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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Tu Yi Holding Company Limited (the “**Company**”) would like to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Period Under Review**”).

FINANCIAL HIGHLIGHTS

	For the six month ended 30 June		Period-on- period change (%)
	2024 RMB'000	2023 RMB'000	
Revenue	90,585	27,115	234.1
Gross profit	26,483	12,785	107.1
Net profit attributable to equity shareholders of the Company	4,596	2,716	69.2
Gross profit margin (%)	29.2%	47.2%	(18.0) percentage points
Earnings per share – Basic and diluted (RMB cent)	0.46	0.27	70.4
	As at 30 June 2024	As at 31 December 2023	Period-on- period change (%)
Current ratio (%)	147.8	141.4	6.4 percentage points
Gearing ratio (%)	26.7	24.2	2.5 percentage points

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a well-established comprehensive travel products and service provider in both the People's Republic of China (the “**PRC**”) and Japan, focusing on the design, development and sale of Japan outbound travel package tours and day tours and outbound free independent traveller products (the “**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 “**Hotels Operation**”). During the Period Under Review, the Group achieved substantial growth, with overall revenue and net profit attributable to equity shareholders of the Company increased by 234.1% and 69.2% respectively when comparing to the corresponding period of 2023. The first half of 2024 marked the first full period following the lifting of strict prevention measures in relation to the outbreak of the novel coronavirus (“**COVID-19**”) by the central government of the PRC, while the first half of 2023 was still affected by certain restrictions. In the first half of 2023, leveraging on the well-established product capacities and networks in Japan, combined with the full recovery of the tourism and hospitality industry in Japan, the Group strategically shifted its focus to expanding in overseas markets. This shift resulted in revenue from overseas customers exceeding 80% in the first half of 2024, a significant increase from over 30% in the same period of 2023. However, the gross profit margin decreased to approximately 29.2% in the first half of 2024 from approximately 47.2% in the first half of 2023 primarily due to the change in sales mix where the sale composition of sales of day tours increased to approximately 73.0% in the first half of 2024 from approximately 24.7% in the first half of 2023. Day tours generally have a lower gross profit margin, ranging between 20% and 25%. Despite these positive developments, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 in order to retain sufficient liquidity for future growth and expansion.

BUSINESS REVIEW AND PROSPECTS

During the Period Under Review, the Group experienced remarkable revenue growth, primarily driven by expansion in overseas markets. Looking ahead to the second half of 2024, the Group has set forth several strategic goals:

1. **Overseas Market Expansion:** The Group plans to intensify efforts to expand in existing key markets such as North America, Europe, and Southeast Asia, while also exploring new opportunities in the Middle East and South America. Strengthening relationships with international travel agencies and e-commerce platforms will be crucial to diversifying our revenue base and reducing dependency on any single market.
2. **Customised Products for the PRC Market:** Despite intense competition in the PRC, the Group aims to introduce customized, high-value tourism products tailored for this market. We will also strengthen collaborations with domestic partners to enhance service quality and maintain a competitive edge.

3. **Tour Bus Transportation Capacity:** The Group is in the process of establishing a tour bus company and a travel catering company, alongside the acquisition of high-end tour buses. These efforts are aimed at solidifying our competitive position within Japan.
4. **IT System Enhancement:** Continued investment in our IT system is planned, with a focus on further integrating with the IT systems of various overseas travel partners and channels. This integration will strengthen our competitive position and operational efficiency.

The Group's performance in the first half of 2024 reflects our strategic agility and operational resilience. We remain committed to leveraging our strengths to achieve greater success in the second half of the year, delivering sustainable value to our shareholders and exceptional experiences to our customers.

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 2024				For the six months ended 30 June 2023			
	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	12,007	11,923	13.2%	14.2%	5,855	8,583	21.6%	5.2%
Sales of day tours	66,128	348	73.0%	20.8%	6,687	356	24.7%	23.7%
Margin income from sales of FIT products (net basis)	1,320	500	1.5%	100%	332	221	1.3%	100%
Margin income from the provision of visa application processing services (net basis)	1,220	37	1.3%	100%	2,703	76	10.0%	100%
Hotels Operation – Japan	8,670	256	9.6%	91.7%	8,135	318	30.0%	80.7%
Duty-free Shop business – Japan and the PRC	1,240	287	1.4%	41.2%	3,403	N/A	12.4%	38.1%
	<u>90,585</u>		<u>100%</u>	<u>29.2%</u>	<u>27,115</u>		<u>100%</u>	<u>47.2%</u>

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 is a well-established and active outbound travel products and service provider in the PRC, 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. 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 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 accommodations and flight-plus-hotel bundled packages.

Revenue from sales of day tours and sales of package tours increased by approximately 888.9% and 105.1% respectively when comparing to the corresponding period of 2023, which was primarily due to the fact that the Group extended its business to overseas markets through cooperating with various overseas travel partners and landing on various travel channels and the overall revenue from overseas customers increased to more than 80% in the first half of 2024.

Hotels Operation – Japan

The Group operates its self-owned Shizuoka Hotel and Tokyo Hotel. The revenue of the Hotels Operation maintained in a similar level and the gross profit margin stayed at a level of more than 80% during the Period Under Review when comparing to the corresponding period of 2023 as the Group has been focusing on the provision of premium services starting from 2023 and the occupancy rate of the Hotels Operation reached a level of more than 90%.

Duty-free Shop Business – Japan and 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 63.6% and its gross profit margin maintained in a similar level in the Period Under Review when comparing to the corresponding period of 2023, which was primarily attributable to the fact that customers preferred travelling to Japan for shopping experience rather than shopping online.

Administrative expenses

The Group's administrative expenses increased by approximately 50.7% for the Period Under Review as compared to that of the corresponding period in 2023. 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3	90,585	27,115
Cost of sales and services rendered		<u>(64,102)</u>	<u>(14,330)</u>
Gross profit		26,483	12,785
Other income	4	1,823	1,975
Other (losses)/gains, net	4	(891)	2,246
Selling and distribution expenses		(6,914)	(3,056)
Administrative expenses		(15,454)	(10,256)
Other expenses		–	(393)
Finance costs	5	(546)	(627)
Profit before tax	6	4,501	2,674
Income tax credit	7	80	42
Profit for the period		<u>4,581</u>	<u>2,716</u>
Other comprehensive loss, net of tax:			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(6,669)	(1,654)
<i>Item 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		<u>(4)</u>	<u>–</u>
Other comprehensive loss for the period		<u>(6,673)</u>	<u>(1,654)</u>
Total comprehensive (loss)/income for the period		<u>(2,092)</u>	<u>1,062</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

		Six months ended 30 June	
	<i>Note</i>	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to:			
Equity shareholders of the Company		4,596	2,716
Non-controlling interests		(15)	–
		<u>4,581</u>	<u>2,716</u>
Total comprehensive (loss)/income for the period attributable to:			
Equity shareholders of the Company		(2,064)	1,062
Non-controlling interests		(28)	–
		<u>(2,092)</u>	<u>1,062</u>
Earnings per share			
	8		
Basic (RMB cent)		0.46	0.27
Diluted (RMB cent)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		81,389	88,741
Investment properties		15,000	15,000
Right-of-use assets		2,017	2,403
Freehold land		35,223	39,533
Goodwill		–	–
Other intangible assets		292	328
Financial assets at fair value through other comprehensive income		2	6
Deferred tax assets		4,607	4,902
		138,530	150,913
Current assets			
Inventories		1,107	1,266
Trade receivables	<i>10</i>	16,164	14,570
Financial assets at fair value through profit or loss		2,327	3,640
Prepayments, deposits and other receivables		27,616	12,264
Pledged short-term bank deposits		1,500	3,000
Cash and cash equivalents		37,486	38,093
		86,200	72,833
Current liabilities			
Trade payables	<i>11</i>	9,864	7,934
Contract liabilities, other payables and accruals		24,150	17,026
Interest-bearing bank borrowings	<i>12</i>	22,770	24,902
Lease liabilities		945	1,053
Tax payable		577	579
		58,306	51,494
Net current assets		27,894	21,339
Total assets less current liabilities		166,424	172,252

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 30 June 2024*

	<i>Note</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Interest-bearing bank borrowings	<i>12</i>	27,955	31,215
Lease liabilities		991	1,278
Deferred tax liabilities		4,519	4,708
		<u>33,465</u>	<u>37,201</u>
NET ASSETS		<u>132,959</u>	<u>135,051</u>
Capital and reserves			
Share capital		8,797	8,797
Reserves		121,964	124,028
		<u>130,761</u>	<u>132,825</u>
Equity attributable to equity shareholders of the Company		2,198	2,226
Non-controlling interests		<u>132,959</u>	<u>135,051</u>
TOTAL EQUITY		<u>132,959</u>	<u>135,051</u>

NOTES

For the six months ended 30 June 2024

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 (the “**Stock Exchange**”) since 28 June 2019.

The Company is an investment holding company. During the six months ended 30 June 2024, the Company’s subsidiaries (together with the Company collectively referred to as the “**Group**”) were principally involved in (i) sales of outbound travel package tours and day tours; (ii) sales of free independent traveller (“**FIT**”) products; (iii) provision of visa application processing services; (iv) hotels operation; and (v) duty-free shop business.

In the opinion of the directors of the Company, as at 30 June 2024, Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong (collectively referred to as the “**Controlling Shareholders**”) are collectively considered to be the ultimate controlling shareholders of the Company pursuant to the concert party agreement dated 13 April 2018 signed between the Controlling Shareholders. York Yu Co., Ltd and David Xu Co., Ltd (incorporated in the British Virgin Islands (the “**BVI**”) and directly and wholly owned by Mr. Yu Dingxin), King Pan Co., Ltd (incorporated in the BVI and directly and wholly owned by Mr. Pan Wei) and Jeffery Xu Co., Ltd (incorporated in the BVI and directly and wholly owned by Mr. Xu Jiong) are collectively considered to be the immediate holding companies of the Company.

2 BASIS OF PREPARATION

The Group’s unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The Group’s unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023. The accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2023 except for the amendments to Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and Interpretation issued by the HKICPA that adopted for the first time for current period.

2 BASIS OF PREPARATION (CONTINUED)

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and Interpretation issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of the amendments to HKFRSs and Interpretation has had no material impact on the Group's consolidated financial performance and positions for the current and prior periods and/or on the disclosure set out in these unaudited condensed consolidated interim financial information.

These unaudited condensed consolidated interim financial information is presented in Renminbi ("RMB") because the Group's principal operations are carried out in the PRC and all values are rounded to the nearest thousand except when otherwise indicated. The Group's unaudited condensed consolidated interim financial information has been reviewed by the audit committee of the Company.

3 REVENUE AND SEGMENT INFORMATION

For management purpose, the Group's businesses include (i) sales of package tours and day tours; (ii) hotels operation; (iii) sales of FIT products; (iv) provision of visa application processing services; and (v) duty-free shop business. Revenue recognised during the six months ended 30 June 2024 is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of package tours and day tours	78,135	12,542
Hotels operation income	8,670	8,135
Margin income from sales of FIT products	1,320	332
Margin income from the provision of visa application processing services	1,220	2,703
Income from duty-free shop business	1,240	3,403
	<u>90,585</u>	<u>27,115</u>

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major products and services lines:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition:		
Over time:		
– Sales of package tours and day tours	78,135	12,542
– Hotels operation income	8,670	8,135
	86,805	20,677
At a point in time:		
– Margin income from sales of FIT products	1,320	332
– Margin income from the provision of visa application processing services	1,220	2,703
– Income from duty-free shop business	1,240	3,403
	3,780	6,438
Total	90,585	27,115

At 30 June 2024 and 31 December 2023, the remaining performance obligations (unsatisfied or partially unsatisfied) were expected to be recognised within one year. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

Segment Information

The Group's chief operating decision makers (the "CODM") have been identified as the executive directors of the Company. The information reported to the CODM, for the purpose of resource allocation and assessment of performance, does not contain discrete operating segment financial information and the CODM reviewed the financial results of the Group as a whole. Accordingly, no segment information is presented.

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC*	80,680	15,832
Japan [#]	9,905	11,283
	<u> </u>	<u> </u>
Total	90,585	27,115
	<u> </u>	<u> </u>

* From sales of package tours and day tours, sales of FIT products, provision of visa application processing services and duty-free shop business.

[#] From hotels operation and duty-free shop business.

(b) Information about major customers

Revenue from customers of the corresponding period individually contributing over 10% (2023: 10%) of the Group's total revenue are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A (<i>note</i>)	25,846	N/A
	<u> </u>	<u> </u>

Note: Revenue are derived from sales of package tours and day tours. The corresponding revenue did not contribute over 10% of the total revenue of the Group during the six months ended 30 June 2023.

(c) Non-current assets

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
The PRC	29,851	30,253
Japan	104,070	115,752
	<u> </u>	<u> </u>
Total	133,921	146,005
	<u> </u>	<u> </u>

The non-current assets disclosed above are based on the locations of assets and exclude financial assets at fair value through other comprehensive income and deferred tax assets.

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	72	28
Government grants	72	8
Net rental income from investment properties under operating leases	919	919
Interest income from loans to third parties	696	649
Others	64	371
	<u>1,823</u>	<u>1,975</u>
Other (losses)/gains, net		
Foreign exchange gains, net	44	211
Realised and unrealised (losses)/gains of financial assets at fair value through profit or loss	(935)	2,035
	<u>(891)</u>	<u>2,246</u>

5 FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank borrowings	539	614
Interest on lease liabilities	7	13
	<u>546</u>	<u>627</u>

6 PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of services rendered	63,373	12,222
Cost of inventories sold	729	2,108
Depreciation of property, plant and equipment	1,927	1,949
Depreciation of right-of-use assets	386	549
Amortisation of other intangible assets	33	27
	<u> </u>	<u> </u>
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	9,288	3,961
Payments to defined contribution plans	919	577
Staff welfare expenses	71	249
	<u> </u>	<u> </u>
	<u>10,278</u>	<u>4,787</u>

7 INCOME TAX CREDIT

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Deferred tax credit	(80)	(42)
	<u> </u>	<u> </u>

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the period attributable to equity shareholders of the Company of approximately RMB4,596,000 (2023: RMB2,716,000), and the number of 1,000,000,000 ordinary shares (2023: 1,000,000,000) in issue during the six months ended 30 June 2024.

(b) Diluted earnings per share

No diluted earnings per share has been presented as there were no potential dilutive shares outstanding for the six months ended 30 June 2024 and 2023.

9 DIVIDENDS

The Board did not recommend any payment of the dividend for the six months ended 30 June 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

10 TRADE RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables, gross	20,119	18,525
Less: Loss allowance for expected credit losses (the "ECL")	<u>(3,955)</u>	<u>(3,955)</u>
Trade receivables, net	<u>16,164</u>	<u>14,570</u>

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 for ECL, which approximates the respective revenue recognition dates, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
1 to 30 days	16,095	11,554
31 to 90 days	11	1,949
91 to 180 days	58	769
181 to 360 days	<u>–</u>	<u>298</u>
	<u>16,164</u>	<u>14,570</u>

11 TRADE PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
1 to 30 days	9,447	5,965
31 to 90 days	245	1,599
91 to 180 days	127	77
181 to 360 days	3	10
Over 360 days	<u>42</u>	<u>283</u>
	<u>9,864</u>	<u>7,934</u>

12 INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%) per annum	Year of maturity	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current				
RMB10,000,000 (2023: RMB10,000,000) secured bank loan	3.55	2024	10,000	10,000
Principal amount of Japanese Yen ("JPY") 231,812,000 (2023: JPY241,812,000)*	1.88	2024	10,240	12,012
Principal amount of JPYNil (2023: JPY1,552,000)*	1.88	2024	–	78
Principal amount of JPY51,624,000 (2023: JPY51,624,000) current portion of long-term secured bank loan*	1.88	2024	<u>2,530</u>	<u>2,812</u>
			<u>22,770</u>	<u>24,902</u>
Non-current	Effective interest rate (%) per annum	Year of maturity	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Principal amount of JPY583,857,000 (2023: JPY585,121,000) secured bank loan	1.88	2032	<u>27,955</u>	<u>31,215</u>
			30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Analysed into:				
Bank borrowings repayable				
– Within one year or on demand			22,770	24,902
– Within a period of more than one year but not exceeding two years			2,310	2,592
– Within a period of more than two years but not exceeding five years			7,715	8,563
– More than five years			<u>17,930</u>	<u>20,060</u>
			<u>50,725</u>	<u>56,117</u>

12 INTEREST-BEARING BANK BORROWINGS (CONTINUED)

- * The current portion of long-term bank loans of approximately RMB12,770,000 (31 December 2023: RMB14,902,000), which was supposed to be repaid fully within one year, was granted extension of repayment as disclosed above that is subject to the mutual agreement between the Group and the Japanese bank.

Note: 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 RMB10,235,000 (31 December 2023: RMB10,889,000); and mortgages over the Group's leasehold land and buildings situated in the PRC;
- (ii) mortgages over certain Group's investment properties situated in the PRC, which had an aggregate net carrying amount of RMB7,994,000 (31 December 2023: RMB7,994,000); and
- (iii) mortgages over the Group's freehold land situated in Japan, which had an aggregate carrying amount of RMB35,223,000 (31 December 2023: RMB39,533,000).

13 RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these unaudited condensed consolidated interim financial information, the Group entered into the following transactions with related parties during the six months ended 30 June 2024.

Compensation of key management personnel of the Group

Compensation of key management personnel of the Group, being the executive directors of the Company and other key management of the Group, is presented as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	1,172	1,217
Pension scheme contributions	91	91
	<u>1,263</u>	<u>1,308</u>

OTHER INFORMATION

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

References are made to the prospectus dated 18 June 2019, the annual report for the year ended 31 December 2023 and the announcement of the Company dated 3 June 2024.

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

Description	Intended use of	Utilised	Original	Revised	Expected
	Net Proceeds as disclosed in the 2023 Annual Report	Net Proceeds as at 31 December 2023	Unutilised Net Proceeds as at 31 December 2023	allocation of Net Proceeds as at the date of this announcement	
	HK\$'000	HK\$'000	HK\$'000	HK\$'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	–	–
(iv) Increasing the tour bus transportation capacity in Japan	–	–	–	17,600	Before or around 31 December 2024
(v) Investing in enhancing the Group’s marketing approaches together with its IT platform	17,600	(17,600)	–	–	–
(vi) Engaging more personnel in Japan	13,200	(13,200)	–	–	–
(vii) General working capital	26,400	(26,400)	–	–	–
Total	88,000	(70,400)	17,600	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.

EVENTS AFTER THE REPORTING PERIOD

There was no material events affecting the Group occurred subsequent to 30 June 2024 and up to the date of this announcement.

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group employed a total of 133 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's gearing, expressed as a percentage of net debt dividend by total capital plus net debt remained at a similar level during the Period Under Review (30 June 2024: 26.7%; 31 December 2023: 24.2%). 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 14 and 16 to the condensed consolidated interim financial information for details of cash and cash equivalents and interest-bearing bank borrowings.

The trade receivables turnover days maintained in a similar level during the Period Under Review (30 June 2024: 65 days; 31 December 2023: 57 days).

The trade payables turnover days maintained in a similar level during the Period Under Review (30 June 2024: 56 days; 31 December 2023: 49 days).

INTERIM DIVIDEND

The Board resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2024 (2023: nil).

PLEDGE OF ASSETS FOR TOURISM OPERATION

As at 30 June 2024, the Group's pledged short-term bank deposits of approximately RMB1.5 million (31 December 2023: RMB3.0 million) were pledged to banks as a guarantee deposit for the Group's tourism operation as required by the PRC government.

SIGNIFICANT INVESTMENT HELD, ACQUISITION AND DISPOSAL

As at 30 June 2024, 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 2024.

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 C1 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 C3 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 2024.

AUDIT COMMITTEE

As at the date of this announcement, 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 2024, 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 announcement, 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 announcement, the nomination committee of the Company (the “**Nomination Committee**”) consists of three members, namely Mr. Yu Dingxin and 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.

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

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.tuyigroup.com). The Company's interim report for the six months ended 30 June 2024 will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Tu Yi Holding Company Limited
Yu Dingxin
Chairman and executive Director

The People's Republic of China, 30 August 2024

As at the date of this announcement, the Board comprises four executive Directors: Mr. Yu Dingxin, Mr. Pan Wei, Mr. Xu Jiong and Mr. An Jiajin and three independent non-executive Directors: Mr. Zhao Jianbo, Ms. Zhou Li, and Mr. Ying Luming.