



途屹控股

TU YI HOLDING COMPANY LIMITED

途屹控股有限公司

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

Stock code: 1701



2023

INTERIM REPORT

# CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Unaudited Condensed Consolidated Statement of Financial Position	7
Unaudited Condensed Consolidated Statement of Cash Flows	8
Unaudited Condensed Consolidated Statement of Changes in Equity	9
Notes to Condensed Consolidated Financial Statements	10
Other Information	21



# 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 (resigned with effect from 8 May 2023)  
Mr. Ying Luming

## COMPANY SECRETARY

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

## AUDITOR

McMillan Woods (Hong Kong) CPA Limited  
Certified Public Accountant  
Registered Public Interest Entity Auditor

## LEGAL ADVISORS

*As to Hong Kong laws*  
Jingtian & Gongcheng LLP  
Suites 3203-3207,  
32/F, Edinburgh Tower,  
The Landmark,  
15 Queen's Road Central,  
Hong Kong

## PRINCIPAL BANKER

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  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## WEBSITE

<http://www.tuyigroup.com>

## STOCK CODE

1701

# MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2023 (the “**Period Under Review**”), Tu Yi Holding Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) as well as the tourism and hospitality industry (the “**Industry**”) in the People’s Republic of China (the “**PRC**”) have been rejuvenating and recovering rapidly after the lifting of strict prevention measures in December 2022 in relation to the outbreak of the novel coronavirus (“**COVID-19**”) by the central government of the PRC. The Group resumed and re-built its product varieties and capacities of its outbound packaged tours products and outbound free independent traveller products (the “**FIT Products**”) on a full-scale basis since early January 2023. Such products had previously been suspended from January 2020 to December 2022, pursuant to the notices issued by the General Office of the Ministry of Culture and Tourism (文化和旅遊部辦公廳) and the Hangzhou City Culture, Radio, Television and Tourism Bureau (杭州市文化廣電旅遊局). The overall revenue of the Group increased by approximately 115.5% as compared to that of the corresponding period in 2022. The net profit attributable to equity shareholders amounted to approximately RMB2.7 million, representing a substantial improvement as compared to the net loss attributable to equity shareholders of approximately RMB3.6 million in the first half of 2022. The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2023.

## BUSINESS REVIEW AND PROSPECTS

The Group is a well-established comprehensive travel products and service provider in both the PRC and Japan, focusing on the design, development and sale of Japan outbound travel package tours and day tours and outbound FIT Products; the provision of visa application processing services and other ancillary travel-related products and services; operation of an online store retailer for Japanese-lifestyle-oriented products and its e-commerce business platform – the online cross-border duty-free shop business under its brand “Direct Courier from Shop Manager” (“店長直郵”) (the “**Duty-free Shop Business**”); and the operation of self-owned Shuzenji Onsen Hotel Takitei (the “**Shizuoka Hotel**”) and Hotel Comfact (the “**Tokyo Hotel**”) in Japan (collectively, the “**Hotel Operation**”). During the Period Under Review, the management of the Group has been adapting its business strategies in response to shifts in consumer lifestyles and spending patterns from the pre-COVID-19 era to the post-COVID-19 era, which led to the anticipated increase in expenditures on services and travelling, as opposed to online shopping. During the Period Under Review, the Group experienced a notable recovery in sales of package tours and sales of day tours with respective revenue increases of approximately RMB5.0 million and RMB6.7 million. Furthermore, the Average Revenue Per Traveller (“**ART**”) increased to approximately RMB8,583 and RMB356 for these segments respectively. This upward trend in sales of package tours and sales of day tours further stimulated cross sales within our Hotel Operation. Consequently, revenue from the Hotel Operation surged by approximately 223.8%, amounting to approximately RMB8.1 million in the first half of 2023, with gross profit margin increasing to approximately 80.7% from its previous approximately 67.7%. Additionally, the occupancy rates of the Shizuoka Hotel and Tokyo Hotel for the first half of 2023 climbed to approximately 15.5% and 86.0% respectively, marking a substantial improvement as compared to the corresponding period in 2022.

Meanwhile, along with the shifts in consumer lifestyles and spending patterns, the revenue from the Duty-free Shop Business declined by approximately 64.1% during the Period Under Review as compared to the corresponding period in 2022. The Group expects this downturn will persist through the second half of 2023 but foresees a return to growth in 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead to the second half of 2023 and 2024, apart from focusing on the usual focus areas:- (i) building up its own product brands and expanding products design and manufacturing capacities for its Duty-free Shop Business; (ii) exploring and launching customised tourism products; and (iii) initiating the application for financial licence in relation to the provision of cross-border payment/transfer/exchange services, the Group has set its sights on the hotel management sector, aiming to pivot towards a more asset-light business model. Leveraging on the expertise garnered from its Hotel Operation business, along with the robust customer base cultivated through sale of package tours and sale of day tours business, the Group aims to extend its business segment into hotel management business in order to maximise the full potential of the Group's expertise in the Industry.

### 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 2023				For the six months ended 30 June 2022			
	Revenue RMB'000 (Unaudited)	ART RMB (Unaudited)	% of revenue (Unaudited)	Gross profit margin (Unaudited)	Revenue RMB'000 (Unaudited)	ART RMB (Unaudited)	% of revenue (Unaudited)	Gross profit margin (Unaudited)
Sales of package tours	4,952	8,583	18.3%	14.5%	-	-	-	N/A
Sales of day tours	6,687	356	24.7%	23.7%	-	-	-	N/A
Margin income from sales of FIT products (net basis)	317	221	1.2%	100%	-	-	-	N/A
Margin income from the provision of visa application processing services (net basis)	2,703	76	10.0%	100%	-	-	-	N/A
Hotel Operation – Japan	8,135	1,937	30.0%	80.7%	2,512	263	20.0%	67.7%
Duty-free Shop business – Japan, Taiwan, China and The PRC	3,403	N/A	12.4%	38.1%	9,481	N/A	75.4%	49.9%
Others	918	-	3.4%	-	588	-	4.6%	-
	27,115		100%	47.2%	12,581		100%	55.8%

### **Sales of package tours, sales of day tours and margin income from sales of FIT Products and provision of visa application processing services (net basis)**

The Group's package tours generally comprises flights, hotel accommodations, meals, transportation and sight-seeing activities 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/hotel accommodations separately, but wish to participate in local day tours. The FIT Products mainly comprise air tickets, hotel accommodation and flight- plus-hotel bundled packages.

The revenue from sale of package tours, sale of day tours and margin income from sales of FIT products and provision of visa application processing services increased by approximately RMB5.0 million, approximately RMB6.7 million, approximately RMB0.3 million and approximately RMB2.7 million respectively as the Group resumed those businesses after the lifting of strict prevention measures in December 2022 in relation to the outbreak of COVID-19 by the central government of PRC.

### **Hotel Operation – Japan**

The Group operates its self-owned Shizuoka Hotel and Tokyo Hotel. The revenue of the Hotel Operation increased from approximately RMB2.5 million for the first half of 2022 to approximately RMB8.1 million for the first half of 2023 and gross profit margin improved by approximately 13.0%, primarily attributable to the reasons mentioned in the business review above.

### **Duty-free Shop Business – Japan & Taiwan, China & The PRC**

The Group operates its Duty-free Shop Business in the premise of the Tokyo Hotel, together with its online Duty-free Shop Business under the name "Direct Courier from Shop Manager" ("店長直郵"). During the Period Under Review, the revenue of the Duty-free Shop Business decreased by approximately 64.1% and its gross profit margin decreased by 11.8 percentage points from approximately 49.9% for the first half of 2022 to approximately 38.1% for the first half of 2023, which was primarily attributable to the reasons mentioned in the business review above.

### **Administrative expenses**

The Group's administrative expenses increased by approximately 18.9% for the six months ended 30 June 2023 as compared to that of the corresponding period in 2022. This increase was consistent with the resumption and expansion in the Group's business scale, primarily attributable to the reasons mentioned in the business review above.

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

For the six months ended 30 June 2023 – unaudited

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>27,115</b>	12,581
Cost of sales and services rendered		<b>(14,330)</b>	(5,566)
<b>Gross profit</b>		<b>12,785</b>	7,015
Other income and other gains/(losses), net	4	<b>4,221</b>	1,803
Selling and distribution costs		<b>(3,056)</b>	(3,345)
Administrative expenses		<b>(10,256)</b>	(8,626)
Other expenses		<b>(393)</b>	(54)
Finance costs	6	<b>(627)</b>	(664)
<b>Profit/(loss) before tax</b>	5	<b>2,674</b>	(3,871)
Income tax credit	7	<b>42</b>	245
<b>Profit/(loss) for the period</b>		<b>2,716</b>	(3,626)
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<b>(1,654)</b>	(9,662)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value changes of financial assets at fair value through other comprehensive income		–	(27)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(1,654)</b>	(9,689)
<b>Total comprehensive income/(loss) for the period</b>		<b>1,062</b>	(13,315)
<b>Profit/(loss) for the period attributable to:</b>			
Equity shareholders of the Company		<b>2,716</b>	(3,609)
Non-controlling interests		–	(17)
		<b>2,716</b>	(3,626)
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Equity shareholders of the Company		<b>1,062</b>	(13,298)
Non-controlling interests		–	(17)
		<b>1,062</b>	(13,315)
<b>Earnings/(loss) per share</b>	8		
Basic (RMB cents)		<b>0.27</b>	(0.36)
Diluted (RMB cents)		<b>N/A</b>	N/A

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCE POSITION

At 30 June 2023 – unaudited

	<i>Notes</i>	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		90,975	95,578
Investment properties		16,824	16,824
Right-of-use assets		2,700	3,249
Freehold land		39,524	41,233
Other intangible assets		353	396
Financial assets at fair value through other comprehensive income	10	9	10
Deferred tax assets		7,450	7,584
		<b>157,835</b>	164,874
<b>Current assets</b>			
Inventories	11	1,848	1,602
Trade receivables	12	5,268	857
Financial assets at fair value through profit or loss		3,125	3,113
Prepayments, other receivables and other assets		12,580	8,915
Pledged short-term bank deposits	13	1,500	1,500
Cash and cash equivalents	13	31,406	29,890
		<b>55,727</b>	45,877
<b>Current liabilities</b>			
Trade payables	14	3,601	1,261
Contract liabilities, other payables and accruals		16,509	13,784
Interest-bearing bank borrowings	15	27,138	27,496
Lease liabilities		409	1,147
Tax payable		553	588
		<b>48,210</b>	44,276
<b>Net current assets</b>			
		<b>7,517</b>	1,601
<b>Total assets less current liabilities</b>			
		<b>165,352</b>	166,475
<b>Non-current liabilities</b>			
Interest-bearing bank borrowings	15	29,311	31,600
Lease liabilities		2,213	2,023
Deferred tax liabilities		4,462	4,548
		<b>35,986</b>	38,171
<b>NET ASSETS</b>			
		<b>129,366</b>	128,304
<b>Capital and reserves</b>			
Share capital	16	8,797	8,797
Reserves		118,616	117,554
Equity attributable to equity shareholders of the Company		<b>127,413</b>	126,351
Non-controlling interests		1,953	1,953
<b>TOTAL EQUITY</b>			
		<b>129,366</b>	128,304

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023 – unaudited

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net cash inflow/(outflow) in respect of operating activities		2,558	(14,424)
Net cash outflow in respect of investing activities		(331)	(3,610)
Net cash outflow in respect of financing activities		(1,803)	(1,285)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>424</b>	<b>(19,319)</b>
Effect of foreign exchange rate changes, net		1,092	7,346
Cash and cash equivalents at beginning of period		29,890	43,614
<b>Cash and cash equivalents at end of period</b>	13	<b>31,406</b>	31,641

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 – unaudited

	Attributable to equity shareholders of the Company											
	Issued capital RMB'000	Share premium* RMB'000	Capital reserves* RMB'000	Statutory surplus reserves* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Accumulated losses* RMB'000	Revaluation reserves* RMB'000	Difference arising from acquisition of non- controlling interests* RMB'000	Foreign currency translation reserves* RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2023 (Audited)	8,797	91,120	88,967	6,482	(14)	(50,887)	1,579	(19)	(19,674)	126,351	1,953	128,304
Profit for the period	-	-	-	-	-	2,716	-	-	-	2,716	-	2,716
Exchange differences	-	-	-	-	-	-	-	-	(1,654)	(1,654)	-	(1,654)
At 30 June 2023 (Unaudited)	8,797	91,120	88,967	6,482	(14)	(48,171)	1,579	(19)	(21,328)	127,413	1,953	129,366
At 1 January 2022 (Audited)	8,797	91,120	88,967	6,482	(502)	(31,881)	1,579	(19)	(14,923)	149,620	1,999	151,619
Loss for the period	-	-	-	-	-	(3,609)	-	-	-	(3,609)	(16)	(3,625)
Exchange differences	-	-	-	-	(27)	-	-	-	(9,662)	(9,689)	-	(9,689)
At 30 June 2022 (Unaudited)	8,797	91,120	88,967	6,482	(529)	(35,490)	1,579	(19)	(24,585)	136,322	1,983	138,305

\* These reserve accounts comprise the consolidated reserves of approximately RMB118,616,000 (31 December 2022: RMB117,554,000) in the consolidated statement of financial position.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 – unaudited

## 1 CORPORATE INFORMATION

Tu Yi Holding Company Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 27 February 2018. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is located at Room 02-03, 31/F, 118 Connaught Road West, Hong Kong. The principal place of business in Mainland China is located at Room 813, 8/F, Block 4, Hai Chuang Technology Centre, No. 1288 Wenyi West Road, Cangqian Sub-district, Yuhang District, Hangzhou City, Zhejiang Province, the People’s Republic of China (the “**PRC**”). The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited since 28 June 2019.

The Company is an investment holding company. During the period, the Company’s subsidiaries were principally involved 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 (“**FIT**”) products; (iii) the provision of visa application processing services; (iv) hotel operation and (v) duty-free shop business.

In the opinion of the directors of the Company, as at 30 June 2023, the ultimate controlling shareholders of the Company and its subsidiaries (together, the “**Group**”) are Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong (collectively the “**Controlling Shareholders**”). York Yu Co., Ltd and David Xu Co., Ltd (incorporated in the British Virgin Islands), is directly and wholly owned by Mr. Yu Dingxin. King Pan Co., Ltd (incorporated in the British Virgin Islands), is directly and wholly owned by Mr. Pan Wei. Jeffery Xu Co., Ltd (incorporated in the British Virgin Islands), is directly and wholly owned by Mr. Xu Jiong.

## 2 BASIS OF PREPARATION

The Group’s unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. 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 2022. 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 2022 except for the new and revised Hong Kong Financial Reporting Standards, amendments and Interpretations issued by the HKICPA that adopted for the first time for current period. The adoption has no significant effects on the results and financial position of the Group for current and prior periods. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except for investment properties and certain financial instruments that are measured at fair value.

These unaudited condensed consolidated interim 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.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 – unaudited

### 3 OPERATING SEGMENT INFORMATION

For management purpose, the Group's businesses include selling of package tours and day tours and FIT products, provision of visa application processing services, hotel operation and duty-free shop business. Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>		
Sales of package tours and day tours	12,542	434
Margin income from sales of FIT products	332	154
Margin income from the provision of visa application processing services	2,703	–
Income from duty-free shop business	3,403	9,481
Hotel operation income	8,135	2,512
	<b>27,115</b>	12,581

#### Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
The PRC*	15,615	9,117
Japan <sup>#</sup>	11,283	2,876
Taiwan, China <sup>▲</sup>	217	588
Total	<b>27,115</b>	12,581

\* Mainly from sales of package tours, income from trading business of duty-free shop business, travel related products and services, FIT products and online duty-free shop business.

<sup>#</sup> Mainly from hotel operation and duty-free shop business.

<sup>▲</sup> Mainly from online duty-free shop business.

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 2023 and 2022.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 – unaudited

### 3 OPERATING SEGMENT INFORMATION (CONTINUED)

(b) Non-current assets

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
The PRC	<b>33,107</b>	33,638
Japan	<b>117,269</b>	123,642
Total	<b>150,376</b>	157,280

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

### 4 REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>	<b>27,115</b>	12,581
<b>Other income</b>		
Bank interest income	<b>28</b>	2
Government grants	<b>8</b>	257
Gross rental income from investment properties	<b>919</b>	–
Other interest income from financial assets at fair value through profit or loss	<b>–</b>	95
Other interest income from loans to third parties	<b>649</b>	657
Others	<b>371</b>	797
	<b>1,975</b>	1,808
<b>Other gains/(losses), net</b>		
Foreign exchange gains/(losses)	<b>211</b>	(33)
Gain on early termination of lease	<b>–</b>	28
Changes in fair value of financial assets at fair value through profit or loss	<b>2,035</b>	–
	<b>2,246</b>	(5)
	<b>4,221</b>	1,803

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 – unaudited

### 5 PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of services provided	12,222	810
Cost of inventories sold	2,108	4,756
Depreciation of property, plant and equipment	1,949	1,901
Depreciation of right-of-use assets	549	545
Amortisation of other intangible assets	27	29

### 6 FINANCE COSTS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on bank borrowings	614	641
Interest on lease liabilities	13	23
	627	664

### 7 INCOME TAX CREDIT

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 the 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% (2022: 33.6%).

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 – unaudited

### 7 INCOME TAX CREDIT (CONTINUED)

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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 during the years of assessment 2022 and 2021. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are 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 (2022: Nil).

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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Deferred	(42)	(245)
	(42)	(245)

### 8 EARNINGS/(LOSS) PER SHARE

#### (a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit for the period attributable to ordinary equity shareholders of the Company of approximately RMB2,716,000 (2022: loss of RMB3,609,000), and the weighted average number of 1,000,000,000 (30 June 2022: 1,000,000,000) ordinary shares in issue during the period.

#### (b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share has been presented as there were no potential dilutive shares outstanding for the six months ended 30 June 2023 and 2022.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 – unaudited

### 9 INTERIM DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### 10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Listed equity investments, at fair value		
Raily Aesthetic Medicine International Holdings Limited	9	10
	<b>9</b>	10

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

### 11 INVENTORIES

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Merchandise for sales	<b>1,763</b>	1,513
Hotel supplies	<b>85</b>	89
	<b>1,848</b>	1,602

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 – unaudited

### 12 TRADE RECEIVABLES

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
1 to 30 days	<b>5,146</b>	625
31 to 90 days	<b>22</b>	232
91 to 180 days	<b>65</b>	–
181 to 360 days	<b>35</b>	–
	<b>5,268</b>	857

### 13 CASH AND CASH EQUIVALENTS AND PLEDGED SHORT-TERM BANK DEPOSITS

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Cash and bank balances	<b>31,406</b>	29,890
Pledged short-term bank deposits (Pledged for services quality)*	<b>1,500</b>	1,500
	<b>32,906</b>	31,390
Less: Pledged short-time bank deposits	<b>(1,500)</b>	(1,500)
	<b>31,406</b>	29,890

\* Guarantee deposits for the Group's tourism operation as required by the PRC government

Cash at banks earns interest at floating rates based on daily bank deposit rates. Pledged short-term bank 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 short-term bank deposits are deposited with creditworthy banks with no recent history of default.

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

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 – unaudited

### 14 TRADE PAYABLES

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
1 to 30 days	<b>3,189</b>	886
31 to 90 days	<b>84</b>	87
91 to 180 days	<b>42</b>	–
181 to 360 days	<b>–</b>	–
1 to 2 years	<b>286</b>	288
	<b>3,601</b>	1,261

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

### 15 INTEREST-BEARING BANK BORROWINGS

<b>Current</b>	<b>Effective interest rate (%) p.a.</b>	<b>Maturity</b>	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
RMB10,000,000 (2022: RMB10,000,000) secured bank loan	3.75	2024	<b>10,000</b>	10,000
JPY241,812,000 (2022: JPY241,812,000) current portion of long- term secured bank loan*	1.88	2024	<b>13,509</b>	14,056
JPY13,552,000 (2022: JPY7,128,000) current portion of long- term secured bank loan*	1.88	2024	<b>1,043</b>	737
JPY51,624,000 (2022: JPY51,624,000) current portion of long- term secured bank loan*	1.88	2024	<b>2,586</b>	2,703
			<b>27,138</b>	27,496



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2023 – unaudited*

### 15 INTEREST-BEARING BANK BORROWINGS (CONTINUED)

*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 RMB7,910,000 (31 December 2022: RMB8,230,000); and mortgages over the Group's leasehold land and buildings situated in Mainland China, which had an aggregate net carrying amount of RMB4,411,000 (31 December 2022: RMB4,500,000);
  - (ii) mortgages over the Group's investment properties situated in Mainland China, which had an aggregate net carrying amount of RMB8,932,000 (31 December 2022: RMB8,932,000); and
  - (iii) mortgages over the Group's freehold land situated in Japan, which had an aggregate carrying amount of RMB39,524,000 (31 December 2022: RMB41,233,000).
- (b) Except for the RMB10,000,000 (31 December 2022: RMB10,000,000) secured bank loan which denominated in RMB and arranged at floating rates was exposing the Group to cash flow interest risk, the remaining secured bank loans amounting to approximately RMB46,449,000 (31 December 2022: RMB49,096,000) were denominated in JPY and are fixed interest rates and expose the Group to fair value interest rate risk.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 – unaudited

### 16 SHARE CAPITAL

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Authorised: 1,500,000,000 ordinary shares of HK\$0.01 each	<b>15,000</b>	15,000
Issued and fully paid: 1,000,000,000 ordinary shares of HK\$0.01 each	<b>8,797</b>	8,797

## 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 <sup>(1)</sup>	Interest in controlled corporation	702,312,000	70.23%
Mr. Pan Wei <sup>(2)</sup>	Interest in controlled corporation	702,312,000	70.23%
Mr. Xu Jiong <sup>(3)</sup>	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 <sup>(1)</sup>	Beneficial owner	418,725,000	41.87%
David Xu Co., Ltd <sup>(1)</sup>	Beneficial owner	50,025,000	5.00%
King Pan Co., Ltd <sup>(2)</sup>	Beneficial owner	121,062,000	12.11%
Jeffery Xu Co., Ltd <sup>(3)</sup>	Beneficial owner	112,500,000	11.25%
Mr. Yu Dingxin <sup>(1)</sup>	Interest in controlled corporation	702,312,000	70.23%
Mr. Pan Wei <sup>(2)</sup>	Interest in controlled corporation	702,312,000	70.23%
Mr. Xu Jiong <sup>(3)</sup>	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") on 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"). The number of options available for grant under the Share Option Scheme as at the beginning and end of the Period Under Review was 100,000,000. As at 30 June 2023, no share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption. Accordingly, the number of Shares that may be issued in respect of options granted under the Share Option Scheme during the Period Under Review divided by the weighted average number of Shares in issue is nil.

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

References are made to the annual report of the Company for the year ended 31 December 2020 published by the Company on 28 April 2021 and the interim results announcement of the Company for the six months period ended 30 June 2021 (the “**2021 Interim Results Announcement**”) dated 31 August 2021.

The information of use of net proceeds of the Company (the “**Net Proceeds**”) was disclosed as follows:

Description of use of Net Proceeds	Intended	Utilised	Utilised		Expected timeline for unutilised Net Proceeds
	use of Net Proceeds as disclosed in the 2021 Interim Results Announcement	Net Proceeds during the period from Listing Date to 31 December 2022	Net Proceeds during the Period Under Review	Unutilised Net Proceeds as at 30 June 2023	
	HKD'000	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 2023
(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	

During the Period Under Review, 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

### EVENTS AFTER THE REPORTING PERIOD

There was no material events affecting the Group occurred subsequent to 30 June 2023 and up to the date of this report.

### CONTINGENT LIABILITIES

As at 30 June 2023 and 31 December 2022, the Group did not have any significant contingent liabilities.

### 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 2023, the Group employed a total of 145 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.

The Group's gearing, expressed as a percentage of net debt divided by total capital plus net debt, remained in a similar level during the Period Under Review (30 June 2023: 26.6%; 31 December 2022: 26.7%). 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.

Please refer to notes 13 and 15 to the condensed consolidated financial statements for details of cash and cash equivalents and interest-bearing bank borrowings.

The trade receivables turnover days increased during the Period Under Review as the Group resumed its Hotel Operation during the Period under Review, which typically has longer turnover days (30 June 2023: 71 days; 31 December 2022: 12 days).

The trade payables turnover days increased during the Period Under Review as the Group resumed its Hotel Operation during the Period under Review, which typically has longer turnover days (30 June 2023: 92 days; 31 December 2022: 24 days).

## PLEDGE OF ASSETS

As at 30 June 2023, the Group's pledged short-term bank deposits of approximately RMB1.5 million (31 December 2022: approximately RMB1.5 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 resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

## SIGNIFICANT INVESTMENT HELD, ACQUISITION AND DISPOSAL

Save as disclosed in note 10 to the condensed consolidated financial statements, as at 30 June 2023, there were no significant investments held by the Group or future plans for material investments or capital assets.

The Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2023.

## OTHER INFORMATION

### CORPORATE GOVERNANCE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders. During the Period Under Review, except for code provision C.2.1 of the Corporate Governance Code, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the "**Corporate Governance Code**") in Appendix 14 to the the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Yu Dingxin currently performs these two roles concurrently. The Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. The Board will from time to time review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company to ensure appropriate and timely arrangements are in place to meet changing circumstances.

### 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 with all the Directors, all the Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2023 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 2023, 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 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 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;

## OTHER INFORMATION

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;
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 2023 will be dispatched to the shareholders of the Company and the Company's interim report for the six months ended 30 June 2023 will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.tuyigroup.com](http://www.tuyigroup.com)) in due course.