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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Yu Dingxin (*chairman*)
Mr. Pan Wei
Mr. Xu Jiong
Mr. An Jiajin

Independent non-executive directors

Mr. Zhao Jianbo
Ms. Zhou Li
Mr. Zheng Cheng
Mr. Ying Luming

COMPANY SECRETARY

Mr. Yip Ngai Hang, Henry, *FCCA, FCCA*

AUDITOR

McMillan Woods (Hong Kong) CPA Limited

LEGAL ADVISORS

As to Hong Kong laws
Jingtian & Gongcheng LLP

PRINCIPAL BANKERS

Hangzhou Bank (Yuhang Branch)
Shizuoka Bank (Yamanashi Branch)

REGISTERED OFFICE IN THE CAYMAN ISLANDS



Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 813, 8/F., Block 4
Hai Chuang Technology Centre
No. 1288 Wenyi West Road
Cangqian Sub-district
Yuhang District
Hangzhou City
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 02-03
31st Floor, 118 Connaught Road West
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Investor Services Limited
Level 54 Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

<http://www.tuyigroup.com>

STOCK CODE

1701

MANAGEMENT DISCUSSION AND ANALYSIS

As mentioned in the annual report of Tu Yi Holdings Company Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) for the year ended 31 December 2020, following the notices issued by the General Office of the Ministry of Culture and Tourism (文化和旅遊部辦公廳) dated 24 January 2020 and the Hangzhou Municipal Bureau of Culture, Radio, TV and Tourism (杭州市文化廣電旅遊局) dated 25 January 2020, which required the tourism and hospitality industry (the “**Industry**”) in the People’s Republic of China (“**PRC**”) to suspend all packaged tours and free independent traveller products (the “**FIT Products**”), the Group has suspended its sales of outbound packaged tours and outbound FIT products since January 2020 and up to the date of this report. Despite this unprecedented period, during the six months ended 30 June 2021 (the “**Period Under Review**”), the Group managed to broaden its revenue stream by enhancing its online Duty-free Shop Business and the revenue of the online Duty-free Shop Business increased by approximately 48.6% as compared to that of the corresponding period in 2020. The overall revenue of the Group decreased to approximately RMB9.7 million, representing a decrease of approximately 55.9% as compared to that of the corresponding period in 2020, and the net loss attributable to shareholders amounted to approximately RMB12.0 million, representing a decrease of approximately 13.2%. In view of the net loss the Group made during the Period Under Review, The board (the “**Board**”) of directors (the “**Directors**”) of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

BUSINESS REVIEW AND PROSPECTS

In view of the uncertainty as to the development of the novel coronavirus global pandemic (the “**COVID-19 Pandemic**”) and the market conditions of the Industry, the Group has been putting its focus on the online Duty-free Shop Business – the online Japanese-lifestyle-oriented cross-border e-commerce store business with associated mobile phone application (the “**App**”), mini-application in WeChat and website under the brand “**Direct Courier from Shop Manager**” (“店長直郵”). During the Period Under Review, the Group has enhanced the online Duty-free Shop Business through 1) upgrading the IT platform of the online Duty-free Shop Business with additional functions like live-streaming, group purchasing, limited-time purchasing and mini-games to increase the interaction with customers; 2) increasing product spectrum and number of products through cooperation with more local Japanese businesses; and 3) developing products under the Group’s own brand name to increase the profit margins. In the first half of 2021, the Group completed the development of a facial mask, which is now under the process of import custom clearance filing and application. In the second half of 2021, to further promote the online Duty-free Shop Business, the Group has been working with a number of projects with various parties, including but not limited to, online promotion activities in certain live-streaming platforms and payment processing platforms, offline promotion in shopping malls, cooperation with banks, companies and group-purchasing platforms etc. and the Group expects the revenue from the online Duty-free Shop Business to further increase at a faster pace in the second half of 2021.

Besides, the Group has implemented a number of measures for the purpose of controlling its operating costs and maintaining a stable and sustainable level of liquidity and working capital. During the Period Under Review, administrative expenses decreased by approximately 40.1% to approximately RMB7.8 million, and gearing ratio was approximately 33.2%, maintaining a comparable level as compared to that of the corresponding period in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit margin

The breakdown of revenue, average revenue per traveller (“ART”) and gross profit margin by business segment during the periods under review is set forth below:

	For the six months ended 30 June 2021				For the six months ended 30 June 2020			
	Revenue RMB'000	ART RMB	Percentage of revenue	Gross profit margin	Revenue RMB'000	ART RMB	Percentage of revenue	Gross profit margin
Sales of package tours								
– Japan	–	–	–%	–%	2,534	5,836	11.4%	1.1%
– other than Japan	733	4,442	7.6%	4.0%	496	9,429	2.1%	5.0%
Sales of day tours – Japan	–	–	–%	–%	8,466	255	38.5%	5.2%
Margin income from sales of FIT Products (net basis)								
– Japan	–	–	–%	N/A	386	210	1.9%	N/A
– other than Japan	94	1	1.1%	N/A	10	5	0.0%	N/A
Margin income from the provision of visa application processing service (net basis)	–	–	0%	N/A	188	56	0.8%	N/A
Hotel Operation – Japan	165	300	1.7%	-20.0%	4,069	334	18.6%	-15.8%
Duty-free Shop Business – Japan	8,707	N/A	89.5%	22.1%	5,858	N/A	26.7%	50.9%
Other income from sales of ancillary travel related products and provision of services	9	N/A	0.1%	N/A	13	N/A	0.0%	-7.7%
	9,708		100.0%	20.1%	22,020		100.0%	15.0%

Sales of package tours, sales of day tours and margin income from sales of FIT Products (net basis)

The Group’s package tours generally comprises flights, hotel accommodations, meals, transportation and sight-seeing as a bundled package and are accompanied by tour escorts from departure till return to the PRC, and they range from standardised package tours to tailor-made and customised tours for customers with specific requirements. The Group’s day tour products generally consist of day tours ranging from one day to six days, which mainly target travellers who are neither package tours nor the FIT Product customers and have purchased air tickets or hotel accommodations separately, but wish to participate in local day tours in Japan. The FIT Products mainly comprise air tickets, hotel accommodation and flight-plus-hotel bundled packages.

Following the notices issued by the General Office of the Ministry of Culture and Tourism (文化和旅遊部辦公廳) dated 24 January 2020 and the Hangzhou Municipal Bureau of Culture, Radio, TV and Tourism (杭州市文化廣電旅遊局) dated 25 January 2020, the Group suspended all outbound package tours and outbound FIT Products.

Duty-free Shop Business

The revenue of the Duty-free Shop Business grew significantly by approximately 48.6% during the Period Under Review as compared to that of the corresponding period in 2020 as the Group enhanced the online Duty-free Shop Business through 1) upgrading the IT platform of the online Duty-free Shop Business with additional functions like live-streaming, group purchasing, limited-time purchasing and mini-games to increase the interaction with customers; 2) increasing product spectrum and number of products through cooperation with more local Japanese businesses; and 3) developing products under the Group's own brand name to increase the profit margins.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 36.8% for the six months period ended 30 June 2021 as compared to that of the corresponding period in 2020 as the Group enhanced its effort in promoting the online Duty-free Shop Business.

Administrative expenses

The Group's administrative expenses decreased by approximately 40.1% as compared to that of the corresponding period in 2020 to approximately RMB7.8 million in the first half of 2021, as the Group has implemented a number of measures for the purpose of controlling its operating costs and maintaining a stable and sustainable level of liquidity and working capital.

CONDENSED CONSOLIDATED STATEMENT OF FINANCE POSITION

At 30 June 2021 – unaudited

	Notes	30 June 2021 RMB'000	31 December 2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		111,756	120,815
Investment properties		20,594	20,594
Freehold land		45,815	49,445
Right-of-use assets		12,445	13,625
Goodwill		–	54
Other intangible assets		558	619
Equity investments designated at fair value through other comprehensive income	11	12,273	7,995
Investment in an associate		4,066	4,053
Deferred tax assets		12,070	10,258
Total non-current assets		219,577	227,458
CURRENT ASSETS			
Inventories	12	4,215	4,158
Trade receivables	13	171	1,834
Prepayments, other receivables and other assets		10,295	8,835
Financial assets at fair value through profit or loss	14	17,777	3,021
Pledged short-term deposits	15	250	320
Cash and cash equivalents	15	21,116	44,024
Total current assets		53,824	62,192
CURRENT LIABILITIES			
Trade payables	16	789	783
Advance from customers, other payables and accruals		9,707	8,397
Lease liabilities		303	1,413
Interest-bearing bank borrowings	17	26,131	29,006
Tax payable		1,583	1,593
Total current liabilities		38,513	41,192
NET CURRENT ASSETS		15,311	21,000
TOTAL ASSETS LESS CURRENT LIABILITIES		234,888	248,458
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	17	36,694	38,166
Lease liabilities		4,045	4,476
Deferred tax liabilities		4,806	4,588
Total non-current liabilities		45,545	47,230
Net assets		189,343	201,228
EQUITY			
Equity attributable to owners of the parent			
Issued capital	18	8,797	8,797
Reserves		178,566	190,354
		187,363	199,151
Non-controlling interests		1,980	2,077
Total equity		189,343	201,228

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021 – unaudited

	Notes	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
REVENUE	5	9,708	22,020
Cost of sales	7	(7,752)	(18,723)
Gross profit		1,956	3,297
Other income and gains	5	1,809	1,839
Selling and distribution expenses		(4,479)	(3,275)
Administrative expenses		(7,804)	(13,187)
Other expenses		(4,630)	(4,802)
Finance costs	6	(753)	(604)
LOSS BEFORE TAX	7	(13,901)	(16,732)
Income tax credit	8	1,870	2,859
LOSS FOR THE PERIOD		(12,031)	(13,873)
Other comprehensive income for the Period, net of tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operation		(4,226)	2,905
Fair value reverse of financial assets at fair value through other comprehensive income		4,372	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(11,885)	(10,968)
Loss for the period attributable to:			
Equity holders of the parent		(11,934)	(13,853)
Non-controlling interests		(97)	(20)
		(12,031)	(13,873)
Total comprehensive income for the period attributable to:			
Equity holders of the parent		(11,788)	(10,948)
Non-controlling interests		(97)	(20)
		(11,885)	(10,968)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted	9	(1.19) fens	(1.39) fens

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021 – unaudited

	Notes	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Net cash flows in respect of operating activities		404	(11,663)
Net cash flows in respect of investing activities		(20,908)	5,195
Net cash flows in respect of financing activities		(1,865)	(19,755)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(22,369)	(26,223)
Effect of foreign exchange rate changes, net		(539)	1,187
Cash and cash equivalents at beginning of period		44,024	56,113
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	21,116	31,077
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		21,116	31,077

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 – unaudited

Attributable to equity shareholders of the Company

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Revaluation reserve RMB'000	Exchange reserve RMB'000	Difference arising from acquisition of non- controlling interests RMB'000	Fair value reverse of financial assets at fair value through other comprehensive loss RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	8,797	91,120	88,967	6,482	1,579	(6,064)	(19)	(420)	8,709	199,151	2,077	201,228
Loss for the period	-	-	-	-	-	-	-	-	(11,934)	(11,934)	(97)	(12,031)
Other comprehensive income for the period	-	-	-	-	-	(4,226)	-	4,372	-	146	-	146
Total comprehensive income for the period	-	-	-	-	-	(4,226)	-	4,372	(11,934)	(11,788)	(97)	(11,885)
At 30 June 2021	8,797	91,120	88,967	6,482	1,579	(10,290)	(19)	3,952	(3,225)	187,363	1,980	189,343
At 1 January 2020	8,797	91,120	88,967	6,482	1,579	(476)	(19)	-	54,001	250,451	2,201	252,652
Loss for the period	-	-	-	-	-	-	-	-	(13,853)	(13,853)	(20)	(13,873)
Other comprehensive income for the period – Exchange differences	-	-	-	-	-	2,905	-	-	-	2,905	-	2,905
Total comprehensive income for the period	-	-	-	-	-	2,905	-	-	(13,853)	(10,948)	(20)	(10,968)
At 30 June 2020	8,797	91,120	88,967	6,482	1,579	2,429	(19)	-	40,148	239,503	2,181	241,684



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1 CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands with limited liability on 27 February 2018. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (the “**Group**”) are principally engaged in: (i) the design, development and sales of outbound travel package tours and day tours; (ii) the design, development and sales of free independent traveller products (the “**FIT Products**”); and (iii) the provision of visa application processing service; (iv) the sales of duty-free goods; (v) the provision of other ancillary travel-related products and services; and (vi) the hotel operation. In the opinion of the directors of the Company, the ultimate controlling shareholders of the Company and its subsidiaries are Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong (collectively, the “**Controlling Shareholders**”).

The shares of the Company (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 June 2019 (the “**Listing Date**”).

2 BASIS OF PRESENTATION AND PREPARATION

The Group’s unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Group’s unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020. The accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated. The Group’s unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company.



3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has adopted the amendment on 1 January 2021 and the amendment did not have any impact on the financial position and performance of the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4 SEGMENT INFORMATION

For management purpose, the Group did not organise into business units based on their principal activities and services and only has one reportable operating segment. Management monitors the operating results of its operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Information about principal activities and services

Revenue recognised during the Period is as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Sales of package tours and day tours	733	11,496
Margin income from sales of FIT Products	94	396
Margin income from the provision of visa application processing service	–	188
Other income from sales of ancillary travel related products and services	9	13
Income from the Duty-free Shop Business	8,707	5,858
Hotel operation income	165	4,069
	9,708	22,020

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Domestic – Mainland China*	9,543	12,334
Japan#	165	9,686
	9,708	22,020

* Place of domicile of the Group's principal subsidiaries

Mainly from hotel operation and commission from customers in Japan

The revenue information is based on the locations of the customers. No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the six months ended 30 June 2021 and 2020.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4 SEGMENT INFORMATION (CONTINUED)

(b) Non-current assets

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Domestic – Mainland China	45,422	62,954
Japan	149,812	146,251
	195,234	209,205

The non-current assets information above is based on the locations of assets and excludes financial instruments and deferred tax assets.

5 REVENUE, OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue from contracts with customers	9,708	22,020
Other income		
Bank interest income	4	129
Government grants	895	623
Other interest income from financial assets at fair value through profit or loss	78	241
Interest income from third parties	715	347
Others	117	275
	1,809	1,615
Gains		
Foreign exchange gains, net	–	224
	1,809	1,839

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6 FINANCE COSTS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest on bank borrowings	691	550
Interest on lease liabilities	62	54
	753	604

7 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cost of services provided	772	15,276
Cost of inventories sold	6,980	3,447
Depreciation of property, plant and equipment	2,073	2,359
Depreciation of right-of-use assets	751	1,006
Amortisation of other intangible assets	45	49

8 INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which the members of the Group are domiciled and operate.

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

Pursuant to the rules and regulations of Japan, the subsidiaries incorporated in Japan are subject mainly to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rate for these taxes was 33.6% (2020: 33.6%).

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period Under Review, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits is taxed at 16.5%. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period Under Review.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

8 INCOME TAX (CONTINUED)

During the Period Under Review, except for certain subsidiaries of the Group which were entitled to a preferential income tax rate of 20% for small and micro enterprises with the first RMB1.0 million of annual taxable income eligible for a 75% reduction and the income between RMB1.0 million and RMB3.0 million eligible for a 50% reduction, the provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of the subsidiaries of Mainland China as determined in accordance with the Corporate Income Tax Law.

The income tax credit of the Group is analysed as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current – Mainland China	–	38
Current – Japan	–	–
Deferred	(1,870)	(2,897)
	(1,870)	(2,859)

9 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,000,000,000 (six months ended 30 June 2020: 1,000,000,000) in issue during the Period Under Review.

The number of ordinary shares used to calculate the basic loss per share for the six months ended 30 June 2020 and 2021 were based on the 1,000,000,000 and 1,000,000,000 ordinary shares, respectively, representing the number of shares of the Company immediately after the capitalisation issue, as if the shares had been in issue throughout the six months ended 30 June 2020 and 2021.

There were no dilutive potential ordinary shares for the six months ended 30 June 2021 and 2020; therefore, diluted earnings per share are equivalent to basic earnings per share.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10 INTERIM DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

11 EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
An equity investment designated at fair value through other comprehensive income listed equity investment, at fair value Raily Aesthetic Medicine International Holdings Limited (the "Raily Aesthetic")	12,273	7,995

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers such investment to be strategic in nature.

The Group disposed of an aggregate of 19,200,000 ordinary shares of Raily Aesthetic on the open market at an aggregate consideration approximately HK\$10.25 million since 12 July 2021 up to 28 July 2021. For further details, please refer to the discloseable transaction announcements and clarification announcement of the Company dated on 12 July 2021, 13 July 2021 and 28 July 2021.

12 INVENTORIES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Merchandise for sales	3,999	3,925
Hotel supplies	216	233
	4,215	4,158

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

13 TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting periods, based on the transaction date and net of loss allowance, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
1 to 30 days	71	185
31 to 90 days	–	154
91 to 180 days	5	50
181 to 360 days	95	1,445
	171	1,834

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Financial assets at fair value through profit or loss unlisted investments, at fair value	17,777	3,021

The above unlisted investments were wealth management products issued by banks in Mainland China, They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

15 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Cash and bank balances	21,116	44,024
Time deposits	250	320
	21,366	44,344
Less:		
Pledged time deposits – Pledged for service quality	(250)	(320)
	21,116	44,024

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

The carrying amounts of the cash and cash equivalents approximate to their fair values.

16 TRADE PAYABLES

An aging analysis of the trade payables at the end of the reporting periods, based on the invoice date, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
1 to 30 days	372	317
31 to 90 days	15	65
91 to 180 days	–	54
181 to 360 days	93	95
1 to 2 years	309	252
	789	783

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17 INTEREST – BEARING BANK BORROWINGS

	Effective interest rate %	Maturity	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Current				
Bank loans-secured	3.85	2021	10,000	10,000
JPY241,812,000.00 current portion of long-term secured bank loans	1.88	2022	14,129	–
JPY30,114,000.00 current portion of long-term secured bank loans	1.88	2022	1,760	–
JPY4,158,000.00 current portion of long-term secured bank loans	1.88	2022	242	–
JPY241,812,000.00 current portion of long-term secured bank loans	1.88	2021	–	15,291
JPY7,128,000.00 current portion of long-term secured bank loans	1.88	2021	–	451
JPY51,624,000.00 current portion of long-term secured bank loans	1.88	2021	–	3,264
			26,131	29,006

	Effective interest rate %	Maturity	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-Current				
JPY606,631,000.00 (31 December 2020: JPY585,121,000) secured bank loans	1.88%	2031	35,444	37,001
JPY21,394,000.00 (31 December 2020: JPY18,424,000) secured bank loans	1.88%	2024	1,250	1,165
			36,694	38,166

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17 INTEREST – BEARING BANK BORROWINGS (CONTINUED)

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Analysed into:		
Bank loans repayable		
– Within one year or on demand	26,131	29,006
– In the second year to fifth year	36,694	38,166
	62,825	67,172

Notes:

- (a) The Group's bank borrowings are secured by:
- (i) mortgages over the Group's buildings situated in Japan, which had an aggregate net carrying amount of RMB14,615,000 (31 December 2020: RMB14,362,000); and mortgages over the Group's leasehold land and buildings situated in Mainland China, which had an aggregate net carrying amount of RMB6,105,000 (31 December 2020: RMB6,212,000);
 - (ii) mortgages over the Group's investment properties situated in Mainland China, which had an aggregate net carrying amount of RMB10,050,000 (31 December 2020: RMB10,050,000); and
 - (iii) mortgages over the Group's freehold land situated in Japan, which had an aggregate carrying amount of RMB46,001,000 (31 December 2020: RMB49,445,000);
- (b) Except for the 3.85% secured bank loan which is denominated in RMB, all remaining secured bank loans were denominated in JPY.

18 SHARE CAPITAL

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Authorised:		
1,500,000,000 (31 December 2020: 1,500,000,000) ordinary shares of HK\$0.01 each	15,000	15,000
Issued and fully paid:		
1,000,000,000 (31 December 2020: 1,000,000,000) ordinary shares of HK\$0.01 each	8,797	8,797

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the date of this report and so far as the Directors are aware, the interests and short positions of the Directors of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules"), were as follows:

Long positions in the shares of the Company

Name	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Yu Dingxin ⁽¹⁾	Interest in controlled corporation	702,312,000	70.23%
Mr. Pan Wei ⁽²⁾	Interest in controlled corporation	702,312,000	70.23%
Mr. Xu Jiong ⁽³⁾	Interest in controlled corporation	702,312,000	70.23%

Notes:

- (1) York Yu Co., Ltd and David Xu Co., Ltd hold 418,725,000 Shares and 50,025,000 Shares, respectively. Each of York Yu Co., Ltd and David Xu Co., Ltd is directly and wholly owned by Mr. Yu Dingxin, who is therefore deemed to be interested in all the Shares held by each of York Yu Co., Ltd and David Xu Co., Ltd. Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong entered into a concert party agreement on 13 April 2018, and are therefore deemed to be interested in the interests of each other.
- (2) King Pan Co., Ltd holds 121,062,000 Shares. King Pan Co., Ltd is directly and wholly owned by Mr. Pan Wei, who is therefore deemed to be interested in all the Shares held by King Pan Co., Ltd. Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong entered into a concert party agreement on 13 April 2018, and are therefore deemed to be interested in the interests of each other.
- (3) Jeffery Xu Co., Ltd holds 112,500,000 Shares. Jeffery Xu Co., Ltd is directly and wholly owned by Mr. Xu Jiong, who is therefore deemed to be interested in all the Shares held by Jeffery Xu Co., Ltd. Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong entered into a concert party agreement on 13 April 2018, and therefore deemed to be interested in the interests of each other.

Save as disclosed above, as at the date of this report, none of the Directors nor chief executive of the Company had registered an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the Period Under Review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company be granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries being a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this report and so far as the Directors are aware, the following persons had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the shares of the Company:

Name	Nature of interest	Number of Shares	Approximate percentage of shareholding
York Yu Co., Ltd ⁽¹⁾	Beneficial owner	418,725,000	41.87%
David Xu Co., Ltd ⁽¹⁾	Beneficial owner	50,025,000	5.00%
King Pan Co., Ltd ⁽²⁾	Beneficial owner	121,062,000	12.11%
Jeffery Xu Co., Ltd ⁽³⁾	Beneficial owner	112,500,000	11.25%
Mr. Yu Dingxin ⁽¹⁾	Interest in controlled corporation	702,312,000	70.23%
Mr. Pan Wei ⁽²⁾	Interest in controlled corporation	702,312,000	70.23%
Mr. Xu Jiong ⁽³⁾	Interest in controlled corporation	702,312,000	70.23%

Notes:

- (1) York Yu Co., Ltd and David Xu Co., Ltd hold 418,725,000 Shares and 50,025,000 Shares, respectively. Each of York Yu Co., Ltd and David Xu Co., Ltd is directly and wholly owned by Mr. Yu Dingxin, who is therefore deemed to be interested in all the Shares held by each of York Yu Co., Ltd and David Xu Co., Ltd. Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong entered into a concert party agreement on 13 April 2018, and are therefore deemed to be interested in the interests of each other.
- (2) King Pan Co., Ltd holds 121,062,000 Shares. King Pan Co., Ltd is directly and wholly owned by Mr. Pan Wei, who is therefore deemed to be interested in all the Shares held by King Pan Co., Ltd. Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong entered into a concert party agreement on 13 April 2018, and are therefore deemed to be interested in the interests of each other.
- (3) Jeffery Xu Co., Ltd holds 112,500,000 Shares. Jeffery Xu Co., Ltd is directly and wholly owned by Mr. Xu Jiong, who is therefore deemed to be interested in all the Shares held by Jeffery Xu Co., Ltd. Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong entered into a concert party agreement on 13 April 2018, and therefore deemed to be interested in the interests of each other.

Save as disclosed above, as at the date of this report, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") dated 1 March 2019. Details of the Share Option Scheme are set out in Appendix V to the prospectus of the Company dated 18 June 2019 (the "Prospectus"). As at 30 June 2021, no share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption.

UPDATE ON USE OF PROCEEDS IN RELATION TO THE INITIAL PUBLIC OFFER OF SHARES

References are made to the annual report of the Group for the year ended 31 December 2020 published by the Company on 24 April 2021 (the “2020 Annual Report”), the interim results announcement of the Company for the six months period ended 30 June 2020 dated 21 August 2020 and the announcement of the Company dated 17 November 2020 in relation to the change of use of proceeds of the Company. Unless otherwise defined, terms used herein shall have the same meaning as defined in the 2020 Annual Report.

The information of use of proceeds was disclosed as follows:

Description of use of proceeds	Intended	Utilised	Unutilised	Expected
	use of Net	Net Proceeds		
	Proceeds as	during the	Net Proceeds	timeline for
	disclosed	period from	as at	unutilised
	in the 2020	Listing Date	30 June 2021	Net Proceeds
	Annual Report	to 30 June 2021	30 June 2021	Net Proceeds
	HKD'000	HKD'000	HKD'000	
(i) Enhancing the Group's product portfolio by developing new products and services	1,760	(1,760)	-	-
(ii) Purchasing tour buses and engaging third party tour bus operators	11,440	(11,440)	-	-
(iii) Acquiring hospitality asset in Kyoto, Japan	17,600	-	17,600	Before or around 31 December 2022
(iv) Investing in enhancing the Group's marketing approaches together with its IT platform	17,600	(17,600)	-	-
(v) Engaging more personnel in Japan	13,200	(13,200)	-	-
(vi) General working capital	26,400	(26,400)	-	-
	88,000	(70,400)	17,600	

As at the date of this report, the Net Proceeds from the initial public offer of shares of the Company were used and expected to be used according to the intentions as disclosed above. Unutilised proceeds were deposited in licensed banks in Hong Kong.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

As at the date of this report, the Net Proceeds were used and expected to be used according to the intentions as disclosed above.



OTHER INFORMATION

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisitions or disposal during the Period Under Review.

EVENTS AFTER THE REPORTING PERIOD

There was no material events affecting the Group occurred subsequent to 30 June 2021 and up to the date of this report.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: nil).

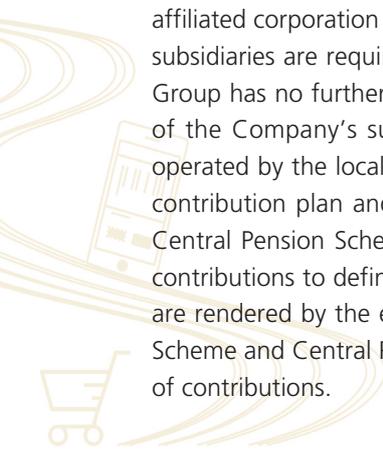
FOREIGN CURRENCY EXCHANGE RISK

The Group mainly operates in the PRC and Japan and its functional currency is RMB. However, the Group is exposed to foreign currency exchange risks as costs for some of the travel products, such as hotel accommodations and fees paid to land operators, are settled in foreign currencies including Japanese Yen, Australian dollars and New Zealand dollars. At present, the Group does not intend to hedge its exposure to foreign currency exchange fluctuations. However, the board of directors constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

INTEREST RATE RISK

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings. The Group's policy is to manage interest cost using mainly fixed rate debts.

EMPLOYEES AND REMUNERATION POLICY



As at 30 June 2021, the Group employed a total of 77 full time employees. The Group's employee benefits included salary and discretionary bonuses based on the Group's results and individual performance, medical and retirement benefits schemes. The remuneration committee of the Company (the "**Remuneration Committee**") reviews such packages annually, or when the occasion requires. The executive Directors, who are also employees of the Company, receive remuneration in the form of salaries, bonuses and other allowances. The employees of the Company's subsidiaries which operated in Japan are required to participate in a central pension scheme operated by a government affiliated corporation (the "**National Pension Scheme**"), which is considered as a defined contribution plan and these subsidiaries are required to contribute certain percentage of employees' salaries to the National Pension Scheme. The Group has no further payment obligations once the contributions have been paid. On the other hand, the employees of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government (the "**Central Pension Scheme**"), which is also considered as a defined contribution plan and these subsidiaries are required to contribute certain percentage of employees' salaries to the Central Pension Scheme. The Group has no further payment obligations once the contributions have been paid. All contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees and when they fall due under the relevant regulations. For both the National Pension Scheme and Central Pension Scheme, no forfeited contributions could be used by employer to reduce the existing level of contributions.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group operates primarily through cash generated from operating activities, net proceeds received from the initial public offering of the Company in June 2019 and bank and other borrowings.

Please refer to notes 15 and 17 to the condensed consolidated financial statements for details of cash and bank balances and interest-bearing bank borrowings.

The Group's gearing, expressed as a percentage of total interest-bearing borrowings to total equity, maintained in a similar level during the Period Under Review of approximately 33.2% (31 December 2020: 33.4%). The Group adopts conservative treasury policies in cash and financial management. The Group's cash is generally placed as current deposits which are mostly denominated in RMB and Hong Kong dollars. The Group's liquidity and financing requirements are reviewed regularly.

The trade receivables turnover days decreased significantly during the Period Under Review as the revenue of the Group decreased significantly (30 June 2021: 18 days; 31 December 2020: 212 days).

The trade payables turnover days decreased significantly during the Period Under Review as cost of sales decreased significantly (30 June 2021: 18 days; 31 December 2020: 64 days).

PLEDGE OF ASSETS

As at 30 June 2021, short-term deposits of approximately RMB0.3 million (31 December 2020: approximately RMB0.3 million) were pledged to banks as a guarantee deposit for the Group's tourism operation as required by the PRC government.

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

SIGNIFICANT INVESTMENT HELD, ACQUISITION AND DISPOSAL

Please refer to notes 11 and 14 to the condensed consolidated financial statements for details of significant investment held, acquisition and disposal. During the Reporting Period and up to the date of this report, there were no future plans for material investments and pledge of assets.

CORPORATE GOVERNANCE

The Company has adopted the code provisions in the Corporate Governance Code and Corporate Government Report (the "CG Code"), including any revisions and amendments from time to time, as set out in Appendix 14 to the Listing Rules on the Stock Exchange as its own code of corporate governance. The Board considers that the Company has complied with all the code provisions of the CG Code during the six months ended 30 June 2021 and up to the date of this report.

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 10 to the Listing Rules as its own code for securities transactions by Directors and senior management. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2021 and up to the date of this report.

AUDIT COMMITTEE

As at the date of this report, the audit committee of the Company (the “**Audit Committee**”) has three members, namely Mr. Ying Luming, Mr. Zhao Jianbo and Ms. Zhou Li, all of whom are independent non-executive Directors. The chairman of the Audit Committee is Mr. Ying Luming. The primary responsibilities of the Audit Committee include, among others, reviewing and supervising the financial reporting process and internal control system of the Group, nominating and monitoring external auditors and providing advice and comments to the Board.

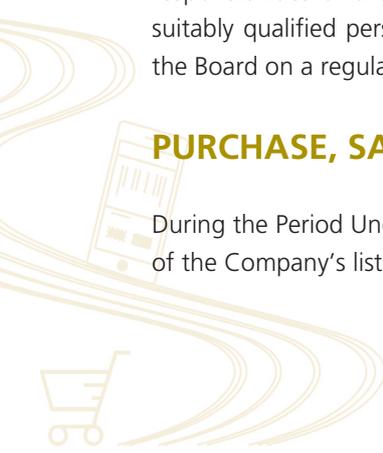
The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2021, including the accounting principles and practices adopted by the Group, and the Group’s internal control functions.

REMUNERATION COMMITTEE

As at the date of this report, the Remuneration Committee has three members, namely Mr. Yu Dingxin, Mr. Zhao Jianbo and Ms. Zhou Li, of whom Mr. Zhao Jianbo and Ms. Zhou Li are independent non-executive Directors and Mr. Yu Dingxin is the chairman of the Board and an executive Director. The chairman of the Remuneration Committee is Ms. Zhou Li. The primary responsibilities of the Remuneration Committee include, among others, evaluating the performance and making recommendation on the remuneration package of the Directors and senior management, and evaluating and making recommendation on the share award plan of the Company.

NOMINATION COMMITTEE

As at the date of this report, the nomination committee of the Company (the “**Nomination Committee**”) consists of four members, namely Mr. Yu Dingxin, Mr. Zhao Jianbo, Ms. Zhou Li and Mr. Zheng Cheng, of whom Mr. Zhao Jianbo, Ms. Zhou Li and Mr. Zheng Cheng are independent non-executive Directors and Mr. Yu Dingxin is the chairman of the Board and an executive Director. The chairman of the Nomination Committee is Mr. Yu Dingxin. The primary responsibilities of the Nomination Committee include, among others, considering and recommending to the Board suitably qualified persons to become the member of the Board and reviewing the structure, size and composition of the Board on a regular basis and as required.



PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the Period Under Review, neither the Company nor any of its subsidiaries had 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 as at the date of this report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

CONTRACTUAL ARRANGEMENTS

The Group is primarily engaged in the provision of outbound travel products and services (the “**Outbound Travel Business**”) through Tu Yi Group Company Limited (途益集團有限公司) and Hangzhou Guge Travel Company Limited (杭州谷歌旅行社有限公司) (collectively, the “**Operating Entities**”). Pursuant to the relevant provisions of the Regulations on Travel Agencies (Revision 2017) (《旅行社條例》) promulgated by the State Council of the PRC, the Group’s Outbound Travel Business is prohibited from foreign ownership. Accordingly, the Group cannot acquire equity interest in our Operating Entities, which hold, or in the course of application for, Travel Agency Business License (旅行社業務經營許可證) with the scope to conduct outbound travel business for the operation of our Outbound Travel Business. As a result the Group conducts all its operations in the PRC and exerts management control over the operations of and enjoy the economic benefits derived from the Operating Entities through entering into the contractual arrangements (the “**Contractual Arrangements**”) with the Operating Entities. Please refer to the section headed “Contractual Arrangements” in the Prospectus for further details.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group’s business is subject to business risks. Any of the following developments may have a material and adverse effect on the Group’s business, financial condition, results of operations and prospects:

1. Japan is the most popular destination of the Group’s package tours and FIT Products and any material adverse change in the economic, political or social conditions relating to Japan, deterioration of diplomatic relationships between the PRC and Japan, negative developments related to the Japan tourism market, or natural or other disasters occurring in Japan may materially and adversely affect our business and operating results;
2. The Group’s business and revenue may be adversely affected by any future changes to the respective visa application policies of the PRC government and the Japanese government;
3. Changes in the foreign exchange rate for Japanese Yen would impact our operating performance and our financial condition;
4. The Group derives material portion of our revenue from customers in the PRC and any downturn in the PRC economy could have a material adverse effect on our business and operating results;
5. The Group faced increased market competition from competing agents, hotel or flight providers, online travel platforms and alternative travel booking media;



OTHER INFORMATION

6. Natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious diseases or other catastrophic events which affect consumer demand for travel activities or a general apprehension of such events may significantly and adversely impact on the Group's business and operating results; and
7. The PRC government may determine that the Contractual Arrangements are not in compliance with applicable PRC laws, rules, regulations or policies and may take actions against us or our operation.

For details of the risk factors, please refer to the section headed "Risk Factors" in the Prospectus.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The Company's interim report for the six months ended 30 June 2021 will be dispatched to the shareholders of the Company and the Company's interim results announcement and interim report for the six months ended 30 June 2021 will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tuyigroup.com) in due course.

