



Feiyang International Holdings Group Limited  
飛揚國際控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1901



Interim Report  
2024



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Mr. He Binfeng

*(Chairman and Chief Executive Officer)*

Mr. Xiong Di

Mr. Huang Yu

Mr. Wu Bin

Ms. Chen Huiling

#### *Non-executive Director*

Mr. Shen Yang

#### *Independent Non-executive Directors*

Mr. Li Huamin

Ms. Zhao Caihong

Ms. Yuan Shaoying (appointed on 26 August 2024)

Mr. Yi Ling (resigned on 26 August 2024)

### AUDIT COMMITTEE

Ms. Zhao Caihong (*Chairlady*)

Mr. Li Huamin

Ms. Yuan Shaoying (appointed on 26 August 2024)

Mr. Yi Ling (resigned on 26 August 2024)

### REMUNERATION COMMITTEE

Mr. Li Huamin (*Chairman*)

Mr. He Binfeng

Ms. Zhao Caihong

### NOMINATION COMMITTEE

Mr. He Binfeng (*Chairman*)

Mr. Li Huamin

Ms. Yuan Shaoying (appointed on 26 August 2024)

Mr. Yi Ling (resigned on 26 August 2024)

### COMPANY SECRETARY

Mr. Tam Chun Wai Edwin

### AUTHORISED REPRESENTATIVES

Mr. He Binfeng

Mr. Tam Chun Wai Edwin

### REGISTERED OFFICE IN THE CAYMAN ISLANDS

Suite #4-210, Governors Square

23 Lime Tree Bay Avenue

PO Box 32311

Grand Cayman KY1-1209

Cayman Islands

## CORPORATE INFORMATION

<b>HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC</b>	(1-140) 30 Dashani Street, Haishu District Ningbo, Zhejiang, China
<b>PRINCIPAL PLACE OF BUSINESS IN HONG KONG</b>	4/F Wah Yuen Building 149 Queen's Road Central Hong Kong
<b>INDEPENDENT AUDITOR</b>	CCTH CPA Limited <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i>
<b>PRINCIPAL BANKS</b>	China Merchants Bank Co., Ltd, Ningbo Tianyi sub-branch China CITIC Bank Corporation Limited, Jiangbei sub-branch China Zheshang Bank Co., Ltd., Ningbo branch
<b>CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE</b>	Osiris International Cayman Limited Suite #4-210, Governors Square 23 Lime Tree Bay Avenue PO Box 32311 Grand Cayman KY1-1209 Cayman Islands
<b>HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE</b>	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
<b>WEBSITE</b>	<a href="http://www.iflying.com">http://www.iflying.com</a>
<b>STOCK CODE</b>	1901

## FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	<b>420,970</b>	478,560
Gross profit	<b>25,016</b>	30,766
(Loss)/profit for the Period	<b>(16,323)</b>	15,899

- Revenue for the Period decreased by RMB57.6 million or 12.0% as compared to the Previous Period mainly due to decrease in gross income from sales of FIT Products resulting from decrease in demand for FIT Products provided by the Group.
- Gross profit for the Period decreased by RMB5.8 million or 18.7% as compared to the Previous Period as a result of the decrease in revenue.
- Net loss for the Period amounted to RMB16.3 million as compared to net profit of RMB15.9 million for the Previous Period.

## UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Feiyang International Holdings Group Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period of 2023, as follows:

### 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)
<b>REVENUE</b>	5	<b>420,970</b>	478,560
Cost of sales		<b>(395,954)</b>	(447,794)
Gross profit		<b>25,016</b>	30,766
Other income and gains	5	<b>19,029</b>	19,655
Selling and distribution expenses		<b>(12,042)</b>	(7,403)
Administrative expenses		<b>(24,142)</b>	(19,375)
Impairment on financial assets (recognised)/reversed, net		<b>(17,968)</b>	447
Other expenses		<b>(1,038)</b>	(917)
Share of losses of associates		<b>(200)</b>	(1,676)
Finance costs	6	<b>(4,995)</b>	(5,575)
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>	7	<b>(16,340)</b>	15,922
Income tax credit/(expenses)	8	<b>17</b>	(23)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(16,323)</b>	15,899
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
<b>Item that will not be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of financial statements		<b>11,161</b>	(12,820)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>11,161</b>	(12,820)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		<b>(5,162)</b>	3,079



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	34,206	39,192
Investment properties		6,586	6,586
Right-of-use assets		9,602	11,516
Intangible assets		2,099	2,607
Finance lease receivables		3,973	4,874
Advance payments for acquisition of property, plant and equipment		11,865	11,781
Investments in associates	12	1,645	56,166
Investments in joint ventures		454	454
Deposits	14	473	473
Deferred tax assets		381	381
		<b>71,284</b>	134,030
<b>CURRENT ASSETS</b>			
Inventories		5,288	5,250
Trade receivables	13	172,169	201,071
Prepayments, deposits and other receivables	14	216,156	156,521
Finance lease receivables		2,035	1,996
Amount due from related parties	20(b)	5,464	5,979
Financial assets at fair value through profit or loss		813	2,494
Pledged deposits		3,042	3,042
Cash and cash equivalents		86,653	56,500
		<b>491,620</b>	432,853
<b>CURRENT LIABILITIES</b>			
Trade payables	15	64,088	139,880
Advance from customers, other payables and accruals		161,658	132,847
Interest-bearing bank and other borrowings	16	243,606	194,857
Lease liabilities		3,781	5,086
Tax payables		7,427	6,081
		<b>480,560</b>	478,751
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>11,060</b>	(45,898)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>82,344</b>	88,132
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		7,330	7,956
		<b>7,330</b>	7,956
Net assets		<b>75,014</b>	80,176
<b>EQUITY</b>			
Share capital	17	7,145	7,145
Reserves		66,587	70,271
Equity attributable to owners of the Company		<b>73,732</b>	77,416
Non-controlling interests		1,282	2,760
Total equity		<b>75,014</b>	80,176



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium* RMB'000	Capital reserves* RMB'000	Statutory surplus reserves* RMB'000	Accumulated losses* RMB'000	Share award reserves* RMB'000	Special reserves* RMB'000	Foreign currency translation		Non-controlling interests RMB'000	Total equity RMB'000		
								reserves* RMB'000	reserves* RMB'000			reserves* RMB'000	Total RMB'000
<b>At 1 January 2023 (Audited)</b>	6,850	229,960	47,355	8,517	(235,190)	8,001	(255)	18,935	84,173	4,037	88,210		
Profit for the period	-	-	-	-	11,219	-	-	-	11,219	4,680	15,899		
Other comprehensive (loss)/income for the period:													
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	(12,964)	(12,964)	144	(12,820)		
Total comprehensive income/(loss) for the period	-	-	-	-	11,219	-	-	(12,964)	(1,745)	4,824	3,079		
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	233	233		
<b>At 30 June 2023 (Unaudited)</b>	6,850	229,960	47,355	8,517	(223,971)	8,001	(255)	5,971	82,428	9,094	91,522		

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium* RMB'000	Capital reserves* RMB'000	Statutory surplus reserves* RMB'000	Accumulated losses* RMB'000	Share award reserves* RMB'000	Special reserves* RMB'000	Foreign currency translation		Non-controlling interests RMB'000	Total equity RMB'000		
								reserves* RMB'000	reserves* RMB'000			reserves* RMB'000	Total RMB'000
<b>At 1 January 2024 (Audited)</b>	7,145	265,334	47,355	8,517	(244,765)	8,001	(255)	(13,916)	77,416	2,760	80,176		
Loss for the period	-	-	-	-	(14,848)	-	-	-	(14,848)	(1,475)	(16,323)		
Other comprehensive income/(loss) for the period:													
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	11,164	11,164	(3)	11,161		
Total comprehensive loss for the period	-	-	-	-	(14,848)	-	-	11,164	(3,684)	(1,478)	(5,162)		
<b>At 30 June 2024 (Unaudited)</b>	7,145	265,334	47,355	8,517	(259,613)	8,001	(255)	(2,752)	73,732	1,282	75,014		

\* These reserve accounts comprise the consolidated reserves of RMB66,587,000 (31 December 2023: RMB70,271,000) in the condensed consolidated statements of financial position.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(11,842)</b>	(52,122)
<b>NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES</b>	<b>5,338</b>	2,960
<b>NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>	<b>35,782</b>	23,294
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>29,278</b>	(25,868)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>56,500</b>	43,795
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET</b>	<b>875</b>	182
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>86,653</b>	18,109
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>86,653</b>	18,109

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company is an exempted company which was incorporated in the Cayman Islands with limited liability on 18 October 2018. The registered office address of the Company is Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman, KY1-1209, Cayman Islands. The principal place of business is located at 30 Dashani Street, Haishu District, Ningbo City, Zhejiang Province, the People's Republic of China (the "**PRC**").

The Company is an investment holding company. During the Period, the Company's subsidiaries were principally involved in (i) the design, development and sale of outbound travel package tours; (ii) the design, development and sale of free independent traveller ("**FIT**") products; (iii) the provision of other ancillary travel-related products and services; (iv) the provision of health products; and (v) the provision of information system development products and services. In the opinion of the Directors, the ultimate controlling shareholders of the Group are Mr. He Binfeng and Ms. Qian Jie, the spouse of Mr. He (collectively, the "**Controlling Shareholders**").

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

## 2. BASIS OF PREPARATION AND PRESENTATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Appendix D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). These unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and investment properties which have been measured at fair value. These unaudited condensed consolidated interim financial statements are presented in Renminbi ("**RMB**"), and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

The Group's unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023. The accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements follow those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2023, except for the accounting policy changes that are expected to be reflected in the Group's annual financial statements for the year ended 31 December 2024. Details of any changes in accounting policy changes and disclosures are set out in Note 3.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND PRESENTATION (Continued)

#### Going concern basis

Notwithstanding that the Group's incurred a net losses for the six months ended 30 June 2024 amounted to approximately RMB16,323,000, the Directors considered it appropriate for the preparation of the unaudited condensed consolidated interim financial statements on a going concern basis for at least twelve months after the end of the reporting period after taking into account the following circumstances and measures:

- (i) The Group has been actively negotiating with banks in renewing its short-term borrowings upon their maturities and there is no indication that the banks will not renew the existing borrowings if the Group applies for the renewal;
- (ii) The Group is implementing various measures, such as optimising its overall sales network and undergoing effective cost control to improve the profit margin and operating cash flows of its business; and
- (iii) The Group will also continue to seek for other financing such as placing of new shares to finance the settlement of its existing financial obligations and future operating and capital expenditures.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least twelve months after 30 June 2024. Accordingly, the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the unaudited condensed consolidated interim financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendment to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The Directors anticipate that the application of all amendments to HKFRSs have no material impact on the unaudited condensed consolidated interim financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. OPERATING SEGMENT INFORMATION

The Group's chief operating decision makers are the executive Directors. The information reported to the executive Directors for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the Executive Directors reviewed the financial results of the Group as a whole.

#### Geographical information

The Group's operations are located in the Mainland China and Hong Kong.

Revenue from external customers are allocated based on the geographical areas in which the customers are located.

An analysis of the Group's revenue from external customers and non-current assets (excluding deferred tax assets and financial assets) by geographical location are as follows:

	<b>Revenue from external customers Six months ended 30 June 2024 RMB'000 (Unaudited)</b>	Revenue from external customers Six months ended 30 June 2023 RMB'000 (Unaudited)	<b>Non-current assets As at 30 June 2024 RMB'000 (Unaudited)</b>	Non-current assets As at 31 December 2023 RMB'000 (Audited)
Mainland China	<b>409,721</b>	464,529	<b>21,041</b>	77,887
Hong Kong	<b>11,249</b>	14,031	<b>45,416</b>	50,415
	<b>420,970</b>	478,560	<b>66,457</b>	128,302

#### Information about a major customer

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue for the six months ended 30 June 2024 and 30 June 2023.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the aggregate income from products and services during the Period.

An analysis of revenue and other income and gains is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Revenue from contracts with customers</b> <i>(Note (a))</i>	<b>420,872</b>	478,560
<b>Revenue from other sources</b>		
Finance lease income	<b>98</b>	–
<b>Total revenue</b>	<b>420,970</b>	478,560

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Other income</b>		
Bank interest income	<b>469</b>	139
Government grants <i>(Note (b))</i>	<b>890</b>	–
Compensation income <i>(Note (c))</i>	<b>15,120</b>	14,024
Rental income on properties	<b>200</b>	194
Sundry income <i>(Note (d))</i>	<b>2,350</b>	1,372
	<b>19,029</b>	15,729
<b>Gains</b>		
Fair value gains on disposal of listed equity securities	–	3,926
<b>Total other income and gains</b>	<b>19,029</b>	19,655

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5. REVENUE, OTHER INCOME AND GAINS (Continued)

Notes:

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Timing of revenue recognition within the scope of HKFRS 15</b>		
Over time:		
— Sales of package tours — Domestic	<b>130,526</b>	64,823
— Information system development services	<b>797</b>	3,876
	<b>131,323</b>	68,699
At a point in time:		
— Gross revenue from the sales of FIT products	<b>273,648</b>	396,157
— Margin income from sales of FIT Products	<b>3,454</b>	42
— Sales of ancillary travel related products and services	<b>2,325</b>	413
— Sales of wines	—	2,791
— Sales of health products	<b>10,122</b>	4,728
— Sales of information technology products	—	5,730
	<b>289,549</b>	409,861
Total	<b>420,872</b>	478,560

- (b) The conditions for government grants have been fulfilled by the Group up to the end of the reporting period.
- (c) During the current period, the Group recognised compensation income from profit guarantee arrangement in relation to the acquisition of subsidiaries in prior year amounted to RMB15,120,000 (30 June 2023: RMB14,024,000).
- (d) In previous years, the Group had some unresolved legal case relating to contract dispute with suppliers. During the prior year ended 2023, the PRC courts ruled in favour of the Group and to the extent RMB1,056,000 (30 June 2023: nil) was refunded to the Group which was included in sundry income.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other loan	<b>4,787</b>	5,224
Interest on lease liabilities	<b>208</b>	351
	<b>4,995</b>	5,575

### 7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of services provided	<b>387,182</b>	437,724
Cost of inventories sold	<b>9,203</b>	10,070
Depreciation of property, plant and equipment	<b>6,034</b>	4,008
Depreciation of right-of-use assets	<b>3,079</b>	2,523
Amortisation of intangible assets	<b>508</b>	4
Realised loss on listed equity securities	<b>235</b>	-
Impairment of trade receivables recognised/(reversed), net	<b>19</b>	(447)
Impairment of financial assets included in prepayments, deposits and other receivables recognised	<b>17,949</b>	-
Staff costs	<b>17,663</b>	11,455

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 8. INCOME TAX CREDIT/(EXPENSES)

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

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

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Period. No provision for income tax has been made as the Group did not generate any assessable profits in Hong Kong during the Period (30 June 2023: Nil).

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

The income tax credit/(expenses) of the Group is analysed as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Provided for the Period		
— Hong Kong	-	-
— Mainland China	-	(23)
Over-provision of PRC enterprise tax in prior years	<b>17</b>	-
	<b>17</b>	(23)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 9. (LOSS)/EARNINGS PER SHARE

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

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on following data:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
<b>(Loss)/earnings for the purpose of basic (loss)/earnings per share</b>		
(Loss)/earnings for the period attributable to owners of the Company (in RMB'000)	<b>(14,848)</b>	11,219
<b>Number of shares for the purpose of basic (loss)/earnings per share</b>		
Weighted average number of ordinary shares in issue during the period ('000)	<b>832,000</b>	800,000
Basic (loss)/earnings per share (RMB cent)	<b>(1.78)</b>	1.40

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

No diluted (loss)/earnings per share for both of the six months ended 30 June 2024 and 2023 is presented as there were no potential ordinary shares in issue for both of these periods.

### 10. INTERIM DIVIDENDS

The Board did not recommend payment of an interim dividend in respect of the six months ended 30 June 2024 (30 June 2023: Nil).

### 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired and disposed property, plant and equipment of approximately RMB731,000 and RMBnil, respectively (six months ended 30 June 2023: RMB3,780,000 and RMB27,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 12. INVESTMENTS IN ASSOCIATES

During the six months ended 30 June 2024, the Group received an amount of RMB56,000,000 from Ningbo Yinjiang Feiyang Cultural Tourism Development Co., Ltd\* (寧波鄞江飛揚文旅開發有限公司) (“**Ningbo Yinjiang**”), an associate of the Group, resulting from its divestment through deregistration of Ningbo Yinjiang.

### 13. TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables, gross amount	<b>252,322</b>	281,205
Less: Impairment losses recognised	<b>(80,153)</b>	(80,134)
	<b>172,169</b>	201,071

The credit terms granted by the Group generally range up to two months, extending up to one year for certain customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances, which are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the gross trade receivables as at the end of each of the period, based on the invoice date, is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
1 to 60 days	<b>19,267</b>	104,805
61 to 180 days	<b>19,751</b>	100,315
181 to 360 days	<b>135,520</b>	9,061
1 to 2 years	<b>14,424</b>	9,281
Over 2 years	<b>63,360</b>	57,743
	<b>252,322</b>	281,205

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Non-current:		
Rental deposits	<b>473</b>	473
Current:		
Deposit and other receivables	<b>62,416</b>	88,633
Prepayments	<b>153,740</b>	67,888
	<b>216,156</b>	156,521

### 15. TRADE PAYABLES

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

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
1 to 60 days	<b>9,255</b>	125,137
61 to 180 days	<b>20,305</b>	12,756
181 to 360 days	<b>31,952</b>	187
Over 1 year	<b>2,576</b>	1,800
	<b>64,088</b>	139,880

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Current</b>				
Bank loans — secured	3.0000–6.8000	2024–2025/ on demand	<b>243,606</b>	–
Bank loans — secured	4.1667–5.655	2023–2024/ on demand	–	194,857
			<b>243,606</b>	194,857

Notes:

- (a) The Group's bank loans are secured by the mortgages over the Group's investment properties situated in Mainland China, which had an aggregate net carrying value of RMB6,586,000 and RMB6,586,000 as at 31 December 2023 and 30 June 2024, respectively.
- (b) During the Period, the Controlling Shareholders have jointly guaranteed certain of the Group's banking facilities of up to RMB343,200,000 (31 December 2023: RMB249,000,000).
- (c) Mr. Zhang Dayi, a director of several PRC subsidiaries of the Company, and Ms. Zhang Xiaoshan, the spouse of Mr. Zhang Dayi, had jointly guaranteed certain of the Group's banking facilities of up to RMB46,000,000 as at 30 June 2024 (31 December 2023: RMB46,000,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 17. SHARE CAPITAL

#### Shares

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Issued and fully paid:		
832,000,000 (As at 31 December 2023: 832,000,000) ordinary shares of HK\$0.01 each	<b>7,145</b>	7,145

### 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group invests in listed equity investments which are based on quoted market prices.

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

#### As at 30 June 2024 (Unaudited)

	Fair value measurement using			<b>Total RMB'000</b>
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss				
— Listed equity securities	<b>429</b>	-	-	<b>429</b>
— Unlisted fund investments	-	<b>384</b>	-	<b>384</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

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	

Financial assets at fair value through profit or loss

— Listed equity securities	16	—	2,095	2,111
— Unlisted fund investments	—	383	—	383

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 (31 December 2023: Nil).

During the six months ended 30 June 2024, the Group transferred a listed equity securities measured at fair value through profit or loss from level 3 into level 1 due to the listed equity securities trading for the shares was resumed in active markets. The market value as at 31 December 2023 was unobservable. Other than disclosed, there were no changes in valuation techniques during the six months ended 30 June 2024.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

#### Information about Level 3 fair value measurement

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)	Valuation techniques	Significant unobservable inputs
Suspended trading listed equity securities (Note)	–	2,095	Market approach	Change in share prices of comparable companies of 13% during the suspension period  Discount for lack of marketability of 23.0%

Note:

On 22 May 2024, trading in shares of the listed equity securities have been resumed and the fair value of the listed equity securities determined by observable inputs. (As at 31 December 2023: fair values of suspended trading listed equity securities at financial assets at fair value through profit or loss was determined by reference to the valuation carried out by an independent qualified professional valuer).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Machinery	8,218	8,159
Acquisition for investment projects	45,178	44,858
	<b>53,396</b>	53,017

### 20. RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

Name	Relationship with the Company
Ningbo Haishu Feiyang Investment Management Partnership (Limited Partnership) ("Haishu Feiyang")	An entity controlled by the Controlling Shareholders
Ningbo Feiyang Commercial Operation Management Co., Ltd. ("Feiyang Commercial")	An entity controlled by the Controlling Shareholders

HHR Group Holdings Limited ("HHR Group"), Michael Group Holdings Limited ("Michael Group"), KVN Holdings Limited ("KVN Holdings"), DY Holdings Limited ("DY Holdings"), QJ Holdings Limited ("QJ Holdings"), LD Group Holdings Limited, WB Holdings Group Limited, QZ Holdings Limited ("QZ Holdings"), and CXD Holdings Limited ("CXD Holdings") are shareholders of the Company.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 20. RELATED PARTY TRANSACTIONS (Continued)

- (a) The Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loans to related parties:		
Haishu Feiyang	–	7,500
Feiyang Commercial	–	50
Ningbo Feiyang Biotechnology Co., Ltd.* (寧波飛揚生物科技有限公司) ("Feiyang Biotechnology")	–	20

- (b) Outstanding balances with related parties:

	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Amount due from a director	<b>3,169</b>	3,736
Amount due from related parties:		
Haishu Feiyang	<b>1,803</b>	1,753
Feiyang Commercial	<b>100</b>	100
HHR Group	<b>49</b>	49
Michael Group	<b>49</b>	49
KVN Holdings	<b>49</b>	49
DY Holdings	<b>49</b>	49
QJ Holdings	<b>49</b>	49
WB Holdings	<b>49</b>	49
QZ Holdings	<b>49</b>	49
CXD Holdings	<b>49</b>	47
	<b>5,464</b>	5,979
Amount due to a related party:		
Feiyang Commercial	<b>100</b>	100

The balances with related parties are non-trade, unsecured, interest-free and repayable on demand.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 20. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	<b>467</b>	419
Pension scheme contributions	<b>15</b>	8
Total compensation paid to key management personnel	<b>482</b>	427

### 21. EVENTS AFTER THE REPORTING PERIOD

On 19 August 2024, Ningbo Yinjiang, one of the associates of the Group, was deregistered. Upon completion of the deregistration, the Group ceased to have any interest in the Ningbo Yinjiang.

Save as disclosed in this report, as at 30 June 2024, there was no other significant event occurred after the end of the Period.

### 22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 28 August 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a well-established travel service provider based in Ningbo, Zhejiang Province of the PRC and offers diversified products that cater for different travellers' needs. The Group is principally engaged in (i) the design, development and sales of package tours which consist of traditional package tours and tailor-made tours; (ii) the sales of free independent traveller products (the **"FIT Products"**) which mainly include provision of air tickets and/or hotel accommodation; (iii) the provision of ancillary travel-related products and services, including but not limited to visa application processing, admission tickets to tourist attractions, conferencing services and arranging purchase of travel insurance for the customers; (iv) sales of health products; (v) the provision of information system development services; (vi) sales of information technology products; and (vii) finance lease income from rental of computing power machines.

Domestic travel spending in China is projected to reach new heights this year, exceeding pre-pandemic figures. According to the China Tourism Academy, the number of domestic tourist trips is anticipated to surpass 6 billion in 2024. In the first half of 2024, China experienced a notable recovery in its tourism sector, largely due to efforts to boost inbound tourism. The significant return of Chinese travellers post-pandemic has further fuelled strong year-on-year growth, aided by improved travel infrastructure and providing high-quality leisure facilities.

The tourism industry in China has been actively promoting domestic travel, offering attractive packages and incentives to encourage more people to explore the country. This trend is expected to contribute significantly to the economic growth and recovery of the tourism sector in China.

China's Ministry of Culture and Tourism recently elevated 22 destinations to the status of "China National Tourist Resort", highlighting the country's commitment to providing high-quality leisure facilities reflecting China's dedication to maintaining high standards in its tourism offerings.

Reflecting these positive developments, the sales of package tours of the Group has significantly increased from RMB64.8 million for the Previous Period to RMB130.5 million for the Period. This growth has also boosted the Group's margin income from the sales of FIT products to RMB3.5 million (Previous Period: RMB42,000), and from ancillary travel-related products and services to RMB2.3 million (Previous Period: RMB0.4 million).

The Group recorded a net loss of RMB16.3 million for the Period, which was mainly attributable to (i) the recognised impairment loss on financial assets of RMB18.0 million (Previous Period: reversal of provision impairment loss of RMB0.4 million) after the assessment of the credit risk on financial assets faced by the Group at the end of the Period; and (ii) increase in selling and distribution expenses and administrative expenses by RMB4.6 million and RMB4.8 million respectively, which is mainly due to increase in staff cost as a result of expansion of our core services network from Zhejiang Province to nationwide.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

China's tourism industry is showing strong signs of recovery and growth, bolstered by new initiatives and policies introduced in 2024. The Chinese government has actively promoted domestic tourism as a key driver of economic expansion. Recent developments, such as the introduction of the "BEIJING PASS", have significantly enhanced the travel experience for foreign tourists, allowing seamless travel across public transportation in Beijing and over 300 cities in China.

Efforts to improve hospitality are evident in the introduction of multilingual services, including English travel guides at popular destinations like Taishan Mountain and multilingual tour guides in Xi'an, which aim to eliminate language barriers and create a welcoming atmosphere for foreign tourists.

Substantial investments in transportation infrastructure, such as high-speed rail networks, airports, and highways, have made travel within China more convenient and accessible, further supporting the growth of domestic tourism. In line with these developments, the Group has recently established a joint venture company, Anhui Feiyang Aviation Operations Development Co., Ltd.\* (安徽飛揚航空運營發展有限公司), primarily engaged in the provision of airport operation-related services. This joint venture is expected to open more flight routes and expand the aviation market, thereby promoting the high-quality development of civil aviation in Huangshan City.

China's proactive approach in revitalising its tourism sector through policy reforms, enhanced travel facilities, and strategic development of tourist destinations is yielding impressive results. As inbound and outbound travel surge, China is making a substantial contribution to the global tourism economy.

The COVID-19 pandemic has heightened consumer interest in health, nutrition, and wellness, driving an increase in the market for health-related products. The Group is leveraging this trend by continuing to diversify, distributing health products through its online platform, and engaging external manufacturers to produce health products developed and marketed under the Group's brands.

The Group is confident for its sustainable growth and believes that its management team with extensive industry experience and its agile operations team are able to adapt to the rapid changes of the demand from the market and adjust the business strategy in accordance with market trends.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

The following table sets forth the breakdown of the Group's revenue by business segment for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	Revenue RMB'000 (Unaudited)	Percentage of revenue %	Revenue RMB'000 (Unaudited)	Percentage of revenue %
Travel-related products and services				
(i) Sales of package tours	<b>130,526</b>	<b>31.0</b>	64,823	13.5
(ii) Gross revenue from sales of FIT Products	<b>273,648</b>	<b>65.0</b>	396,157	82.8
(iii) Margin income from sales of FIT Products	<b>3,454</b>	<b>0.8</b>	42	–
(iv) Sales of ancillary travel-related products and services	<b>2,325</b>	<b>0.6</b>	413	0.1
	<b>409,953</b>	<b>97.4</b>	461,435	96.4
Sales of health products	<b>10,122</b>	<b>2.4</b>	4,728	1.0
Information system development services	<b>797</b>	<b>0.2</b>	3,876	0.8
Finance lease income	<b>98</b>	<b>–</b>	–	–
Sales of information technology products	–	–	5,730	1.2
Sales of wines	–	–	2,791	0.6
Total	<b>420,970</b>	<b>100.0</b>	478,560	100.0

The Group generated revenue from: (i) provision of travel-related products and services, including sales of package tours, gross revenue from sales of FIT Products, margin income from sales of FIT Products and sales of ancillary travel-related products and services; (ii) sales of information technology products; (iii) sales of health products; (iv) provision of information system development services; (v) sales of wines; and (vi) finance lease income. The Group's customers primarily comprised retail customers, and corporate and institutional customers. The revenue of the Group decreased by RMB57.6 million from RMB478.6 million for the Previous Period to RMB421.0 million for the Period, which was mainly due to decrease in gross revenue from sales of FIT Products resulting from decrease in demand for FIT Products provided by the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Travel-related products and services

#### (i) Sales of package tours

The sales of package tours mainly represented the fees received from customers for the package tours. The Group's package tours can be classified into (i) traditional package tours, which are group tours with standardised itineraries; and (ii) tailor-made tours, which are group tours with non-standardised itineraries and provide freedom for customers to select their preferred mode of transportations, hotels and tourist attractions.

#### Package tours by type

The following table sets forth the breakdown of the revenue from sales of package tours by type for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	Revenue	Percentage	Revenue	Percentage
	RMB'000	of revenue	RMB'000	of revenue
	(Unaudited)	%	(Unaudited)	%
Traditional package tours	120,395	92.2	54,330	83.8
Tailor-made tours	10,131	7.8	10,493	16.2
Total	130,526	100.0	64,823	100.0

The sales of traditional package tours and tailor-made tours contributed 92.2% and 7.8% (Previous Period: 83.8% and 16.2%) of the Group's total sales of package tours for the Period, respectively. The Group's sales of package tours increased by RMB65.7 million or 101.4% from RMB64.8 million for the Previous Period to RMB130.5 million for the Period, which was mainly due to the recovery of the tourism industry which led to increase in demand for package tours during the Period.

#### (ii) Gross revenue from sales of FIT Products

Gross revenue from sales of FIT products of air tickets and hotel accommodations to customers which were recorded on a gross basis. The Group's gross income from sales of FIT Products decreased by RMB122.5 million or 30.9% from RMB396.2 million for the Previous Period to RMB273.6 million for the Period, which was mainly due to decrease in demand for the FIT Products provided by the Group as a principal role during the Period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### (iii) Margin income from sales of FIT Products

FIT Products mainly include air tickets, hotel accommodation and a combination of both. The Group's margin income from sales of FIT Products is recognised on a net basis, being the sales invoice amount of the FIT Products netted off against the associated direct costs, as the Group render services as an agent, whereby the Group is only responsible for arranging the booking of FIT Products with no control obtained over the services performed by airline operators, hotel operators and other travel agencies.

#### *FIT Products by type*

The Group's margin income from sales of FIT Products included (i) margin income from sales of air tickets; and (ii) margin income from sales of other FIT Products. The following table sets forth the breakdown of revenue from FIT Products by type for the periods indicated:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Margin income from sales of air tickets	<b>3,454</b>	–
Margin income from sales of other FIT Products	–	42
<b>Total</b>	<b>3,454</b>	42

During the Period, the Group recognised margin income from sales of air tickets of RMB3.5 million (Previous Period: Nil). Margin income from sales of air tickets increased which was mainly due to the increase in number of air tickets sold as a result of increase in demand for travel related products during the Period.

No margin income from sales of other FIT Products was recognised during the Period (Previous Period: RMB42,000).

### (iv) Sales of ancillary travel-related products and services

The Group also offered other ancillary travel-related products and services to the customers. The sales of ancillary travel-related products and services increased by RMB1.9 million from RMB0.4 million for the Previous Period to RMB2.3 million for the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ***Sales of health products***

In 2022, the Group ventured into new business opportunities into nutraceutical market through sales of health products including Nicotinamide MonoNucleotide longevity supplements, liver detoxification supplements and related products so as to address the increasing attention to health and prevention by the consumers. Revenue generated from sales of health products amounted to RMB10.1 million for the Period (Previous Period: 4.7 million) as the business has become more established.

### ***Information system development services***

Information system development services mainly represented the provision of cloud storage services, web hosting services, enterprise mailbox and website development and leasing of equipment including rental of data centres, servers, hard drives, computing machines, mining machines and other storage devices. Revenue from information system development services amounted to RMB0.8 million for the Period (Previous Period: RMB3.9 million).

### ***Finance lease income***

In 2023, the Group launched its new business segment for rental of computing power machines and hardware equipment. The revenue generated from finance lease income amounted to RMB98,000 for the Period (Previous Period: nil).

### ***Sales of information technology products***

Sales of information technology products included sales of computing machines and computer components and storage, such as processors, motherboards, hard drives and server components. No revenue was generated from sales of information technology products during the Period (Previous Period: RMB5.7 million).

### ***Sales of wines***

The Group sold wines together with wine non-fungible token (“**NFT**”). The wine NFT linked to a physical bottle or barrel of wine, which the winemaking information from planting to bottling can be specified on the NFT. No revenue was generated from sales of wines for the Period (Previous Period: 2.8 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cost of sales

The Group's cost of sales mainly represented the (i) costs incurred for sales of FIT Products; and (ii) direct costs incurred for the sales of package tours including land and cruise operation, air ticket and local transportation, hotel accommodation and others. Cost of sales decreased by RMB51.8 million or 11.6% from RMB447.8 million for the Previous Period to RMB396.0 million for the Period, which was mainly due to decrease in cost incurred for sales of FIT Products resulting from decrease in demand for the FIT Products provided by the Group as a principal role during the Period.

### Gross profit and gross profit margin

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by business segment for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	Gross profit/(loss) RMB'000 (Unaudited)	Gross profit/(loss) margin %	Gross profit RMB'000 (Unaudited)	Gross profit margin %
Travel-related products and services				
(i) Package tours				
— Traditional	<b>17,321</b>	<b>14.4</b>	9,410	17.3
— Tailor-made	<b>944</b>	<b>9.3</b>	1,971	18.8
	<b>18,265</b>	<b>14.0</b>	11,381	17.6
(ii) Gross revenue from sales of FIT Products	<b>(329)</b>	<b>(0.1)</b>	13,294	3.4
(iii) Margin income from sales of FIT Products	<b>3,395</b>	<b>98.3</b>	7	16.7
(iv) Ancillary travel-related products and services	<b>1,462</b>	<b>62.9</b>	104	25.2
	<b>22,793</b>	<b>10.7</b>	24,786	5.4
Sales of health products	<b>1,350</b>	<b>13.3</b>	840	17.8
Information system development services	<b>775</b>	<b>97.2</b>	2,801	72.3
Finance lease income	<b>98</b>	<b>100</b>	—	—
Sales of information technology products	—	—	2,240	39.1
Sales of wines	—	—	99	3.5
Total	<b>25,016</b>	<b>5.9</b>	30,766	6.4

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded gross profit of RMB25.0 million and RMB30.8 million, representing gross profit margin of 5.9% and 6.4%, for the Period and the Previous Period, respectively. The decrease in the overall gross profit was mainly due to decrease in gross profit from provision of information system development services and sales of information technology products as a result of intense competition.

The overall gross profit margin decreased from 6.4% for the Previous Period to 5.9% for the Period, which was mainly attributable to the changes in the Group's product and service mix. The gross profits from provision of information system development services and sales of information technology products decreased during the Period, which had relatively higher profit margin compared to other business segments.

The overall gross profit margin of package tours decreased by 3.6 percentage points from 17.6% for the Previous Period to 14.0% for the Period was mainly due to the fact that more discounts was offered to tour packages to attract customers.

### Other income and gains

Other income and gains mainly represented compensation income, government grants and bank interest income. The amount remain relatively stable from RMB19.7 million for the Previous Period to RMB19.0 million for the Period.

### Selling and distribution expenses

Selling and distribution expenses mainly consisted of (i) staff costs from sales department; (ii) advertising and marketing expenses to promote the Group's products and services through various channels such as social networks, magazines and marketing events; (iii) depreciation; and (iv) office and utility expenses for our tourism square, retail branches and sales office.

The Group's selling and distribution expenses increased by RMB4.6 million or 62.7% from RMB7.4 million for the Previous Period to RMB12.0 million for the Period mainly attributable to the increase in staff costs by RMB4.4 million as a result of the increase in headcount due to the expansion of our core services network from Zhejiang Province to nationwide.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative expenses

The Group's administrative expenses mainly consisted of (i) staff costs of administrative departments; (ii) office and utility expenses for the Group's offices; (iii) depreciation; (iv) transaction fee representing processing fee paid to payment platforms for transactions; (v) legal and professional fee; and (vi) other administrative expenses.

Administrative expenses increased by RMB4.8 million or 24.6% during the Period was mainly due to (i) the increase in staff costs by RMB1.9 million as a result of headcount increment for research and development and administration department due to the expansion of our core services network from Zhejiang Province to nationwide; (ii) increase in depreciation by RMB1.7 million due to addition of property, plant and equipment for the Period; and (iii) increase in rental expenses by RMB0.7 million.

### Finance costs

The Group's finance costs remain relatively stable from RMB5.6 million for the Previous Period to RMB5.0 million for the Period.

### Other expenses

The Group's other expenses remain relatively stable from RMB0.9 million for the Previous Period to RMB1.0 million for the Period.

### Income tax credit/(expenses)

Income tax credit amounted to RMB17,000 for the Period (Previous Period: income tax expense of RMB23,000).

### (Loss)/profit for the Period attributable to the owners of the Company

As a result of the foregoing, the Group recorded loss for the period attributable to the owners of the Company of RMB14.8 million for the Period (Previous Period: profit of RMB11.2 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Prepayments, deposits and other receivables

The following table sets forth the breakdown of the prepayments, deposits and other receivables at the dates indicated:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>Non-current:</b>		
Rental deposits	<b>473</b>	473
<b>Current:</b>		
Deposit and other receivables, net	<b>40,414</b>	66,410
Prepayments	<b>153,740</b>	67,888
Refund from suppliers	<b>22,002</b>	22,223
	<b>216,156</b>	156,521
	<b>216,629</b>	156,994

The prepayments, deposits and other receivables increased by RMB59.6 million from RMB157.0 million as at 31 December 2023 to RMB216.6 million as at 30 June 2024 primarily due to the increase in prepayment for procurement of air tickets of RMB57.5 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Deposits and other receivables, net**

The following table sets forth the breakdown of deposits and other receivables, net at the dates indicated:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Deposits — procurement of air tickets	<b>3,451</b>	24,824
Deposits — others	<b>8,740</b>	6,250
Commission receivables	<b>9,599</b>	9,045
Refund from suppliers in relation to contract dispute	<b>3,492</b>	2,828
Other receivables	<b>15,132</b>	23,463
	<b>40,414</b>	66,410

The Group's deposits and other receivables, net mainly represented deposits for procurement of air tickets which were paid to airline operators, global distribution system service providers and ticketing agents. The Group's other receivables mainly represented rental deposit and petty cash for the tour escorts and staff.

The decrease in deposits and other receivables, net by RMB26.0 million from RMB66.4 million as at 31 December 2023 to RMB40.4 million as at 30 June 2024, primarily due to the decrease in deposits for procurement of air tickets of RMB21.4 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Prepayments

The following table sets forth the breakdown of the prepayments at the dates indicated:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Travel-related products and services		
— Air tickets	<b>69,919</b>	12,444
— Hotel accommodation, meal and tour guide	<b>47,524</b>	18,838
— Land and cruise operators	<b>550</b>	1,111
	<b>117,993</b>	32,393
Investment projects	<b>17,902</b>	17,776
Health products and wine	<b>10,442</b>	10,012
Research and development expenses	<b>1,643</b>	2,831
Rental expenses for equipment	<b>913</b>	941
Others	<b>4,847</b>	3,935
	<b>153,740</b>	67,888

The Group's prepayments mainly represented prepayments for (i) procurement of air tickets for both of package tours and FIT Products which were required by the Group's air ticket suppliers; (ii) package tours to land operators, cruise holiday packages to cruise operators, hotel reservation, meal and other related expense for package tours and FIT Products that which had not departed as at the end of reporting period and; (iii) procurement for health products and wine.

The increase in prepayments by RMB85.9 million from RMB67.9 million as at 31 December 2023 to RMB153.7 million as at 30 June 2024 was mainly due to increase in procurement of air tickets and hotel accommodation, meal and tour guide.



## MANAGEMENT DISCUSSION AND ANALYSIS

### ***Refund from suppliers***

Refund from suppliers mainly represented prepayments and deposits made which were reclassified to refund from suppliers as such amount would not be used for future procurement from respective air ticket suppliers, land and cruise operators and other suppliers and refundable to the Group.

The Group recorded refund from air ticket suppliers, land and cruise operators and other suppliers of RMB22.2 million and RMB22.0 million as at 31 December 2023 and 30 June 2024, respectively, which remained relatively stable.

### ***Impairment assessment***

The Group performed recoverability assessment on prepayment, deposits and other receivables, including but not limited to information about the strength of the suppliers to make the refund or honour the settlement obligations, under the expected credit loss model upon application of HKFRS 9, provision for impairment loss of RMB18.0 million (Previous Period: reversal of impairment loss of RMB0.4 million) was recognised for the Period. The increase of provision for impairment loss during the Period mainly attributed to the increase in other receivables in relation to the compensation income from Ningbo Zhenhang Business Service Co., Ltd., Zhejiang Feijiada Aviation Service Co., Ltd.\* (浙江飛加達航空服務有限公司) and Hainan Zhenlv International Travel Agency Co., Ltd.\* (海南真旅國際旅行社有限公司) as a result of failure to fulfill the net profit requirement. The Directors will regularly review the recoverability of these deposits and receivables and take follow-up actions as and when appropriate to recover amounts overdue.

## LIQUIDITY AND FINANCIAL REVIEW

As at 30 June 2024, the Group's current assets and current liabilities were RMB491.6 million and RMB480.6 million (31 December 2023: RMB432.9 million and RMB478.8 million), respectively, of which the Group maintained cash and bank balances of RMB86.7 million (31 December 2023: RMB56.5 million) and pledged short-term deposits of RMB3.0 million (31 December 2023: RMB3.0 million). As at 30 June 2024, the Group's current ratio was 1.0 times (31 December 2023: 0.9 times).

The Group's outstanding borrowings as at 30 June 2024 represented bank and other borrowings of RMB243.6 million (31 December 2023: RMB194.9 million) which bore fixed interest rates and denominated in RMB. As at 30 June 2024, all bank and other borrowings are repayable on demand or within one year.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank and other borrowings, lease liabilities, trade payables and advance from customers, other payables and accruals, less cash and cash equivalents and pledged deposits. Total capital represents equity attributable to the owners of the owners of the Company. The Group's gearing ratio remained relatively stable at 84.1% and 84.5% as at 30 June 2024 and 31 December 2023, respectively.

The average turnover days of trade receivables were 80.7 days and 45.6 days for the Period and the Previous Period, respectively. The increase in average turnover days of trade receivables during the Period was mainly due to slower settlement by debtors. The average turnover days of trade payables for the Period decreased to 3.1 days (Previous Period: 32.0 days) as the Group settled the trade payables balance more quickly.

The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in current deposits mostly denominated in RMB and Hong Kong dollars. The Group's liquidity and financing requirements are reviewed regularly.

During the Period, the Group's primary source of funding included, cash generated from operation, and the credit facilities granted by banks in the PRC. The Directors believe that the Group's current cash and bank balances, together with the unutilised banking facilities available, fund raising activities and the expected cash flow from operations, will be sufficient to satisfy its current operational and working capital requirements.

### CAPITAL STRUCTURE

There is no material change in the capital structure of the Company during the Period. The capital of the Company comprises only ordinary shares.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's sales, procurements and operating costs are denominated in RMB, except for certain air tickets from international airline operators which were mainly denominated and settled in HKD and such foreign currency transactions and exposure were not material to our total cost of air tickets as a whole. During the Period, the Group had not entered into any hedging transactions to reduce the exposure to foreign exchange risk, which the Directors consider not material to our Group's financial performance. However, the Group will continue to closely monitor all possible exchange risk arising from the Group's existing operations and new investments in the future and will implement the necessary hedging arrangement(s) to mitigate any significant foreign exchange exposure.

### CHARGE ON ASSETS

As at 30 June 2024 and 31 December 2023, the Group's bank loans are secured by:

- (a) The Group's bank loans are secured by the mortgages over the Group's investment properties situated in Mainland China, which had an aggregate net carrying value of RMB6.6 million and RMB6.6 million as at 31 December 2023 and 30 June 2024, respectively.
- (b) During the Period, the Controlling Shareholders had jointly guaranteed certain of the Group's banking facilities of up to RMB343.2 million (31 December 2023: RMB249.0 million).
- (c) Mr. Zhang Dayi, a director of certain PRC subsidiaries of the Company, and Ms. Zhang Xiaoshan, the spouse of Mr. Zhang Dayi, had jointly guaranteed certain of the Group's banking facilities of up to RMB46.0 million as at 30 June 2024 (31 December 2023: RMB46.0 million).

### CONTINGENT LIABILITIES

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

### EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2024, the total number of employees of the Group was 267 (31 December 2023: 189). Staff costs (including Directors' emoluments) amounted to RMB17.7 million for the Period (Previous Period: RMB11.5 million). Remuneration of the employees includes salary and discretionary bonuses based on the Group's results and individual performance. Retirement benefits schemes and inhouse training programmes are made available to all levels of personnel.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INVESTMENT PROPERTIES

The Group's investment properties contain offices in Mainland China and are leased to third parties under operating leases for rental income. As at 30 June 2024 the Group's investment properties amounted to RMB6.6 million (31 December 2023: RMB6.6 million) and were revalued based on valuations performed by an independent professionally qualified valuer.

### INVESTMENT IN ASSOCIATES

The Group's investments in associates primarily represented by its interest in Ningbo Yinjiang and Zhejiang Ninglv Feiyang Cultural Tourism Development Co., Ltd.\* (浙江寧旅飛揚文旅發展有限公司), which principally engaged in the management and development of tourist attractions. During the Period, the Group recorded share of losses of associates of RMB0.2 million (Previous Period: RMB1.7 million). As disclosed in the announcement of the Company dated 18 June 2020, the Group entered into an investment cooperation agreement dated 18 June 2020, pursuant to which the shareholders of Ningbo Yinjiang agreed to make capital contribution to Ningbo Yinjiang. The main purpose of setting up Ningbo Yinjiang was to capture the demand for local tourist attractions during the COVID-19 pandemic, given the travel restrictions and lockdown measures in place. The Group and the other shareholders of Ningbo Yinjiang believed that local travel would be a viable option during these challenging times and sought to explore business opportunities within the local tourism sector. However, as the COVID-19 pandemic progressed and travel restrictions began to ease, it became evident that consumer preference had shifted towards outbound travel as international destinations reopened. Furthermore, Ningbo Yinjiang originally planned to acquire land use rights from the government for the development of local tourist attractions in Ningbo. As the land allocated by the government was designated for agricultural purposes, Ningbo Yinjiang was required to obtain governmental approval for a change in use to facilitate tourism development. Due to the lengthy process involving multiple levels of authority and the change in relevant government personnel in charge for the application, Ningbo Yinjiang was unable to complete the change of land use or acquire the land use rights from the government as planned. As the cooperation did not proceed as expected, the shareholders of Ningbo Yinjiang decided to discontinue the proposed development of tourist attractions and proceed with the deregistration of Ningbo Yinjiang, and the amount of capital contribution in the sum of RMB56 million made by the Group was returned to the Group during the Period. Ningbo Yinjiang did not commence business operations prior to its deregistration. Upon completion of the deregistration, the Group recognised a gain from deregistration of Ningbo Yinjiang of approximately 0.7 million, mainly due to the reversal of expected credit loss on financial assets at amortised cost previously recognised.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

In April 2024, Zhejiang Feiyang International Travel Group Co., Ltd. ("**Feiyang International**"), a wholly-owned subsidiary of the Company, Anhui Civil Aviation Airport Group Co., Ltd.\* (安徽民航機場集團有限公司) ("**Anhui Airport Group**") and Huangshan Tourism Development Co., Ltd.\* (黃山旅遊發展股份有限公司) ("**Huangshan Tourism Company**") set up a joint venture company, Anhui Feiyang Aviation Operations Development Co., Ltd. (安徽飛揚航空運營發展有限公司) ("**Anhui Feiyang**") in the PRC. The registered capital of Anhui Feiyang is RMB10 million, which is contributed as to 45%, 30% and 25% by Anhui Airport Group, Feiyang International and Huangshan Tourism Company, respectively. Anhui Feiyang is principally engaged in the provision of airport operation related services. It is expected that the joint venture cooperation would open up more flight routes and expand the aviation market, thereby effectively promoting the high-quality development of civil aviation in Huangshan City. For further details, please refer to the announcement of the Company dated 13 May 2024.

In August 2024, Ningbo Yinjiang, one of the associates of the Group, was deregistered. Please refer to "Management Discussion and Analysis — Investment in Associates" in this report for further details.

Save as disclosed in this report, as at 30 June 2024, there were no other significant investments, material acquisitions and disposals by the Company during the Period, nor there was any other future plans for material investments or additions of capital assets at the date of this report.

### SUBSEQUENT EVENTS

On 19 August 2024, Ningbo Yinjiang, one of the associates of the Group, was deregistered. Upon completion of the deregistration, the Group ceased to have any interest in the Ningbo Yinjiang.

Save as disclosed in this report, as at 30 June 2024, there was no other significant event occurred after the end of the Period.

## OTHER INFORMATION

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

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the 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 pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, were as follows:

#### (a) Long Positions in ordinary shares of the Company

*Interests in Shares of the Company*

Name of Director	Nature of interest and capacity	Number of Shares held/ interested	Approximate percentage of shareholding
Mr. He Binfeng ("Mr. He") (Note 1)	Beneficial owner, interest in controlled corporation and interest of spouse	328,954,700	39.5378%
Mr. Shen Yang	Beneficial owner	2,370,000	0.2849%
Mr. Wu Bin ("Mr. Wu") (Note 2)	Interest in controlled corporation	3,468,000	0.4168%

Notes:

- Mr. He (i) directly owned 10,436,000 Shares or approximately 1.2543% of the issued share capital of the Company; (ii) directly owned 100% of each of HHR Group, Michael Group, KVN Holdings and DY Holdings, which in aggregate held 288,654,700 Shares or approximately 34.6941% of the issued share capital of the Company; and (iii) was deemed to own 29,864,000 Shares or approximately 3.5894% of the issued share capital of the Company owned by Ms. Qian Jie ("Ms. Qian"), spouse of Mr. He.
- Mr. Wu directly owned 100% of WB Holdings which held 3,468,000 Shares or approximately 0.4168% of the issued share capital of the Company.

## OTHER INFORMATION

### (b) Long Positions in the associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest and capacity	Number of shares held/ interested	Approximate percentage of shareholding/ equity interest
Mr. He (Notes 1 and 2)	Zhejiang Feiyang International Travel Group Co., Ltd.* (浙江飛揚國際旅遊集團股份有限公司) <b>("Feiyang International")</b>	Beneficial owner; interest in controlled corporation; interest of spouse	44,440,000	95.2830%
	Zhejiang Feiyang Lianchuang Travel Co., Ltd.* (浙江飛揚聯創旅遊有限公司) <b>("Feiyang Lianchuang")</b>	Interest in controlled corporation; interest of spouse	– (Note 2)	95.2830%
	Ningbo Qihang Airplane Ticketing Co., Ltd.* (寧波啟航航空票務有限公司) <b>("Ningbo Qihang")</b>	Interest in controlled corporation; interest of spouse	– (Note 2)	95.2830%
	Zhejiang Feiyang Commercial Management Co., Ltd.* (浙江飛揚商務管理有限公司) <b>("Zhejiang Feiyang Commercial")</b>	Interest in controlled corporation; interest of spouse	– (Note 2)	95.2830%
Mr. Wu (Notes 2 and 3)	Feiyang International	Beneficial owner	440,000	0.9434%
	Feiyang Lianchuang	Interest in controlled corporation	– (Note 2)	0.9434%
	Ningbo Qihang	Interest in controlled corporation	– (Note 2)	0.9434%
	Zhejiang Feiyang Commercial	Interest in controlled corporation	– (Note 2)	0.9434%

## OTHER INFORMATION

Notes:

- (1) Feiyang International is directly owned as to 17.9245% by Mr. He, 1.8868% by Ms. Qian and 75.4717% by Feiyang Management, which is in turn held as to 91.7328% by Mr. He and 8.2672% by Ms. Qian. Mr. He and Ms. Qian are parties acting in concert.
- (2) Each of Feiyang Lianchuang, Zhejiang Feiyang Commercial and Ningbo Qihang is a limited liability company established in the PRC and a wholly-owned subsidiary of Feiyang International.
- (3) Feiyang International is directly owned as to 0.9434% by Mr. Wu.

Save as disclosed above, as at 30 June 2024, 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 and in the paragraph headed "Share Option Scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.



## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the chief executive of the Company, as at 30 June 2024, the following persons (other than a Director or chief executive of the Company) 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 as otherwise recorded in the register required to be kept under section 336 of the SFO:

#### Long Positions in ordinary shares of the Company:

##### *Long Position in the Shares*

Name of Substantial Shareholder	Nature of interest and capacity	Number of Shares held/interested	Approximate percentage of shareholding
Mr. He (Notes 1)	Beneficial owner, interest in controlled corporation and interest of spouse	328,954,700	39.5378%
Ms. Qian (Note 2)	Interest in controlled corporation; interest of spouse	328,954,700	39.5378%
HHR Group (Note 1)	Beneficial owner, interest held jointly with another person	328,574,700	39.4922%
Michael Group (Note 1)	Beneficial owner, interest held jointly with another person	328,574,700	39.4922%
KVN Holdings (Note 1)	Beneficial owner, interest held jointly with another person	328,574,700	39.4922%
DY Holdings (Note 1)	Beneficial owner, interest held jointly with another person	328,574,700	39.4922%
QJ Holdings (Note 2)	Beneficial owner, interest held jointly with another person	328,574,700	39.4922%

## OTHER INFORMATION

Notes:

- (1) Mr. He (i) directly owned 10,436,000 Shares or approximately 1.2543% of the issued share capital of the Company; (ii) directly owned 100% of each of HHR Group, Michael Group, KVN Holdings and DY Holdings, which in aggregate held 288,654,700 Shares or approximately 34.6941% of the issued share capital of the Company; and (iii) was deemed to own 29,864,000 Shares or approximately 3.5894% of the issued share capital of the Company owned by Ms. Qian, spouse of Mr. He.
- (2) Ms. Qian (i) directly owned 100% of QJ Holdings, which held 29,864,000 Shares or approximately 3.5894% of the issued share capital of the Company; and (ii) was deemed to own 299,090,700 Shares or approximately 35.9484% of the issued share capital of the Company owned Mr. He, spouse of Ms. Qian.

As at 30 June 2024, so far as is known to the Directors, other than the Company, no other persons were interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any of the subsidiaries.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any persons (other than Directors or chief executives 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 a share option scheme (the “**Share Option Scheme**”) which was approved and adopted by the shareholders of the Company by way of written resolutions passed on 11 June 2019, the details of which are set out in the prospectus of the Company dated 18 June 2019. No share option has been granted under the Share Option Scheme since its adoption.

## OTHER INFORMATION

### CHANGES IN DIRECTORS' INFORMATION

Subsequent to the date of the 2023 annual report of the Company, the changes in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules up to the date of this report are set out below:

- (i) Mr. Yi Ling has resigned as an independent non-executive Director and a member of the audit committee of the Company (the "**Audit Committee**") and the nomination committee of the Company ("**Nomination Committee**") with effect from 26 August 2024 due to other work arrangement. Mr. Yi confirms that he has no disagreement with the Board and that there are no matters in respect of his resignation that needs to be brought to the attention of the shareholders of the Company and the Stock Exchange; and
- (ii) Ms. Yuan Shaoying has been appointed as an independent non-executive Director and a member of each of the Audit Committee and the Nomination Committee with effect from 26 August 2024.

### AUDIT COMMITTEE

As at the date of this report, the Audit Committee has three members comprising three independent non-executive Directors, namely Ms. Zhao Caihong (Chairlady), Mr. Li Huamin and Mr. Yuan Shaoying. None of them are members of the former or existing auditors of the Company. The Board considers that the Audit Committee has extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, to review and monitor financial reporting and the judgment contained therein; to review financial and internal controls, accounting policies and practices with management and external auditors; and to review the Company's compliance with the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters, and the Company's policies and practices on corporate governance. The Audit Committee has also reviewed and discussed with the management the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024.

## OTHER INFORMATION

### COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to maintaining a high standard of corporate governance which is reviewed and strengthened from time to time. The Company's corporate governance practices are based on principles and code provisions as set out in the CG Code and Corporate Governance Report contained in Appendix C1 to the Listing Rules. Except for the deviation from provision C.2.1 of the CG Code, the Company's corporate governance practices have complied with the CG Code during the Period.

Provision C.2.1 of the CG Code stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. He is the chairman and the chief executive officer of the Company. Since Mr. He has been operating and managing Feiyang International, the main operating subsidiary of the Company since its establishment and due to his familiarity with the operations of the Group, the Board is of the view that it is in the best interest of the Group to have Mr. He taking up both roles for effective management and business development of the Group following the Listing and Mr. He will provide a strong and consistent leadership to the Group. This arrangement ensures a more effective and efficient overall strategic planning of the Group as this structure enables the Company to make and implement decisions promptly and effectively. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three independent non-executive Directors. The independent non-executive Directors are able to retain independence of character and judgment and are able to express their views without any constraint. In addition, the Board also consists of five other executive Directors who are familiar with the day-to-day business of the Company. The Company will consult the Board for any major decisions. Therefore, the Board considers that the balance of power and authority of the present arrangement with the Board and the independent non-executive Directors will not be impaired because such arrangement would not result in excessive concentration of power in one individual which could adversely affect the interest of minority Shareholders. As such, the deviation from provision C.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the Period.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the Period (Previous Period: Nil).

### COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

During the Period, the Group has complied with the contractual arrangements as disclosed in the section headed “Contractual Arrangements” in the Prospectus (the “**Contractual Arrangements**”) and the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (“**FIL**”) and its accompanying explanatory notes. The Group will continue to monitor the latest development of the FIL and its accompanying explanatory notes and provide timely updates of the latest regulatory development.

During the Period, there is no material change regarding the Structured Contracts and the Contractual Arrangements.

According to the Provisions on the Administration of Foreign-funded Telecommunications Enterprises (2016 Revision) (《外商投資電信企業管理規定(2016修訂)》), foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “**Qualification Requirements**”).

## OTHER INFORMATION

### Efforts and Actions Undertaken to Comply with the Qualification Requirements

The Group has committed and will continue to commit financial and other resources and implement all necessary steps to meet the Qualification Requirements, for instance:

- (i) Feiyang HK Group Limited ("**Feiyang HK**") was incorporated in Hong Kong in November 2018 for the purposes of establishing and expanding the Group's operations in Hong Kong;
- (ii) the Group has applied for the registration of a number of trademarks in Hong Kong and have successfully registered a number of them;
- (iii) Feiyang HK has applied for a number of domain names and intends to set up a website primarily for introducing and promoting our business in Hong Kong;
- (iv) the Group has been conducting market research on the tourism industry in Hong Kong and liaising with various advisers for establishment of travel agency operations in Hong Kong; and
- (v) Feiyang HK obtained the Travel Agents Licence in Hong Kong in August 2023 for the purposes of establishing the Group's travel agency operations in Hong Kong.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

### FORWARD LOOKING STATEMENTS

This report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

## OTHER INFORMATION

### APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

By Order of the Board  
**Feiyang International Holdings Group Limited**  
**He Binfeng**  
*Chairman, executive Director and chief executive officer*

Ningbo, the PRC, 28 August 2024

\* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails.*

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