



途屹控股

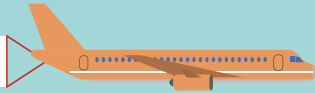
TU YI HOLDING COMPANY LIMITED

途屹控股有限公司

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

(Stock code: 1701)

日本觀光



INTERIM REPORT 2019

# CONTENTS

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	<i>Pages</i>
Corporate Information	2
Group Financial Highlights	4
Management Discussion and Analysis	5
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	14
Condensed Consolidated Statement of Cash Flows	15
Notes to the Condensed Consolidated Financial Statements	16
Corporate Governance and Other Information	34



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Yu Dingxin (*Chairman*)  
Mr. Pan Wei  
Mr. Xu Jiong  
Mr. An Jiajin  
Mr. Peng Ying  
Ms. Qiu Xiang

### Independent Non-executive Directors

Mr. Gu Jiong  
Mr. Zhao Jianbo  
Ms. Zhou Li

## AUDIT COMMITTEE

Mr. Gu Jiong (*Chairman*)  
Mr. Zhao Jianbo  
Ms. Zhao Li

## REMUNERATION COMMITTEE

Ms. Zhou Li (*Chairman*)  
Mr. Zhao Jianbo  
Mr. Yu Dingxin

## NOMINATION COMMITTEE

Mr. Yu Dingxin (*Chairman*)  
Mr. Zhao Jianbo  
Ms. Zhou Li

## COMPANY SECRETARY

Ms. Yeung Josephine Yan

## AUTHORIZED REPRESENTATIVES

Ms. Qiu Xiang  
Ms. Yeung Josephine Yan

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

13/F  
Wah Yuen Building  
149 Queen's Road Central  
Hong Kong

## INDEPENDENT AUDITORS

Ernst & Young

## LEGAL ADVISORS

Jingtian & Gongcheng LLP

## COMPLIANCE ADVISER

Innovax Capital Limited

## **PRINCIPAL BANKERS**

China Merchants Bank (Fengqi Branch)  
Shizuoka Bank (Yamanashi Branch)

## **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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

## **HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE**

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

## **WEBSITE**

<http://www.tuyigroup.com>

## **STOCK CODE**

1701

## GROUP FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change in %
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	
Revenue	<b>117,916</b>	88,026	+34.0%
Gross profit	<b>36,951</b>	17,367	+112.6%
Profit/(loss) for the Period attributable to owners of the parent	<b>11,179</b>	(5,907) <sup>(1)</sup>	N/A
Adjusted profit for the Period attributable to owners of the parent after excluding listing expenses	<b>19,026</b>	5,605 <sup>(1)</sup>	+239.3% <sup>(2)</sup>

*Notes:*

<sup>(1)</sup> For the six months ended 30 June 2018, the loss attributable to owners of the parent amounted to RMB5.9 million, which was mainly resulted from the recognition of listing expenses of RMB11.5 million. Excluding the listing expenses, the adjusted profit attributable to owners of the parent amounted to RMB5.6 million.

<sup>(2)</sup> For the six months ended 30 June 2019 (the "Period"), the Group's adjusted profit increased by RMB13.4 million or 239.3% as compared to the corresponding period in 2018, which was mainly driven by the increase in revenue and gross profit.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

Tu Yi Holding Company Limited (“Tu Yi” or the “Company”) and its subsidiaries (collectively the “Group”) is a well-established and active outbound travel products and service provider in the People’s Republic of China (the “PRC”), with a particular focus in Japan bound package tours and day tours, and related free and independent traveler products (the “FIT Products”). During the Period, the Group is principally engaged in the followings:

- the design, development and sales of outbound travel package tours and day tours;
- the design, development and sales of FIT Products. The Group’s FIT Products include flight-only booking, hotel-only booking and flight-plus-travel packages;
- the provision of visa application processing services, including but not limited to, issuance of letters of invitation;
- the provision of other ancillary travel-related products and services such as stand-alone issuance of letters of invitation, car-rental services, airport transportation, railway tickets and pocket Wi-Fi rental, etc.; and
- the operation of self-owned Shuzenji Onsen Hotel Takitei (the “Shizuoka Hotel”) and Hotel Comfact (the “Tokyo Hotel”) in Japan (collectively, the “Hotel Operation”).

For the Period, the Group recorded a net profit attributable to owners of the Company of RMB11.2 million, which is a turnaround from a net loss of RMB5.9 million for the six months ended 30 June 2018. The turnaround was mainly driven by the following factors:

- i. an increase in sales and gross profit of the package tours and day tours;
- ii. an increase in revenue and gross profit from the Hotel Operation; and
- iii. an increase in margin income from the provision of visa application services and sales of FIT Products.

The Group’s revenue and gross profit from various operating segments for the periods are set out as follows:

	For the six months ended 30 June							
	2019				2018			
	Revenue RMB’000	Percentage of revenue %	Gross profit RMB’000	Gross profit margin %	Revenue RMB’000	Percentage of revenue %	Gross profit RMB’000	Gross profit margin %
Sales of package tours and day tours	87,741	74.4%	14,784	16.9%	73,185	83.1%	6,630	9.0%
Hotel Operation	16,034	13.6%	8,236	51.3%	5,601	6.4%	1,732	30.4%
Margin income from the provision of visa application processing services	6,570	5.6%	6,570	N/A <sup>(Note)</sup>	3,997	4.5%	3,997	N/A <sup>(Note)</sup>
Margin income from sales of FIT Products	6,133	5.2%	6,133	N/A <sup>(Note)</sup>	4,565	5.2%	4,565	N/A <sup>(Note)</sup>
Other income from the provision of ancillary travel-related products and provision of services	1,438	1.2%	1,228	85.7%	678	0.8%	443	64.7%
	<b>117,916</b>	<b>100.0%</b>	<b>36,951</b>	<b>31.4%</b>	<b>88,026</b>	<b>100.0%</b>	<b>17,367</b>	<b>19.8%</b>

Note: The calculation of gross profit margin is not applicable for our margin income from the provision of visa application processing service and margin income from sales of FIT Products because the respective revenue is recognised on a net basis.

## Sales of package tours and day tours

Revenue from sales of package tours and day tours mainly represents the fee received from customers for the package tours and day tours. During the Period, we primarily provided package tours and day tours bound to Japan. The main source of the Group's revenue was derived from the sales of package tours and day tours, which contributed 74.4% (six months ended 30 June 2018: 83.1%) to the total revenue of the Group during the Period.

The following table sets forth a breakdown of sales of package tours and day tours by destinations:

	For the six months ended 30 June							
	2019				2018			
	Revenue RMB'000	Percentage of revenue %	Gross profit RMB'000	Gross profit margin %	Revenue RMB'000	Percentage of revenue %	Gross profit RMB'000	Gross profit margin %
Sales of package tours								
Japan								
– Package	56,944	64.9%	6,272	11.1%	48,093	65.7%	1,967	4.2%
– Commissions	2,819	3.2%	2,626	92.8%	3,274	4.5%	3,072	93.9%
	<b>59,763</b>	<b>68.1%</b>	<b>8,898</b>		51,367	70.2%	5,039	
Australia & New Zealand	1,614	1.8%	166	10.6%	6,033	8.2%	397	6.7%
South Korea & Southeast Asia	4,936	5.6%	595	12.2%	13,119	17.9%	697	5.3%
Others	3,911	4.5%	413	10.3%	1,117	1.6%	191	18.2%
	<b>70,224</b>	<b>80.0%</b>	<b>10,072</b>		71,636	97.9%	6,324	
Sales of day tours								
Japan	17,517	20.0%	4,712	26.9%	1,549	2.1%	306	20.0%
	<b>87,741</b>	<b>100.0%</b>	<b>14,784</b>	<b>16.9%</b>	73,185	100.0%	6,630	9.0%

The Group's package tours usually comprise flights, hotel accommodations, meals, transportation, sight-seeing as a bundled package which are accompanied by tour escorts from departure till return to the PRC. The Group's Japan-bound package tours and day tours remain the major sources of the total sales of the Group's package tours and day tours, excluding commissions, it contributed 64.9% and 20.0% (six months ended 30 June 2018: 65.7% and 2.1%) to the total sales of the Group's package tours and day tours, respectively. The increase in sales of the Group's package tours was mainly driven by the increase in sales of the Group's Japan-bound package tours offset by the decrease in sales of Australia & New Zealand and South Korea and Southeast Asia bound package tours. During the Period, the Group continued to streamline its Australia and New Zealand and South Korea and Southeast Asia bound package tours with a lower profit margin and placed more focus on its Japan-bound package tours. Despite the number of travellers of Japan-bound package tours decreased from approximately 9,144 for the six months ended 30 June 2018 to approximately 8,998 for the Period, the average revenue per traveller increased as the Group focused on those Japan bound package tours with a higher price per tour. As a result, gross profit margin of Japan-bound package tours increased from approximately 4.2% for the six months ended 30 June 2018 to approximately 11.1% for the Period.

The Group commenced to develop and manage its day tour products in Japan since March 2017, which mainly target at travellers who are not package tours or FIT Products customers and have purchased air tickets/hotel accommodations separately but wish to participate in local day tours in Japan. The sales of day tours increased significantly from approximately RMB1.5 million for the six months ended 30 June 2018 to approximately RMB17.5 million for the Period. The increase was driven by the increase in the number of tour routes covering major tourist destinations in Japan and the day tour products are getting more and more popular among the PRC tourists. As a result, the number of travellers increased from approximately 5,530 during the six months ended 30 June 2018 to approximately 65,826 for the Period. The gross profit margin also increased from approximately 19.8% for the six months ended 30 June 2018 to approximately 26.9% for the Period.

### **Hotel operation**

The Group's revenue from its Hotel Operation was derived from the Shizuoka Hotel and the Tokyo Hotel, which contributed 13.6% (six months ended 30 June 2018: 6.4%) to the total revenue of the Group during the Period. During the Period, the revenue from its Hotel Operation increased by approximately RMB10.4 million or 185.7% from approximately RMB5.6 million for the six months ended 30 June 2018 to approximately RMB16.0 million for the Period. The significant increase was mainly driven by the commencement of operations of the Tokyo Hotel in October 2018. The Group entered into one-year framework supply agreements with two land operators for a supply of a total of 35 rooms at the Tokyo Hotel per day commencing from January 2019, which represented approximately 39.8% of the Tokyo Hotel's total room supply. The increase in gross profit margin of Hotel Operation from approximately 30.9% for the six months ended 30 June 2018 to approximately 51.4% for the Period was mainly attributable to the Toyko Hotel operating with a higher gross profit margin.

### **Margin income from the provision of visa application processing services**

The Group provided visa processing services to customers and a majority of the margin income was derived from processing visa applications to Japan. The increase in margin income was mainly attributable to the increase in number of applicants from approximately 43,186 for the six months ended 30 June 2018 to approximately 57,873 for the Period.

### **Margin income from sales of FIT Products**

FIT Products mainly comprise air tickets, hotel accommodation and flight-plus-hotel bundled packages. The Group's Japan-bound FIT Products remain the major source of the margin income from sales of FIT Products which contributed 62.0% (six months ended 30 June 2018: 60.6%) to the total margin income from the sales of FIT Products for the Period. The increase in margin income was mainly attributable to the increase in number of travellers for Japan-bound FIT Products from approximately 10,052 for the six months ended 30 June 2018 to approximately 12,022 for the Period.

### **Other income from the provision of ancillary travel-related products and services**

The Group's ancillary travel-related products and services mainly include the issuance of letters of invitation, sales of admission tickets of tourists attractions, local transportation and railway tickets, etc., which aim to provide convenience to travellers. The increase in other income from the provision of ancillary travel-related products and services was mainly driven by the increase in Japan-bound travellers during the Period.



### Prospects

The Group is optimistic about the growth of its overall business and believes that the sales of package tours and day tours bound for Japan will continue to contribute a significant portion of the Group's total revenue in the near future. The Group expected that, the transition of the PRC economy from a planned economy to a more market-oriented economy and the continuous improvement of China-Japan political and diplomatic relations, will continue to have positive impact on the growth of its revenue. The Group also expected that, as the Group's business predominantly focuses on Japan, the recent appreciation of Japanese Yen against Renminbi (unless defined elsewhere) may have an adverse impact on the customers' demand and cost of sales. The Group will continue to apply foreign exchange risk management procedures to manage the Group's exposure to foreign exchange risk in relation to Japanese Yen. The Group will continue to maintain good relationship with various airline operators, hotel operators, ticketing agents and land operators at destination countries, evaluate its development opportunities in sales network and product portfolios to strengthen its competitive advantage and increase its market share, in return, to achieve sustainable growth for the Group in order to bring greater return to its shareholders.

## FINANCIAL REVIEW

### Revenue

The Group's revenue amounted to approximately RMB117.9 million and approximately RMB88.0 million for the Period and the six months ended 30 June 2018, respectively. The increase was mainly due to the increase in (i) sales of package tours and day tours, (ii) income from Hotel Operation, (iii) margin income from the provision of visa application processing services and (iv) margin income from sales of FIT products. Please refer to the discussion on the Group's revenue and gross profit in the sub-section headed "Management Discussion and Analysis – Business Overview" above.

### Cost of sales

The Group's cost of sales amounted to approximately RMB81.0 million and approximately RMB70.7 million for the Period and the six months ended 30 June 2018, respectively. Cost of sales mainly represented land operator, airfare, hotel accommodation, local transportation and Hotel Operation costs. The increase was mainly due to the increase in Hotel Operation income and sales of package tours and day tours for the Period as compared to six months ended 30 June 2018.

### Gross profit and gross profit margin

The Group's gross profit and gross profit margin amounted to approximately RMB37.0 million and 31.4% (six months ended 30 June 2018: approximately RMB17.4 million and 19.8%) for the Period, respectively. The increase in gross profit and gross profit margin was mainly due to the increase in revenue for the Period. Please refer to the discussion on the Group's revenue and gross profit in the sub-section headed "Management Discussion and Analysis – Business Overview" above.

### Selling and distribution expenses

The decrease in the Group's selling and distribution expenses by approximately RMB0.9 million from approximately RMB3.8 million for the six months ended 30 June 2018 to approximately RMB2.9 million for the Period was mainly attributable to the decrease in staff costs and marketing expenses during the Period.

### Administrative expenses

The Group's administrative expenses decreased by approximately RMB2.5 million from approximately RMB18.0 million for the six months ended 30 June 2018 to approximately RMB15.5 million for the Period. The decrease was mainly attributable to the decrease in listing expenses of approximately RMB3.7 million, offset by the increase in administrative staff costs, depreciation and general office expenses by RMB1.2 million as compared to six months ended 30 June 2018.

### Income tax expenses

The Group's increase in income tax expenses by approximately RMB5.9 million was mainly attributable to the significant increase in profit before tax for the Period. During the Period, the effective tax rate was 34.5%.

### Profit/(loss) for the Period attributable to the owners of the Company

As a result of the foregoing, the Group's net profit for the Period attributable to the owners of the Company was approximately RMB11.2 million as compared to the Group's net loss of approximately RMB5.9 million for six months ended 30 June 2018, representing an increase of approximately RMB17.1 million which was mainly driven by (i) an increase in sales and gross profit of the package tours and day tours; (ii) an increase in revenue and gross profit from the Hotel Operation; and (iii) an increase in margin income from the provision of visa application services and sales of FIT Products.

### Other comprehensive income for the Period

Other comprehensive income for the Period represented exchange differences arising on translation to presentation currency of approximately RMB2.5 million as compared to approximately RMB1.5 million for the six months ended 30 June 2018, representing an increase of approximately RMB1.0 million of the exchange gain for the Period.

### Capital Structure, liquidity and financial resources

As at 30 June 2019, the Group's current assets and current liabilities were RMB189.3 million and RMB102.7 million (31 December 2018: RMB68.4 million and RMB93.3 million), respectively. The Group's current ratio was 1.8 (31 December 2018: 0.7). The Group maintained cash and bank balances of approximately RMB50.8 million (31 December 2018: RMB11.3 million) and pledged short-term deposits of RMB1.8 million (31 December 2018: RMB1.8 million). The Group's outstanding borrowings as at 30 June 2019 represented interest-bearing bank borrowings of RMB104.3 million (31 December 2018: RMB111.2 million).

As at 30 June 2019, the Company had 1,000,000,000 ordinary shares in issue. 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 plans to retain an appropriate capital and debt portfolio to ensure that an effective capital structure is maintained during the Period. The Group's liquidity and financing requirements are reviewed regularly. For the details of the cash flow of the Group during the Period, please refer to the condensed consolidated statement of cash flows in this report.

### Gearing ratio

The Group's gearing ratio as of 30 June 2019, which was calculated on the basis of outstanding borrowings as a percentage of equity attributable to equity holders of the Company, was 44.5% (31 December 2018: 92.0%).

### Charge on assets

As at 30 June 2019 and 31 December 2018, the Group's bank loan facilities are secured by:

- (i) the mortgages over the Group's leasehold land and buildings situated in Mainland China, which had aggregate net carrying values of RMB20.3 million (31 December 2018: RMB20.6 million) as at 30 June 2019; and mortgages over the Group's buildings situated in Japan, which had aggregate net carrying values of RMB16.1 million (31 December 2018: RMB16.5 million) as at 30 June 2019;
- (ii) the mortgages over the Group's investment properties situated in the PRC, which had an aggregate net carrying values of RMB20.4 million (31 December 2018: RMB20.3 million) as at 30 June 2019; and
- (iii) the mortgages over the Group's freehold land situated in Japan, which had aggregate net carrying values of RMB49.9 million (31 December 2018: RMB48.4 million) as at 30 June 2019.

### Material acquisition and disposal

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

### Contingent liabilities

As at 30 June 2019 and 31 December 2018, the Group did not have any significant contingent liabilities.

### Foreign currency exchange risk

The Group has transactional currency exposures. The Group's revenue is principally received in RMB, whilst the costs for some of the travel products, such as hotel accommodations and fees paid to land operators, are settled in foreign currencies including Japanese Yen, Australian dollars and New Zealand dollars. At present, the Group does not intend to hedge its exposure to foreign currency exchange fluctuations. However, the board (the "Board") of directors (the "Directors") constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise. In this regard, the Group is not exposed to any significant foreign currency exchange risk in its operations.

### 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 with floating interest rates. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

### INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2019 (for six months ended 30 June 2018: Nil).

### USE OF PROCEEDS

The net proceeds from the listing of shares of the Company (the "Shares") (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of approximately RMB76.5 million (equivalent to approximately HK\$87.0 million), after deducting the underwriting fees, commissions and expenses payable by the Group have been and will be utilised in the same manner, proportion and expected timeframe as set out in the prospectus of the Company dated 18 June 2019 (the "Prospectus") under the section headed "Future Plans and Use of Proceeds". Up to 30 June 2019, we have not utilised any proceeds.

Unutilised proceeds are deposited in licensed bank in Hong Kong.

### SHARE OPTION SCHEME

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

### EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2019, the Group has a total of 144 employees (31 December 2018: 150 employees) based in the PRC and 47 employees (31 December 2018: 52 employees) based in Japan. The Group's employees costs (including the Directors' emoluments) amounted to approximately RMB10.2 million (six months ended 30 June 2018: RMB9.6 million) for the Period. Compensation for the Group's employees typically consists of base salary, performance-based salary and bonus. The Group's employees may also be granted other allowances based on their positions. For different level of employees, different and specific performance evaluation is used. Employees' incentives and bonuses are calculated based on the evaluation results of their individual performance.

Pursuant to the applicable PRC laws and regulations, the Group are required to participate in various employee benefit plans, such as pension funds, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident funds for our employees.

A remuneration committee was established by the Company with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to Directors and senior management of the Group.

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

For the six months ended 30 June 2019

	Notes	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
<b>REVENUE</b>	5	<b>117,916</b>	88,026
Cost of sales		<b>(80,965)</b>	(70,659)
Gross profit		<b>36,951</b>	17,367
Other income and gains	5	<b>685</b>	1,436
Selling and distribution expenses		<b>(2,888)</b>	(3,763)
Administrative expenses		<b>(15,511)</b>	(18,016)
Other expenses		<b>(245)</b>	(1,887)
Finance costs	6	<b>(1,805)</b>	(823)
<b>PROFIT/(LOSS) BEFORE TAX</b>	7	<b>17,187</b>	(5,686)
Income tax expense	8	<b>(5,929)</b>	(278)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>11,258</b>	(5,964)
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		<b>2,459</b>	1,522
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>2,459</b>	1,522
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>13,717</b>	(4,442)
<b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the parent		<b>11,179</b>	(5,907)
Non-controlling interests		<b>79</b>	(57)
		<b>11,258</b>	(5,964)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the parent		<b>13,638</b>	(4,385)
Non-controlling interests		<b>79</b>	(57)
		<b>13,717</b>	(4,442)
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	9		
Basic and diluted (RMB cents)		<b>1.48</b>	(0.79)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2019

	Notes	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		126,159	125,462
Investment properties		20,439	20,334
Right-of-use assets		7,891	–
Freehold land		49,883	48,426
Goodwill		13,686	13,686
Other intangible assets		586	592
Deferred tax assets		60	1,102
<b>Total non-current assets</b>		<b>218,704</b>	209,602
<b>CURRENT ASSETS</b>			
Inventories		1,698	750
Trade receivables	11	38,022	25,387
Prepayments, deposits and other receivables		96,982	28,927
Due from a director		–	185
Pledged short-term deposits		1,766	1,761
Cash and cash equivalents		50,751	11,296
Financial assets at fair value through profit or loss		100	100
<b>Total current assets</b>		<b>189,319</b>	68,406
<b>CURRENT LIABILITIES</b>			
Trade payables	12	20,235	11,813
Advance from customers, other payables and accruals		27,683	22,755
Lease liabilities		1,595	–
Interest-bearing bank borrowings	13	47,841	54,417
Tax payable		5,387	4,305
<b>Total current liabilities</b>		<b>102,741</b>	93,290
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>86,578</b>	(24,884)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>305,282</b>	184,718
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		5,378	4,358
Lease liabilities		6,271	–
Interest-bearing bank borrowings	13	56,443	56,804
<b>Total non-current liabilities</b>		<b>68,092</b>	61,162
<b>Net assets</b>		<b>237,190</b>	123,556
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Issued capital	14	8,797	–
Reserves		225,711	120,953
		<b>234,508</b>	120,953
<b>Non-controlling interests</b>		<b>2,682</b>	2,603
<b>Total equity</b>		<b>237,190</b>	123,556

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the parent									
	Issued capital	Share premium*	Capital reserves*	Statutory surplus reserves*		Retained earnings*	Revaluation reserves*	Foreign currency	Non-controlling interests	Total equity
				translation reserves*	Total					
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	-	-	88,946	2,832	25,043	1,579	(7,214)	111,186	3,171	114,357
Loss for the period	-	-	-	-	(5,907)	-	-	(5,907)	(57)	(5,964)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Exchange differences related to foreign operations	-	-	-	-	-	-	1,522	1,522	-	1,522
Total comprehensive income for the period	-	-	-	-	(5,907)	-	1,522	(4,385)	(57)	(4,442)
De-registration of a subsidiary**	-	-	-	-	-	-	-	-	(663)	(663)
Capital injection from non-controlling shareholders	-	-	21	-	-	-	-	21	20	41
At 30 June 2018	-	-	88,967	2,832	19,136	1,579	(5,692)	106,822	2,471	109,293
At 1 January 2019	-	-	88,967	3,692	31,177	1,579	(4,462)	120,953	2,603	123,556
Profit for the period	-	-	-	-	11,179	-	-	11,179	79	11,258
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Exchange differences related to foreign operations	-	-	-	-	-	-	2,459	2,459	-	2,459
Total comprehensive income for the period	-	-	-	-	11,179	-	2,459	13,638	79	13,717
Issuance of shares for initial public offering	2,199	112,157	-	-	-	-	-	114,356	-	114,356
Capitalisation issue of shares premium	6,598	(6,598)	-	-	-	-	-	-	-	-
Share issue expenses	-	(14,439)	-	-	-	-	-	(14,439)	-	(14,439)
At 30 June 2019	8,797	91,120	88,967	3,692	42,356	1,579	(2,003)	234,508	2,682	237,190

\* This reserve accounts comprise the consolidated reserves of RMB225,711,000 and RMB106,822,000 as at 30 June 2019 and 30 June 2018, respectively.

\*\* On 9 May 2018, Hangzhou Ningce Trading Company Limited, a subsidiary of Tu Yi Group Company Limited, was de-registered pursuant to the written resolutions of its shareholders. The subsidiary had no material business operation before its de-registration.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	<b>2019 (Unaudited) RMB'000</b>	2018 (Unaudited) RMB'000
Net cash flows from/(used in) operating activities	<b>28,239</b>	(7,799)
Net cash flows from/(used in) investing activities	<b>73</b>	(43,176)
Net cash flows from financing activities	<b>11,464</b>	35,594
Net increase/(decrease) in cash and cash equivalents	<b>39,776</b>	(15,381)
Cash and cash equivalents at beginning of period	<b>11,296</b>	28,797
Effect of foreign exchange rate change, net	<b>(321)</b>	771
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>50,751</b>	14,187
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>50,751</b>	14,187



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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## 1. CORPORATE INFORMATION

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

The Company is an investment holding company. During the Period, the Company's subsidiaries were principally involved in (i) the design, development and sales of outbound travel package tours and day tours and day tours; (ii) the design, development and sales of FIT Products; and (iii) the provision of visa application processing service; (iv) the provision of other ancillary travel-related products and services and (v) Hotel Operation. In the opinion of the directors of the Company, the ultimate controlling shareholders of the Company and its subsidiaries is Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong (collectively the "Controlling Shareholders").

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the section headed "History, Reorganisation and Corporate Structure" (the "Reorganisation") in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

The Shares of the Company were listed on the Stock Exchange on 28 June 2019 (the "Listing Date").

## 2. BASIS OF PREPARATION AND PRESENTATION

Pursuant to the Reorganisation of the Group in connection with the listing of Shares, as more fully explained in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group upon the completion of the Reorganisation. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

As the Reorganisation involved inserting new holding companies at the top of an existing company, entering into structured contracts (the "Structured Contracts") and business combinations under common control, that has not resulted in a change of respective voting and beneficial interests, the historical financial information for the Period has been presented as a continuation of the then holding company by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Period.

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 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). These unaudited condensed consolidated interim financial statements do not include all of the information required for full set of financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018 set out in Appendix I "Accountants' Report" to the Prospectus. These 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 interim financial statements are presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements</i> <i>2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

#### **New definition of a lease**

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

#### New definition of a lease (Continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

#### As a lessee – Leases previously classified as operating leases

##### Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of office units and office equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for elective exemption for leases of short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

##### Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. No lease assets recognised previously under finance leases were included.

For the retail shops and office units (that were held to earn rental income) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

#### As a lessee – Leases previously classified as operating leases (Continued)

##### Impacts on transition (Continued)

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	<b>Increase RMB'000 (Unaudited)</b>
Assets	
Increase in right-of-use assets	<b>7,843</b>
Increase in total assets	<b>7,843</b>
Liabilities	
Increase in lease liabilities	<b>7,843</b>
Increase in total liabilities	<b>7,843</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

As a lessee – Leases previously classified as operating leases (Continued)

#### Impacts on transition (Continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
<b>Operating lease commitments as at 31 December 2018</b>	8,232
Weighted average incremental borrowing rate as at 1 January 2019	
– Mainland China	5.64%
– Japan	1.88%
<b>Discounted operating lease commitments as at 1 January 2019</b>	7,872
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(29)
<b>Lease liabilities as at 1 January 2019</b>	<b>7,843</b>

#### Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

#### Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

#### Summary of new accounting policies (Continued)

##### Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

##### Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease equipment for additional terms of one years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

#### Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

#### 30 June 2019 (unaudited)

	Right-of-use assets			
	Office units RMB'000	Office equipment RMB'000	Total RMB'000	Lease liabilities RMB'000
<b>As at 1 January 2019</b>	<b>384</b>	<b>7,459</b>	<b>7,843</b>	<b>7,843</b>
Additions	33	517	550	550
Depreciation expense	(99)	(673)	(772)	–
Interest expense	–	–	–	69
Payments	–	–	–	(866)
Exchange realignments	–	270	270	270
<b>As at 30 June 2019</b>	<b>318</b>	<b>7,573</b>	<b>7,891</b>	<b>7,866</b>

The Group recognised rental expenses from short-term leases of RMB27,000 for the six months ended 30 June 2019.

Except as described above, the application of the other new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years. The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new standard(s), amendments and interpretation(s) will have no material impact on the unaudited condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 4. OPERATING SEGMENT INFORMATION

For management purpose, the Group's businesses include selling of package tours and day tours, and FIT Products, provision of visa application processing service, selling of certain ancillary travel related products and services and hotel operation. Revenue recognised during the Period is as follows:

	For the six months ended 30 June	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Revenue		
Sales of package tours and day tours	<b>87,741</b>	73,185
Margin income from sales of FIT Products	<b>6,133</b>	4,565
Margin income from the provision of visa application processing service	<b>6,570</b>	3,997
Other income from sales of ancillary travel related products and services	<b>1,438</b>	678
Hotel operation income	<b>16,034</b>	5,601
Total	<b>117,916</b>	88,026

The Group's chief operating decision makers are the executive directors of the Company. The information reported to the Company's 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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

### Geographic information

#### (a) Revenue from external customers

	For the six months ended 30 June	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Domestic – Mainland China*	99,063	79,151
Japan#	18,853	8,875
Total	117,916	88,026

\* Place of domicile of the Group's principal subsidiaries.

# Mainly from hotel operation and commission from Japan customers.

The revenue information is based on the locations of the customers. No revenue from the Group's sales to a single customers amounted to 10% or more of the Group's revenue during the six months ended 30 June 2019 and 2018.

#### (b) Non-current assets

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Domestic – Mainland China	42,023	42,335
Japan	176,621	166,165
Total	218,644	208,500

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 5. REVENUE, OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Revenue from contracts with customers	117,916	88,026
Other income		
Bank interest income	78	104
Government grants	109	421
Rental income on properties	346	356
Other interest income from financial assets at fair value through profit or loss	–	82
Others	47	38
	580	1,001
Gains		
Changes in fair value of investment properties	105	368
Foreign exchange gains, net	–	67
	105	435
	685	1,436

### 6. FINANCE COSTS

	For the six months ended 30 June	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Interest on bank borrowings	1,736	1,166
Interest on lease liabilities	69	–
Less: Interest capitalised	–	343
	1,805	823

The rates used to determine the amounts of the borrowing costs eligible for capitalization during the six months ended 30 June 2018 was 1.88%.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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

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

	For the six months ended 30 June	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Cost of services provided	77,390	69,041
Cost of inventories sold	3,575	1,618
Depreciation of property, plant and equipment	2,234	1,124
Depreciation of right-of-use assets	772	–
Amortisation of other intangible assets	24	24
Listing expenses	7,847	11,512
Provision for litigation	–	1,818

### 8. TAX

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.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period.

During the period, pursuant to the rules and regulations Japan, the subsidiaries incorporated in Japan are subjected mainly to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rate for these taxes was 33.6% (six months ended 30 June 2018: 33.8%).

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 RMB 1.0 million of annual taxable income eligible for 75% reduction and the income between RMB 1.0 million and RMB 3.0 million eligible for 50% reduction, the provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of the subsidiaries of Mainland China as determined in accordance with the Corporate Income Tax Law.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 8. TAX (CONTINUED)

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

	For the six months ended 30 June	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Current – Mainland China	3,217	561
Current – Japan	650	75
Deferred	2,062	(358)
Total tax charge for the Period	5,929	278

### 9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amount is based on the profit/(loss) for the Period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the Period.

The basic profit/(loss) per share is calculated as follows:

	For the six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Profit/(loss) attributable to ordinary equity holders of the Company (RMB'000)	11,179	(5,907)
Weighted average number of ordinary shares in issue ('000)	754,144	750,000
Basic profit/(loss) per share (RMB cents)	1.48	(0.79)

The number of ordinary shares used to calculate the basic loss per share for the six months ended 30 June 2018 was based on the 750,000,000 ordinary shares, representing the number of shares immediately after the capitalisation issue, as if the shares had been in issue throughout the six months ended 30 June 2018.

Diluted profit/(loss) per share is the same as the basic profit/(loss) per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2019 and 2018.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 10. INTERIM DIVIDENDS

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2019 (for six months ended 30 June 2018: Nil).

## 11. TRADE RECEIVABLES

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
Trade receivables	<b>38,126</b>	25,491
Impairment	<b>(104)</b>	(104)
	<b>38,022</b>	25,387

The credit terms granted by the Group generally ranged up to three months. The Group seeks to maintain strict control over its outstanding receivables and overdue balances 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 trade receivables as at 30 June 2019 and 31 December 2018, based on the revenue recognition date and net of credit loss allowance, is as follows:

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
1 to 30 days	<b>24,877</b>	22,472
31 to 90 days	<b>5,185</b>	2,623
91 to 180 days	<b>7,930</b>	292
181 to 360 days	<b>30</b>	–
	<b>38,022</b>	25,387

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 11. TRADE RECEIVABLES (CONTINUED)

The movement in provision for impairment of trade receivables is as follows:

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
At beginning of year	<b>(104)</b>	(104)
Impairment losses recognised	–	–
	<b>(104)</b>	(104)

Included in the above provision for impairment of trade receivables were provisions for individually trade receivables of RMB104,000 (31 December 2018: RMB104,000) with carrying amounts before provision of RMB104,000 (31 December 2018: RMB104,000) as at the end of the Period.

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
Neither past due nor impaired	<b>24,877</b>	22,472
Less than 2 months past due	<b>5,185</b>	2,623
Over 3 months past due	<b>7,960</b>	292

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 12. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2019 and 31 December 2018, based on the invoice date, is as follows:

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
1 to 30 days	<b>11,552</b>	8,935
31 to 90 days	<b>4,370</b>	2,460
91 to 180 days	<b>4,034</b>	229
181 to 360 days	<b>98</b>	100
1 to 2 years	<b>181</b>	89
	<b>20,235</b>	11,813

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 13. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>Current</b>				
JPY6,116,000 current portion of long-term unsecured bank loans	1.88	2020	<b>390</b>	–
JPY21,324,000 current portion of long-term secured bank loans	1.88	2020	<b>1,361</b>	–
JPY50,604,000 current portion of long-term secured bank loans	1.88	2020/2019	<b>3,229</b>	3,132
Bank loans – secured	5.22	2019	–	9,000
Bank loans – secured	5.22	2019	–	6,000
Bank loans – secured	5.66	2019	–	4,000
Bank loans – secured	5.66	2019	–	6,000
Bank loans – secured	5.44	2019	–	25,000
Bank loans – unsecured	11.21	2019	–	396
Bank loans – unsecured	13.25	2019	–	389
Bank loans – unsecured	9.13	2019	–	500
Bank loans – secured	5.08	2020	<b>2,700</b>	–
Bank loans – secured	5.08	2020	<b>4,300</b>	–
Bank loans – secured	4.71	2020	<b>25,000</b>	–
Bank loans – secured	4.71	2019	<b>3,000</b>	–
Bank loans – secured	4.71	2019	<b>7,000</b>	–
Bank loans – unsecured	11.21	2019	<b>400</b>	–
Bank loans – unsecured	13.25	2019	<b>250</b>	–
Bank loans – unsecured	0.1	2019	<b>211</b>	–
			<b>47,841</b>	54,417



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 13. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

	Effective interest rate (%)	Maturity	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>Non-current</b>				
JPY236,481,000 (31 December 2018: JPY268,467,000) secured bank loans	1.88	2021	15,092	16,615
JPY624,094,000 (31 December 2018: JPY649,396,000) secured bank loans	1.88	2032	39,827	40,189
JPY23,884,000 unsecured bank loans	1.88	2024	1,524	–
			<b>56,443</b>	56,804
			<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	<b>As at 31 December 2018 RMB'000 (Audited)</b>
Analysed into:				
Bank loans repayable				
– Within one year or on demand			47,841	54,417
– In the second year to fifth year			56,443	56,804
			<b>104,284</b>	111,221

Notes:

- (a) The Group's bank borrowings are secured by:
- mortgages over the Group's leasehold land and buildings situated in Mainland China, which had aggregate net carrying values of RMB20,252,000 (31 December 2018: RMB20,588,000) as at 30 June 2019; and mortgages over the Group's buildings situated in Japan, which had aggregate net carrying values of RMB16,133,000 (31 December 2018: RMB16,529,000) as at 30 June 2019;
  - mortgages over the Group's investment properties situated in Mainland China, which had aggregate net carrying values of RMB20,439,000 (31 December 2018: RMB20,334,000) as at 30 June 2019; and
  - mortgages over the Group's freehold land situated in Japan, which had aggregate carrying values of RMB49,883,000 (31 December 2018: RMB48,426,000) as at 30 June 2019.
- (b) Except for the bank loans amounting to RMB61,423,000 (31 December 2018: RMB59,936,000) as at 30 June 2019, which were denominated in JPY, all borrowings were denominated in RMB.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 14. SHARE CAPITAL

The movements in share capital of the Company are as follows:

	Notes	Number of shares in issue (Unaudited)	Amount HK\$ (Unaudited)
<b>Authorised:</b>			
At 27 February 2018 (date of incorporation), at 31 December 2018 and 1 January 2019 (HK\$0.01 each)	(a)	38,000,000	380,000
Increase in authorised share capital	(b)	1,462,000,000	14,620,000
At 30 June 2019 (HK\$0.01 each)		1,500,000,000	15,000,000
<b>Issued:</b>			
At 27 February 2018 (date of incorporation), at 31 December 2018 and 1 January 2019 (HK\$0.01 each)	(c)	10,000	100
Capitalisation issue of shares	(d)	749,990,000	7,499,900
Issue of Shares	(e)	250,000,000	2,500,000
At 30 June 2019 (HK\$0.01 each)		1,000,000,000	10,000,000

- (a) The Company was incorporated on 27 February 2018 with authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.
- (b) On 1 March 2019, the Company increased its authorised share capital from HK\$380,000 divided into 38,000,000 shares to HK\$15,000,000 divided into 1,500,000,000 shares with a par value of HK\$0.01 each by the creation of an additional 1,462,000,000 shares.
- (c) As at 31 December 2018, the issued share capital of the Company is HK\$100 with 10,000 shares of HK\$0.01 each.
- (d) On 28 June 2019 the Directors were authorised to capitalise an amount of HK\$7,499,900 from the amount standing to the credit of the share premium account of the Company to pay up in full at par 749,990,000 shares for allotment and issue to the persons whose names appear on the register of members of the Company on the date of the written resolutions (or as they may direct) on a pro rata basis.
- (e) In connection with the Company's initial public offering, 250,000,000 shares of HK\$0.01 each were issued at a price of HK\$0.52 per share for a total cash consideration, before expense, of approximately HK\$130,000,000.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2019, 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 pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

#### Long positions in the shares of the Company

Name	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Yu Dingxin <sup>(1)</sup>	Interest in controlled corporation	750,000,000	75%
Mr. Pan Wei <sup>(2)</sup>	Interest in controlled corporation	750,000,000	75%
Mr. Xu Jiong <sup>(3)</sup>	Interest in controlled corporation	750,000,000	75%

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 168,750,000 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 are therefore deemed to be interested in the interests of each other.

Save as disclosed above, as at 30 June 2019, 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 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.

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

So far as the Directors are aware, as at 30 June 2019, the following persons (not being Directors 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Long positions in the shares of the Company:

Name	Nature of interest	Number of Shares	Approximate percentage of shareholding
York Yu Co., Ltd <sup>(1)</sup>	Beneficial owner	418,725,000	41.8725%
David Xu Co., Ltd <sup>(1)</sup>	Beneficial owner	50,025,000	5.0025%
King Pan Co., Ltd <sup>(2)</sup>	Beneficial owner	168,750,000	16.875%
Jeffery Xu Co., Ltd <sup>(3)</sup>	Beneficial owner	112,500,000	11.25%
Mr. Yu Dingxin <sup>(1)</sup>	Interest in controlled corporation	750,000,000	75%
Mr. Pan Wei <sup>(2)</sup>	Interest in controlled corporation	750,000,000	75%
Mr. Xu Jiong <sup>(3)</sup>	Interest in controlled corporation	750,000,000	75%

#### 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 168,750,000 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 are therefore deemed to be interested in the interests of each other.

Save as disclosed above, as at 30 June 2019, 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.

### **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

As at the date of this report, the audit committee of the Company (the “Audit Committee”) has three members comprising three independent non-executive Directors, namely Mr. Gu Jiong (Chairman), Mr. Zhao Jianbo and Ms. Zhou Li. 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 and Corporate Governance Report (“CG Code”) contained in Appendix 14 to the Listing Rules (the “Code Provisions”).

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group, auditing, internal controls and financial reporting matters, and the Company’s policies and practices on corporate governance. The Audit Committee has reviewed and discussed with the management the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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 has complied with the principles and Code Provisions as set out in the CG Code. The Board is of the view that the Company’s corporate governance practices have complied with the Code Provisions set out in the CG Code throughout the Period.

### **COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS**

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

### **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 from the Listing Date to the date of this report.

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

### PRINCIPAL RISKS AND UNCERTAINTIES

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

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

### 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.

### PUBLICATION OF INFORMATION ON THE EXCHANGE'S WEBSITE

The interim results announcement and interim report of the Company for the six months ended 30 June 2019 containing all the information required by the Listing Rules will be despatched to the shareholders and published on the website of the Stock Exchange at [www.hkexnews.com.hk](http://www.hkexnews.com.hk) and the website of the Company at [www.tuyigroup.com](http://www.tuyigroup.com) in due course.

### 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  
**Tu Yi Holding Company Limited**  
**Yu Dingxin**  
*Chairman and executive Director*

The PRC, 26 August 2019

*As at the date of this report, the Board comprises Mr. Yu Dingxin (chairman), Mr. Pan Wei, Mr. Xu Jiong, Mr. An Jiajin, Mr. Peng Ying and Ms. Qiu Xiang as executive Directors; and Mr. Gu Jiong, Mr. Zhao Jianbo and Ms. Zhou Li as independent non-executive Directors.*