 3 years | **137,699** | 82,521 |
| | **802,868** | 666,049 |

## 11. TRADE AND OTHER PAYABLES

| | *Notes* | **30.6.2024**<br>***RMB'000***<br>**(unaudited)** | 31.12.2023<br>*RMB'000*<br>(audited) |
|---|---|---|---|
| Trade payables | | **277,855** | 269,941 |
| Other payables: | | | |
| Receipts on behalf of residents | (a) | **124,179** | 115,729 |
| Deposits received | (b) | **149,077** | 152,080 |
| Accrued staff costs | | **15,137** | 17,278 |
| Accrued contribution to social insurance and housing provident funds | | **13,455** | 13,775 |
| Other tax payables | | **19,896** | 21,442 |
| Accrued expenses | | **40,797** | 47,468 |
| Other payables to related parties | (c) | **146,950** | 120,346 |
| Other payables | | **22,405** | 40,594 |
| Total other payables | | **531,896** | 528,712 |
| Total trade and other payables | | **809,751** | 798,653 |

*Notes:*

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

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

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

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

| | **30.6.2024** | 31.12.2023 |
|---|---:|---:|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| 0 – 60 days | **61,133** | 78,833 |
| 61 – 180 days | **69,247** | 85,843 |
| 181 – 365 days | **57,250** | 31,526 |
| 1 – 2 years | **27,623** | 26,417 |
| 2 – 3 years | **20,747** | 27,309 |
| Over 3 years | **41,855** | 20,013 |
| | **277,855** | 269,941 |

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

### 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 Group offers diversified property management services for both 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, so as 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 as well as health tourism and sojourn and other industries offering long-term development opportunities and development potential under the development principles of service, pleasure and harmony, moving towards a better development path and maximising shareholders' benefits.

### Property Management

In the first half of 2024, the Group implemented the principles of high-quality development by fully collaborating the business segments. It was mainly reflected in two aspects. On one hand, the Group has always emphasised the collection, centralisation and co-ordinated management of funds. On the other hand, the Group vigorously expanded sources of income and reduce expenditure to increase the Group's operating income, while simultaneously improving efficiency and reducing costs. This dynamic alignment between revenue and expenses has enabled the Group's various businesses to continue enhancing their self-growth capabilities.

For the six months ended 30 June 2024, the Group provided property management services to 301 properties (including sales offices) in 76 cities across 22 provinces, municipalities, and autonomous regions in the PRC, the chargeable gross floor area ("**GFA**") under management was approximately 39.1 million square metres ("**sq.m.**"), and the contracted area was approximately 63.7 million sq.m.

Since last year, the Group segregated the communities under management into various service tiers, we formulated 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 enables the Group to achieve sound cost control while ensuring property owners' satisfaction. In the first half of 2024, in terms of improving operational efficiency in the community environment, the Group, after conducting an in-depth investigation, introduced new types of sanitation equipment – driving type electric sweeper and walkbehind scrubber-dryer, actively exploring innovative and intelligent community cleaning models.

While pursuing high-quality development, the Group is also committed to building an enthusiastic and warm community. In the first half of 2024, the Group proactively carried out a wide range of operations and established innovative business pilot points, exploring profit points and new opportunities in the segment. The Group actively responsed to the national strategy of proactively addressing population aging. With the original intention of better protecting the "Elderly and Children", the Group vacated and replaced resources as well as reallocated resources and optimised layout by leveraging the internal resources of the community. As a result, the Group launched a series of services integrating culture, entertainment, fitness and healthcare, focusing on the improvement of the basic service chain. Meanwhile, the Group vigorously promoted the renovation and upgrading of indoor and outdoor parking lots including the introduction of parking fees and integrated resources to maximise spatial resource coverage. Simultaneously, the Group expanded its self-operated value-added businesses, such as office cleaning, window sealing for stock buildings and customised cabinet materials for incremental buildings. In the first half of 2024, the Group launched over 1,000 community group purchase events, home delivery services and community travel promotion activities in combination with community cultural activities. These initiatives were aimed at conducting targeted marketing and enhancing efficiency by aligning community group purchases with the purchasing power, consumption habits and potential demand of property owners for community group purchases.

The Group significantly reduced the operating costs of elevators through intensive management of elevator suppliers. To solve the major engineering problems of projects, the Group, together with the majority of property owners, vigorously promoted the use of public maintenance funds for projects, improved the quality of on-site works and further reduced the operating costs of projects. The Group stepped up the promotion of energy saving and consumption reduction. The extensive use of radar lamps, water tap flow adjustment, travel switch light control and timer-operated lighting has maintained service quality, reduced energy use and while reducing energy consumption and easing the financial burden on property owners. These measures have significantly reduced carbon emissions and contributed to environmental protection. The Group also continued to implement retrofit for prepaid meters and optimise the monitoring centre, ensuring the delivery of the best property management services with the most optimised operating costs.

The Group continued to build the online platform of "Aoyuejia (奧悅家)" Wechat Mini Program for community services. In addition to the functions such as payment of property management fee, payment of property management fee on behalf of property owners, issue reporting and repair requests, the community group purchase platform of "Aoyue Premium* (奧悅優選)" integrates resources from both the Group and nearby merchants 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, with the combination of optional complaints on property management as well as consultations and recommendations newly added, the Group deploys housekeepers according to the number of property owners in the community and quickly understands the urgent needs of the property owners, and provides effective services, follow-up services and feedback. The empowering value of "Platform + Housekeeper" created a more comfortable and convenient community life, improved neighbourhood governance and management, and contributed to the efficient operation and sustainable development of the communities.

The Group treasures customer living experience and customer relationship. In the first half of 2024, more than 717 community cultural and convenience activities were conducted during major festivals, catering to the needs of our property owners and serving over 93,700 people. The "Serving homeowners (我為業主辦件事)" campaign of the Group offered homeowners free services such as parcel delivery, heavy lifting, plumbing, troubleshooting and inspection of repairs. We have resolved over ten thousand cases in the first half of 2024, effectively alleviating the concerns and earning high praise from homeowners, with 100,000 likes from property owners, as well as more than 150 flags and thank-you letters from them.

In the first half of 2024, the Group secured two new hospital projects, one new bank project and three new office building projects, thereby expanding its portfolio of non-residential and office building services. The Group is dedicated to strengthening 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**

In the first half of 2024, the Group provided commercial operational services to 15 shopping malls/office buildings in 10 cities in the PRC with a GFA under management of approximately 606,000 sq.m. in total.

Based on the solid foundation of maintaining high-quality commercial operations, the Group has always been determined to convey the concept of commercial services of delivering warm living services to our consumers persistently. Currently, the Group's extensive 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. While solidly promoting basic operations, the Group has never ceased exploring and continues to explore new areas and deepen its diversified commercial services. Through such proactive measures, the Group can further enrich its revenue streams and achieve its goal of sustainable operation, thereby continuously consolidating its endogenous strengths. Moreover, the Group focused on industrial synergy precisely and revitalised the membership resources of shopping mall and offline traffic properly by leveraging the significant advantages of the Group in sharing internal industrial synergistic resources. Meanwhile, the commercial operational services of the Group continue to deepen the exchange, communication and cooperation with property management services. By leveraging the unique advantages of self-owned property industry clusters surrounding commercial projects nationwide, we have successfully transformed our property owners into loyal customers of our shopping malls. This innovative operating model has enabled us to generate more considerable revenues with relatively lower costs, creating more potential and possibilities for the Group's development.

The Group also relies on the strong assistance of various parties to build the innovative model, "Internet + Business", successfully. On one hand, the commercial operation segment of the Group developed its self-membership management system. Through this system, more effective, convenient, and personalised marketing methods can be adopted to smoothly achieve precise customer flow management for both online and offline channels and different customer groups. By deeply managing member private domain traffic in complex projects, the Group can significantly stimulate customer consumption enthusiasm at the lowest cost and accurately understand the dynamic changes of consumers. This approach has effectively activated the intrinsic vibrancy of project operation and significantly enhanced commercial value. For example, members are provided with exclusive promotional activities and personalised service recommendations through the membership management system. When members celebrate their birthdays, special blessings and discounts will be sent and information on products or services that may be of interest to them will be posted according to their spending habits. These initiatives not only increased member loyalty but also encouraged more frequent spending. On the other hand, the Group further promoted digital strategy cooperation, accelerated the construction of an operation management model for digital business in the new era, and shifted from large-scale operation to refined and efficient operation. Such a shift has effectively reduced the Group's operation and marketing costs and significantly enhanced the precision of its operations and marketing, successfully realising the objectives of cost reduction and efficiency enhancement. In the first half of 2024, this innovative operating model played an important role in supporting the Group to achieve significant results in terms of cash flow and profit growth. For example, through precise marketing placement, unnecessary advertising expenses were reduced while the conversion rate of marketing activities increased. Additionally, refined operational management led to a more rational deployment of resources and improved operational efficiency, which in turn boosted profits.

The Group fully considers the features of different projects and the diversified needs of 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, Pan Long Aoyuan Plaza* (盤龍奧園廣場) offered a parent-child community themed "Strawberry Paradise (草莓樂園)" in celebration of its anniversary, which prolonged target customers' dwell time, increased the opportunities for consumption, and empowered merchants through constructing scenarios that meet customer needs. Pubei Aoyuan Plaza* (浦北奧園廣場) continued to enhance the positioning of "Baby Paradise (北鼻樂園)", offering joyful parent-child experiences and successfully establishing itself as an urban activity centre amongst the county residents with diversified thematic events and branding campaigns. These efforts significantly boosted daily foot traffic and sales of Pubei Aoyuan Plaza* (浦北奧園廣場). Integrating the cultural tourism scenes into business, Guangzhou Panyu Aoyuan Plaza* (廣州番禺奧園廣場) built a "Chocolate Kingdom (巧克力王國)" theme block featuring cultural tourism, deeply collaborated with parent-child businesses in the plaza to bolster performance, while empowering the cultural tourism utilising the commercial flow.

In terms of business operations, the Group kept on reinforcing its positioning of "Family Growth Centre"* (家庭成長中心) among local customers. While undertaking social responsibilities the Group aims to become a centre of urban and community activities, driving the growth of customer traffic. This initiative led to enhanced sales turnover for branded merchants and created economic value.

## II. OUTLOOK

In the second half of 2024, entwining the service philosophy of "Property Owners-centric and Customer-centric", the Group will uphold a sound financial management strategy, and continuous optimisation of profit structure. Looking ahead, the Group's overall earnings growth will be more robust and sustainable.

### Property Management

The Group has all along been devoted to upgrading its property operation capabilities and decision-making support capabilities through digitalisation construction. Leveraging digitalisation measures, our business control capabilities will be further elevated and customer experience will be significantly optimised. At the same time, the Group will persist in boosting energy conservation and consumption reduction in projects. We will devote efforts to continuously exert 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, the Group will proactively carry out categorised operations and adopt differentiated business mindsets based on different characteristics of the 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). Through these initiatives, we will effectively ramp up our operational performance and ensure healthy and stable cash flow, laying a solid foundation for the Group's sustainable development.

In respect of value-added services, in addition to intensifying management and control over the business tenants-sourcing operations in traditional value-added services and deeply delving into self-operated value-added businesses, we will beef up the collection and analysis of feedback on property owners' needs. In line with the needs of the owners and the characteristics of the communities, the communities under management will be managed by category, such as offering meals-on-wheels and transformation for adapting to ageing, targeting at the needs of the elderly in our communities, among others. For communities with higher occupancy rates, we will continue to provide services including community group purchases, community insurance, home-delivery and rental and sales. In respect of space resources, in addition to the traditional business tenants-sourcing, we will focus on integrated marketing and promotion. For home renovation, we will keep a foothold in the refined operation of existing properties, and combine with high-quality resources to intensively carry out our customised renovation business. 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 Group's sources of income but also contributes to the enhancement of property owners' satisfaction.

While proactively broadening its property management business scope through diversified development, the Group always bears in mind cultivating our basic professional skills. Through the special campaigns of "service improvement", such as quality improvement of our property butler team, image of customer service staff and control over customer channel, the internal management quality will be upgraded in multiple dimensions. Save for emphasising on the development of staffs' personal ability, we will also strive to shape a good team image and optimise service channels. Hence, the overall quality and professional standard of our team will be elevated to provide better quality and more caring services to property owners, enabling them to enhance their sense of happiness in a more welcoming and harmonious living and working environment created by us.

The Group's property management will put emphasis on promoting the implementation of the "Four Modernisations", namely, service standardisation, product standardisation, product branding and brand value enhancement. This will drive significant improvements in service quality and efficiency, while redefining the rich endogenous concept of business management. At the same time, we will keep exerting efforts in the integrated facilities management service segment of non-residential businesses and elevate the professionalism of itemised service types. By gaining deeper insights into customer needs, we will be able to offer tailored solutions that meet their comprehensive demands. This approach aims to unearth the potential for value in new avenues, thereby constantly expanding our business scope and shore up our market competitiveness.

**Commercial Operation**

In the second half of 2024, the Group will, as always, prioritise cash flows and profits while further scaling up investment in business tenant-sourcing and operations, taking into account the current situation of the commercial real estate market. In terms of business tenant-sourcing, we will provide business types that align more precisely with the needs and directions of different consumer groups, and carefully select high-quality brands to build a more attractive business ecosystem. In terms of operation, the Group will endeavour to attract more customer traffic and adopt various effective strategies to increase the conversion rate from customer traffic to sales. Meanwhile, the Group actively developing value-added businesses, such as leasing the outer area of the plaza, venues, and advertising spots, to enrich our business categories. Through these efforts, we will strive to attract customers and record revenue. In addition, with capability empowerment and customer diversion as our core objectives, the Group will strengthen the bonus point and interest operations. The Group will further facilitate digital system development, continue to improve the membership programme, optimise our service processes and enhance the quality of our services to greatly enhance customer experience and provide a strong impetus for our business development.

The customer group is the key to marketing planning. The Group maintains the activities for key projects and pays close attention to the operations of key business tenants. We organised popular activities and sentiment transformation to increase annual customer traffic and achieve year-on-year growth in customer traffic, creating more favourable conditions for commercial development.

In the area of value-added services, we are committed to pooling our commercial and property resources, making all efforts to expand resource channels, and stepping up sharing efforts. We are developing innovative methods such as joint ventures comprehensively. Through these initiatives, not only are we able to significantly boost customer traffic and sales results of merchants but also greatly improve service quality and customer satisfaction, thereby effectively contributing to the realisation of revenue growth.

The Group is exploring the development of integrated cultural tourism and healthcare services in and around commercial projects with suitable conditions, aiming to achieve closer integration of the Group's commercial projects with cultural tourism and healthcare. Through leveraging the complementary advantages of multiple industries, the Group will promote and develop simultaneously with each other, to mutual growth, thereby creating broader development opportunities and enhancing the Group's overall value.

In addition, while deepening the strategy of the national presence of our projects in the second half of 2024, the Group will fully leverage our professional operation and management capabilities accumulated over the years and the high recognition of the two brands of Aoyuan Plaza and Aoyuan City Plaza by consumers. With these strengths, our various businesses will demonstrate strong risk resistance and achieve growth amid a challenging external environment.

**Cultural Tourism Operation**

The Group enriches its business layout by actively expanding the cultural tourism and healthcare business to give new impetus to the Group's sustainable development. High-quality cultural tourism projects can create a good image for the Group and attract more attention and recognition from consumers. The enhancement of brand influence will also further promote the development of the Group's other businesses and create synergy effects. The Group will continue to explore the cultural tourism business, continuously improve the quality of projects and services, and create more quality products that are distinctive and competitive, so as to drive up the Group's revenue and generate more profit.

## III. FINANCIAL REVIEW

**Results of Operations**

The Group's revenue was mainly derived from the property management services and commercial operational services. For the six months ended 30 June 2024, the Group's total revenue was approximately RMB700.0 million, representing a decrease of approximately RMB86.5 million or approximately 11.0% as compared with approximately RMB786.5 million for the six months ended 30 June 2023.

| | **For the six months ended 30 June** | | | | Growth | Growth |
|---|---|---|---|---|---|---|
| | **2024** | | 2023 | | amount | rate |
| | ***RMB'000*** | ***%*** | *RMB'000* | *%* | *RMB'000* | *%* |
| Property management services segment | **619,456** | **88.5** | 710,132 | 90.3 | (90,676) | (12.8) |
| Commercial operational services segment | **80,589** | **11.5** | 76,408 | 9.7 | 4,181 | 5.5 |
| Total | **700,045** | **100.0** | 786,540 | 100.0 | (86,495) | (11.0) |

**Property Management Services**

The revenue generated from property management services segment decreased by approximately RMB90.7 million, or approximately 12.8%, of which the revenue generated from property management services decreased by approximately RMB52.5 million or approximately 9.2%, the revenue generated from major property owners value-added services decreased by approximately RMB6.5 million or approximately 71.1%, the revenue generated from community value-added services decreased by approximately RMB31.7 million or approximately 24.9%, which was mainly due to the Group's strategic adjustments to its projects under management, resulting in a decrease in the area under management.

| | **For the six months ended 30 June** | | | | Growth | Growth |
|---|---|---|---|---|---|---|
| | **2024** | | 2023 | | amount | rate |
| | ***RMB'000*** | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Property management services | **521,118** | **84.1** | 573,616 | 80.8 | (52,498) | (9.2) |
| Major property owners value-added services | **2,648** | **0.4** | 9,158 | 1.3 | (6,510) | (71.1) |
| Community value-added services | **95,690** | **15.5** | 127,358 | 17.9 | (31,668) | (24.9) |
| Total | **619,456** | **100.0** | 710,132 | 100.0 | (90,676) | (12.8) |

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

| | **As at/For the six months ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | 2023 | | |
| | **Chargeable GFA under Management** | **Revenue** | **Revenue** | Chargeable GFA under Management | Revenue | Revenue |
| | ***('000 sq.m.)*** | ***RMB'000*** | *%* | *('000 sq.m.)* | *RMB'000* | *%* |
| China Aoyuan Group Limited ("**China Aoyuan**", together with its subsidiaries, collectively as the "**China Aoyuan Group**") and its related parties *(Note)* | **27,574** | **385,900** | **74.1** | 27,006 | 373,098 | 65.0 |
| Third party property developers | **11,529** | **135,218** | **25.9** | 19,471 | 200,518 | 35.0 |
| Total | **39,103** | **521,118** | **100.0** | 46,477 | 573,616 | 100.0 |

*Note:* Related parties of China Aoyuan Group include China Aoyuan Group's joint ventures and associates.

The following table sets forth a breakdown of the changes in the chargeable GFA under management for the period ended 30 June 2024 by property developer type:

| | **Chargeable GFA under management as at 1 January 2024** *('000 sq.m.)* | **Increase for the period** *('000 sq.m.)* | **Decrease for the period** *('000 sq.m.)* | **Chargeable GFA under management as at 30 June 2024** *('000 sq.m.)* |
|---|---|---|---|---|
| China Aoyuan Group and its related parties | 27,426 | 578 | 430 | 27,574 |
| Third party property developers | 13,217 | 47 | 1,735 | 11,529 |
| Total | 40,643 | 625 | 2,165 | 39,103 |

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 services segment for the periods indicated by geographic regions:

| | **As at/For the six months ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | 2023 | | |
| | **Chargeable GFA under Management** *('000 sq.m.)* | **Revenue** *RMB'000* | **Revenue** % | Chargeable GFA under Management *('000 sq.m.)* | Revenue *RMB'000* | Revenue % |
| Southern China(1) | **14,555** | **258,275** | **41.7** | 14,663 | 274,289 | 38.6 |
| Southwestern China(2) | **4,804** | **82,327** | **13.3** | 4,449 | 76,438 | 10.8 |
| Eastern China(3) | **5,534** | **72,508** | **11.7** | 8,622 | 103,861 | 14.6 |
| Central and Northern China(4) | **11,786** | **175,118** | **28.3** | 16,357 | 221,961 | 31.3 |
| Northeastern China(5) | **2,424** | **31,228** | **5.0** | 2,386 | 33,583 | 4.7 |
| Total | **39,103** | **619,456** | **100.0** | 46,477 | 710,132 | 100.0 |

*Notes:*

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

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

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

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

(5) Northeastern China comprises Liaoning and Heilongjiang Provinces.

### Commercial Operational Services

The revenue generated from commercial operational services segment increased by approximately RMB4.2 million or approximately 5.5%. Specfically, the revenue generated from commercial operation and management services rose by approximately RMB7.5 million or approximately 10.3%, which was mainly due to the gradual maturation of the Group's shopping malls/office buildings in operation, leading to increased efficiency. However, the revenue generated from market positioning and business tenant sourcing services decreased by approximately RMB3.3 million or 100.0%, which was mainly due to a reduction in the Group's pre-research and business tenant sourcing services.

| | **For the six months ended 30 June** | | | | Growth | Growth |
|---|---|---|---|---|---|---|
| | **2024** | | 2023 | | amount | rate |
| | ***RMB'000*** | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Commercial operation and management services | **80,589** | **100.0** | 73,066 | 95.6 | 7,523 | 10.3 |
| Market positioning and business tenant sourcing services | **–** | **–** | 3,342 | 4.4 | (3,342) | (100.0) |
| Total | **80,589** | **100.0** | 76,408 | 100.0 | 4,181 | 5.5 |

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

| | **For the six months ended 30 June** | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | ***RMB'000*** | *%* | *RMB'000* | *%* |
| Southern China[(1)] | **54,692** | **67.9** | 51,499 | 67.4 |
| Southwestern China[(2)] | **16,666** | **20.7** | 18,982 | 24.8 |
| Eastern China[(3)] | **6,889** | **8.5** | 2,810 | 3.7 |
| Central and Northeast China[(4)] | **2,342** | **2.9** | 3,117 | 4.1 |
| Total | **80,589** | **100.0** | 76,408 | 100.0 |

*Notes:*

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

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

(3) Eastern China comprises Jiangxi and Anhui Provinces.

(4) Central and Northeastern China comprises Hunan Province.

### Cost of Services

Our cost of services primarily consists of (i) labour costs mainly incurred from the 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 17.5% from approximately RMB583.2 million for the six months ended 30 June 2023 to approximately RMB481.3 million for the six months ended 30 June 2024, which was primarily due to a decrease in labour costs following strategic adjustments to projects under management.

### Gross Profit and Gross Profit Margin

For the six months ended 30 June 2024, gross profit of the Group was approximately RMB218.7 million, representing an increase of approximately RMB15.4 million or approximately 7.6% as compared with approximately RMB203.3 million for the six months ended 30 June 2023. For the six months ended 30 June 2024, gross profit margin of the Group was approximately 31.2%, representing an increase of approximately 5.4 percentage points as compared with approximately 25.8% for the six months ended 30 June 2023. Specifically, the gross profit margin of the property management services segment was approximately 29.0% (for the six months ended 30 June 2023: approximately 24.5%) and the gross profit margin of the commercial operational services segment was approximately 48.4% (for the six months ended 30 June 2023: approximately 38.3%). The increase in gross profit was mainly attributable to the fact that the Group in recent years has optimised its management model, implemented cost reduction and efficiency enhancement, improved project quality, and thereby bolstered its economic efficiency.

**Selling and Distribution Expenses and Administrative Expenses**

Selling and distribution expenses of the Group primarily consist of (i) salaries and allowances for our sales personnel; and (ii) marketing expenses. Total selling and distribution expenses of the Group for the six months ended 30 June 2024 was approximately RMB1.7 million (for the six months ended 30 June 2023: approximately RMB0.3 million).

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

For the six months ended 30 June 2024, the administrative expenses of the Group was approximately RMB42.5 million, representing a decrease of approximately RMB22.6 million or approximately 34.7% as compared with approximately RMB65.1 million for the six months ended 30 June 2023. The decrease was mainly due to the Group's optimisation of its management model and strengthened controls during the reporting period.

**Other income, Gains and Losses**

For the six months ended 30 June 2024, other income of the Group amounted to a net revenue of approximately RMB10.1 million, representing a decrease of approximately RMB27.6 million as compared with approximately RMB37.7 million for the six months ended 30 June 2023, which was primarily attributable to a decrease in net exchange gain of approximately RMB16.7 million.

**Income Tax**

For the six months ended 30 June 2024, the income tax of the Group was approximately RMB25.0 million, representing an increase of approximately RMB6.2 million as compared with approximately RMB18.8 million for the six months ended 30 June 2023.

**Profit for the Period**

For the six months ended 30 June 2024, the net profit of the Group was approximately RMB75.1 million, representing an increase of approximately RMB6.4 million or approximately 9.3% as compared with approximately RMB68.7 million for the six months ended 30 June 2023. For the six months ended 30 June 2024, profit attributable to equity shareholders of the Group was approximately RMB81.6 million, representing an increase of approximately 29.1% as compared with approximately RMB63.2 million for the six months ended 30 June 2023. Such increase was mainly attributable to the optimisation of the Group's management model to improve management efficiency, reduce costs and increase efficiency.

**Financial Position**

The Group was in a good financial position. As at 30 June 2024, total assets of the Group were approximately RMB2,363.4 million (as at 31 December 2023: approximately RMB2,280.5 million), and total liabilities were approximately RMB1,134.2 million (as at 31 December 2023: approximately RMB1,128.0 million). As at 30 June 2024, the current ratio of the Group was 1.68 (as at 31 December 2023: 1.60).

As at 30 June 2024, the net assets of the Group were approximately RMB1,229.2 million (as at 31 December 2023: approximately RMB1,152.5 million).

**Property, Plant and Equipment**

The Group's property, plant and equipment consist of buildings, office equipment, motor vehicles and leasehold improvements. Property, plant and equipment of the Group decreased by approximately 25.3% or approximately RMB9.1 million as at 30 June 2024 as compared with that as at 31 December 2023, which was primarily attributable to disposal of a property and the decrease of normal depreciation and amortisation.

**Right-of-use Assets**

The right-of-use assets of the Group were lease right-of-use assets. As at 30 June 2024, the right-of-use assets of the Group were approximately RMB8.4 million, representing a decrease of approximately 11.9% as compared with that as of 31 December 2023, which was mainly due to decrease in normal amortisation of property's right of lease and use.

**Intangible Assets**

Intangible assets of the Group represent the property management contracts obtained upon the acquisition of a series of property companies. Intangible assets of the Group decreased from approximately RMB63.2 million as at 31 December 2023 to approximately RMB58.5 million as at 30 June 2024, which was primarily due to the decrease of normal amortisation.

**Goodwill**

Goodwill of the Group represents the difference between the total consideration for the acquisitions of Anhui Hanlin Property Services Company Limited* (安徽瀚林物業服務有限公司), Shenzhen Huazhong Property Management Company Limited* (深圳華中物業管理有限公司), Easy Life Smart Community Services Group Co., Ltd. and Beijing Boan Property Management Co., Ltd.* (北京博安物業服務有限公司) and their respective total identifiable net assets as at the respective acquisition dates. As at 30 June 2024, the goodwill of the Group was approximately RMB115.5 million, representing no change as compared with that as at 31 December 2023.

**Trade and Other Receivables**

As at 30 June 2024, trade and other receivables of the Group were approximately RMB692.3 million, representing an increase of approximately RMB47.6 million or approximately 7.4% as compared with approximately RMB644.7 million as at 31 December 2023.

**Amounts Due from Related Parties/Fellow Subsidiaries and Other Related Parties**

As at 30 June 2024, the Group's amounts due from related parties/fellow subsidiaries and other related parties amounted to approximately RMB150.4 million, representing an increase of approximately RMB24.6 million or approximately 19.6% as compared with approximately RMB125.8 million as at 31 December 2023.

**Trade and Other Payables**

As at 30 June 2024, trade and other payables of the Group were approximately RMB809.8 million, representing an increase of approximately RMB11.1 million or approximately 1.4% as compared with approximately RMB798.7 million as at 31 December 2023.

**Bank Borrowings**

As at 30 June 2024, the Group had (i) outstanding bank borrowings of approximately RMB90.0 million, and (ii) no unutilised banking facilities for short-term financing. Our bank borrowings were carried at fixed interest rate of 5.5% per annum and guaranteed by certain subsidiaries of the Group and a subsidiary of China Aoyuan, and secured by the equity interests in a subsidiary of the Company.

**Lease Liabilities**

As at 30 June 2024, the lease liabilities of the Group due within one year were approximately RMB2.5 million and the balance of lease liabilities due over one year was approximately RMB6.6 million.

**Contingent Liabilities**

As at 30 June 2024, the Group did not have any material contingent liabilities (31 December 2023: nil).

**Gearing Ratio**

The gearing ratio is calculated based on total liabilities divided by total assets. As at 30 June 2024, the gearing ratio of the Group was 0.48 (31 December 2023: 0.49).

### Foreign Currency Risk

The functional currency of the Group is RMB, except that the functional currencies of certain overseas subsidiaries are currencies other than RMB. As at 30 June 2024, certain cash and bank balances and time deposits are denominated in RMB, HKD and USD, which would expose the Group to foreign currency risk. The Group has not used any foreign currency swap contracts to reduce the exposure to USD and HKD arising from bank balances. The Group also currently does not have any foreign exchange hedging policy.

### Pledge of Assets

As at 30 June 2024, no asset of the Group was pledged, except for the pledge of equity in a subsidiary of the Company to obtain bank borrowings of approximately RMB88.0 million.

### Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures, Significant Investment and Future Plans for Material Investment and Capital Assets

During the six months ended 30 June 2024, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures nor was there any significant investment or plan authorised by the Board for material investment or addition of capital assets as at 30 June 2024 and there was no plan for other material investments or additions of capital assets as at the date of this announcement.

### Employment and Remuneration Policy

As at 30 June 2024, the Group had 1,942 employees in total. The staff cost was approximately RMB116.4 million in the first half of 2024. 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 (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.

### Treasury Policies

The Directors will continue to follow a prudent policy in managing the Group's cash and cash equivalents and maintain a strong and healthy liquidity position to ensure that the Group is well placed to take advantage of future growth opportunities.

## INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares of the Company during the six months ended 30 June 2024.

## CORPORATE GOVERNANCE CODE

The Board recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and has applied the principles and the 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. During the six months ended 30 June 2024, the Company has complied with all code provisions of 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 six months ended 30 June 2024.

## EVENT AFTER THE REPORTING PERIOD

### Disposal of shares by a substantial shareholder

On 25 July 2024, NanYue StarBridge LPF (the "**Vendor**"), the sole shareholder of the single largest shareholder of the Company (i.e. Best Discovery International Limited ("**Best Discovery**")), entered into an agreement (the "**Agreement**") with Bao Yi LPF (the "**Purchaser**"), pursuant to which the Vendor agreed to transfer the entire issued share capital of Best Discovery to the Purchaser. Best Discovery owns the interest in a total of 217,148,750 shares of the Company, representing approximately 29.90% of the total number of issued shares of the Company. The completion took place on the date of Agreement. Upon completion, the Vendor ceased to indirectly hold any interest in the Company and the Purchaser became interested in approximately 29.90% of the total number of issued shares of the Company through Best Discovery, which remained as the single largest shareholder of the Company. Please refer to the announcement of the Company dated 26 July 2024 for details.

## AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Hung Ka Hai Clement as chairman as well as Dr. Li Zijun and Mr. Wang Shao as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2024.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sjwt.net). The interim report of the Company for the six months ended 30 June 2024 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 Order of the Board
**Starjoy Wellness and Travel Company Limited**
**Wang Jiren**
*Chairman*

Hong Kong, 26 August 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 Directors are Mr. Wang Jiren and Ms. Liang Jinrong; the non-executive Directors are Mr. Ruan Yongxi, Mr. Kam Min Ho Andrew and Ms. Jiang Nan; and the independent non-executive Directors are Mr. Hung Ka Hai Clement, Dr. Li Zijun and Mr. Wang Shao.*