



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)

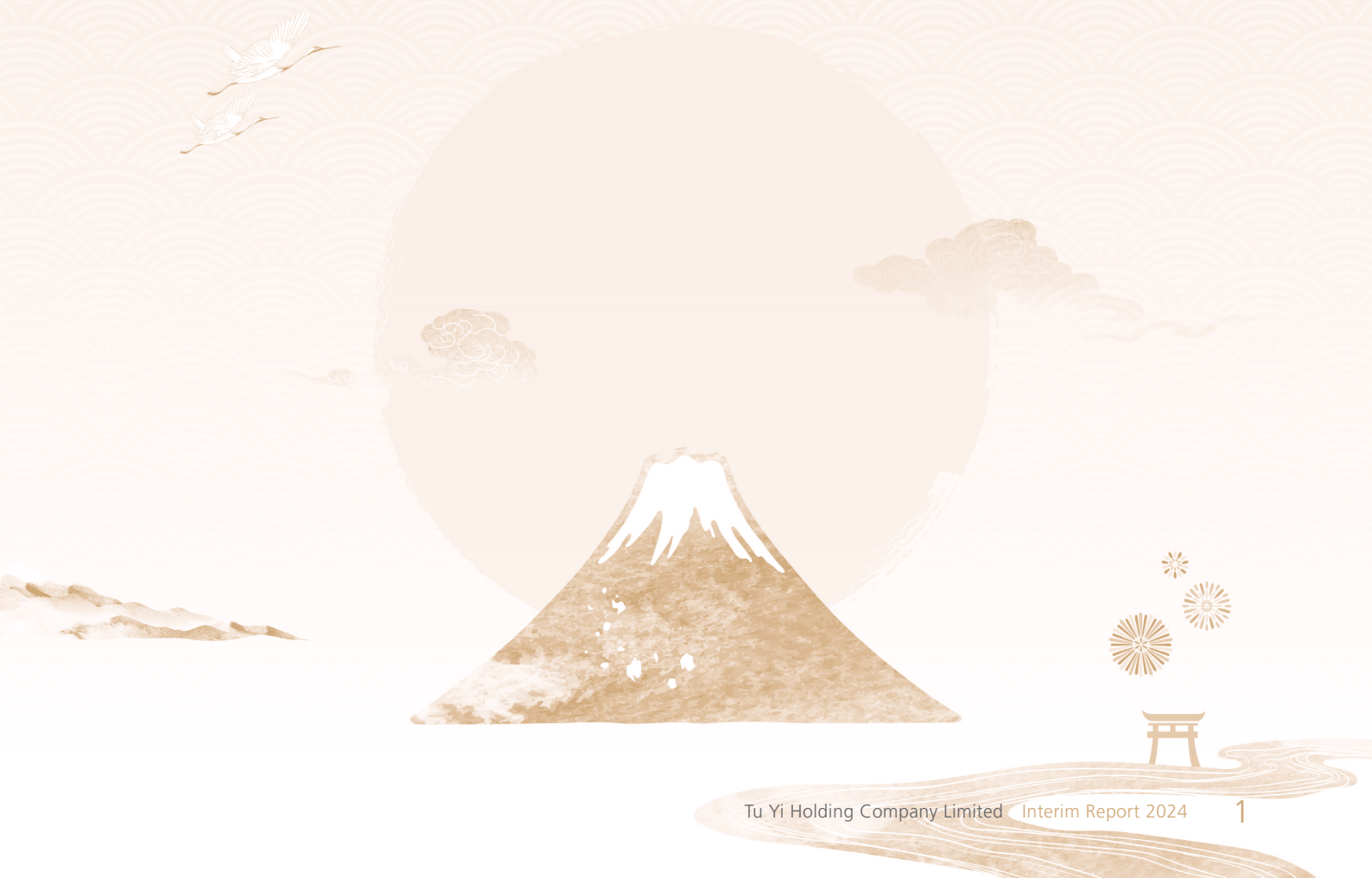
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INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

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

Independent non-executive directors

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

COMPANY SECRETARY

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

AUDITOR

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

LEGAL ADVISOR

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 PEOPLE'S REPUBLIC OF CHINA ("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
The 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

Tu Yi Holding Company Limited (the “**Company**”) and its subsidiaries (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 six months ended 30 June 2024 (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.

MANAGEMENT DISCUSSION AND ANALYSIS

- 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.
- 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%
	90,585		100%	29.2%	27,115		100%	47.2%



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	4	90,585	27,115
Cost of sales and services rendered		(64,102)	(14,330)
Gross profit		26,483	12,785
Other income	5	1,823	1,975
Other (losses)/gains, net	5	(891)	2,246
Selling and distribution expenses		(6,914)	(3,056)
Administrative expenses		(15,454)	(10,256)
Other expenses		–	(393)
Finance costs	6	(546)	(627)
Profit before tax	7	4,501	2,674
Income tax credit	8	80	42
Profit for the period		4,581	2,716
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		(4)	–
Other comprehensive loss for the period		(6,673)	(1,654)
Total comprehensive (loss)/income for the period		(2,092)	1,062
Profit/(loss) for the period attributable to:			
Equity shareholders of the Company		4,596	2,716
Non-controlling interests		(15)	–
		4,581	2,716
Total comprehensive (loss)/income for the period attributable to:			
Equity shareholders of the Company		(2,064)	1,062
Non-controlling interests		(28)	–
		(2,092)	1,062
Earnings per share	9		
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	11	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	12	1,107	1,266
Trade receivables	13	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	14	1,500	3,000
Cash and cash equivalents	14	37,486	38,093
		86,200	72,833
Current liabilities			
Trade payables	15	9,864	7,934
Contract liabilities, other payables and accruals		24,150	17,026
Interest-bearing bank borrowings	16	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
Non-current liabilities			
Interest-bearing bank borrowings	16	27,955	31,215
Lease liabilities		991	1,278
Deferred tax liabilities		4,519	4,708
		33,465	37,201
NET ASSETS		132,959	135,051
Capital and reserves			
Share capital	17	8,797	8,797
Reserves		121,964	124,028
Equity attributable to equity shareholders of the Company		130,761	132,825
Non-controlling interests		2,198	2,226
TOTAL EQUITY		132,959	135,051

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to equity shareholders of the Company											
	Share capital RMB'000 (Note 17)	Share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Revaluation reserve* RMB'000	Difference arising from acquisition of non- controlling interests* RMB'000	Foreign currency translation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2024 (Audited)	8,797	91,120	88,967	6,482	(18)	1,579	(19)	(22,117)	(41,966)	132,825	2,226	135,051
Profit for the period	-	-	-	-	-	-	-	-	4,596	4,596	(15)	4,581
Other comprehensive loss, net of tax												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(6,656)	-	(6,656)	(13)	(6,669)
Fair value changes of financial assets at fair value through other comprehensive income	-	-	-	-	(4)	-	-	-	-	(4)	-	(4)
Total comprehensive (loss)/ income for the period	-	-	-	-	(4)	-	-	(6,656)	4,596	(2,064)	(28)	(2,092)
At 30 June 2024 (Unaudited)	8,797	91,120	88,967	6,482	(22)	1,579	(19)	(28,773)	(37,370)	130,761	2,198	132,959
At 1 January 2023 (Audited)	8,797	91,120	88,967	6,482	(14)	1,579	(19)	(19,674)	(50,887)	126,351	1,953	128,304
Profit for the period	-	-	-	-	-	-	-	-	2,716	2,716	-	2,716
Other comprehensive loss, net of tax												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(1,654)	-	(1,654)	-	(1,654)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	-	(1,654)	2,716	1,062	-	1,062
At 30 June 2023 (Unaudited)	8,797	91,120	88,967	6,482	(14)	1,579	(19)	(21,328)	(48,171)	127,413	1,953	129,366

* These reserve accounts comprise the consolidated reserves of approximately RMB121,964,000 (31 December 2023: RMB124,028,000) in the condensed consolidated statement of financial position.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities		
Net cash (used in)/generated from operating activities	(22)	3,078
Cash flows from investing activities		
Decrease in pledged short-term bank deposits	1,500	–
Purchases of property, plant and equipment	–	(331)
Interest received from banks	72	28
Interest received from loans to third parties	696	649
Net cash generated from from investing activities	2,268	346
Cash flows from financing activities		
Repayment of bank borrowings	(573)	(601)
Principal portion of lease payments	(161)	(421)
Interests paid	(546)	(627)
Net cash used in financing activities	(1,280)	(1,649)
Net increase in cash and cash equivalents	966	1,775
Cash and cash equivalents at the beginning of the period	38,093	29,890
Effect of foreign exchange rate changes, net	(1,573)	(259)
Cash and cash equivalents at the end of the period	37,486	31,406

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

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)	Classification by the Borrower of a Term Loan that
Presentation of Financial Statements	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 has been prepared under the historical cost except for investment properties, financial assets at fair value through other comprehensive income ("**FVTOCI**") and financial assets at fair value through profit or loss ("**FVTPL**") which have been measured at fair value.

The preparation of these unaudited condensed consolidated interim financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are consistent to the preparation of the Group's consolidated financial statements for the year ended 31 December 2023.

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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

3 FAIR VALUE MEASUREMENTS

As at 30 June 2024 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Investment properties	–	–	15,000	15,000
Financial assets at FVTOCI	2	–	–	2
Financial assets at FVTPL	2,327	–	–	2,327
	2,329	–	15,000	17,329

As at 31 December 2023 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Investment properties	–	–	15,000	15,000
Financial assets at FVTOCI	6	–	–	6
Financial assets at FVTPL	3,640	–	–	3,640
	3,646	–	15,000	18,646

The Group did not have any financial liabilities measured at fair value during the six months ended 30 June 2024 (31 December 2023: Nil).

During the six months ended 30 June 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

4 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 RMB'000 (Unaudited)	2023 RMB'000 (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
	90,585	27,115

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 RMB'000 (Unaudited)	2023 RMB'000 (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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

4 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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.

Geographical information

(a) Revenue from external customers

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

* 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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Customer A (note)	25,846	N/A

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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

4 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Non-current assets

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

The non-current assets disclosed above are based on the locations of assets and exclude financial assets at FVTOCI and deferred tax assets.

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income		
Bank interest income	72	28
Government grants (<i>note</i>)	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
	1,823	1,975
Other (losses)/gains, net		
Foreign exchange gains, net	44	211
Realised and unrealised (losses)/gains of financial assets at FVTPL	(935)	2,035
	(891)	2,246

Note: Government grants mainly represented financial support funds from government. There are no unfulfilled conditions or other contingencies attached to these grants and recognised as income when the Group received.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

6 FINANCE COSTS

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

7 PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (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
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
	10,278	4,787

8 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 subsidiaries of the Company are domiciled and operate.

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

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% (2023: 33.6%). No provision for Japan corporate tax, inhabitant tax and enterprise tax has been made as the Group has incurred tax losses in Japan during the six months ended 30 June 2024 and 2023.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

8 INCOME TAX CREDIT (CONTINUED)

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2024 and 2023, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime during the six months ended 30 June 2024 and 2023. 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 six months ended 30 June 2024 and 2023.

During the six months ended 30 June 2024, except for certain subsidiaries of the Group which were entitled to a preferential income tax rate of 20% (2023: 20%) for small and micro enterprises with the first RMB1.0 million (2023: RMB1.0 million) of annual taxable income, eligible for a 75% (2023: 75%) reduction and the income between RMB1.0 million and RMB3.0 million (2023: RMB1.0 million and RMB3.0 million) eligible for a 50% (2023: 50%) reduction, the provision for the PRC Corporate Income Tax is based on the statutory rate of 25% (2023: 25%) of the assessable profits of the subsidiaries of the PRC as determined in accordance with the PRC Corporate Income Tax Law. No provision for the PRC Corporate Income Tax has been made as the Group has unused tax losses to set-off the assessable profits for the six months ended 30 June 2024 and 2023.

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Deferred tax credit	(80)	(42)

9 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.

10 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).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets with cost of approximately RMBNil (2023: RMB331,000) for additions to property, plant and equipment.

12 INVENTORIES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Merchandise for sales	1,107	1,230
Hotels supplies	–	36
	1,107	1,266

13 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")	(3,955)	(3,955)
Trade receivables, net	16,164	14,570

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	–	298
	16,164	14,570

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

14 PLEDGED SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cash and bank balances	36,099	37,376
Deposits with other financial institutions	1,387	717
Pledged short-term bank deposits for services quality (note)	1,500	3,000
	38,986	41,093
Less: Pledged short-term bank deposits	(1,500)	(3,000)
Cash and cash equivalents	37,486	38,093

Note: The pledged short-term bank deposits are the guarantee deposits for the Group's tourism operation as required by the PRC government.

15 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	42	283
	9,864	7,934

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

16 INTEREST-BEARING BANK BORROWINGS

Current	Effective interest rate (%) per annum	Year of maturity	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
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	2,530	2,812
			22,770	24,902

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	27,955	31,215

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

16 INTEREST-BEARING BANK BORROWINGS (CONTINUED)

	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	17,930	20,060
	50,725	56,117

* 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).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

17 SHARE CAPITAL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Authorised: 1,500,000,000 ordinary shares of HK\$0.01 each	15,000	15,000
Issued and fully paid: 1,000,000,000 ordinary shares of HK\$0.01 each	8,797	8,797

18 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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	1,172	1,217
Pension scheme contributions	91	91
	1,263	1,308

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 of the Company (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 C3 of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in the shares of the Company

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

Notes:

- (1) York Yu Co., Ltd and David Xu Co., Ltd hold 418,725,000 shares of the Company (the "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 companies, or any of its subsidiaries or fellow subsidiaries being a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

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

Long positions in the shares of the Company:

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

Notes:

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

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

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") 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. During the Period Under Review, 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 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 timeline for unutilised Net Proceeds
	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 report	
	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	-	-
(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.

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 2024 and up to the date of this report.

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, 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 and Japanese Yen (“JPY”) respectively. 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 JPY, 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 of the Company 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 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. 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 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).

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.

INTERIM DIVIDEND

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

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.

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