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途屹控股

TU YI HOLDING COMPANY LIMITED

途屹控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1701)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Tu Yi Holding Company Limited (the “**Company**”) wishes to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (the “**Period Under Review**”).

FINANCIAL HIGHLIGHTS

	For the six months ended		Period-on- period change (%)
	2021	2020	
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	9,708	22,020	-55.9%
Gross profit	1,956	3,297	-40.7%
Net loss attributable to shareholders	(11,934)	(13,853)	-13.2%
Gross profit margin (%)	20.1%	15.0%	5.1%
Loss per share – Basic (RMB)	(1.19) fens	(1.39) fens	-14.4%
	As at	As at 31	Period-on- period
	30 June	December	change (%)
	2021	2020	
Current ratio (%)	139.8%	151.0%	-11.2%
Gearing (%)	33.2%	33.4%	-0.2%

MANAGEMENT DISCUSSION AND ANALYSIS

As mentioned in the Company annual report for the year ended 31 December 2020, following the notices issued by the General Office of the Ministry of Culture and Tourism (文化和旅遊部辦公廳) dated 24 January 2020 and the Hangzhou Municipal Bureau of Culture, Radio, TV and Tourism (杭州市文化廣電旅遊局) dated 25 January 2020, which required the tourism and hospitality industry (the “**Industry**”) in the People’s Republic of China (“**PRC**”) to suspend all packaged tours and free independent traveller products (the “**FIT Products**”), the Group has suspended its sales of outbound packaged tours and outbound FIT products since January 2020 and up to the date of this announcement. Despite this unprecedented period, during the Period Under Review, the Group managed to broaden its revenue stream by enhancing its online Duty-free Shop Business and the revenue of the online Duty-free Shop Business increased by approximately 48.6% as compared to that of the corresponding period in 2020. The overall revenue of the Group decreased to approximately RMB9.7 million, representing a decrease of approximately 55.9% as compared to that of the corresponding period in 2020, and the net loss attributable to shareholders amounted to approximately RMB12.0 million, representing a decrease of approximately 13.2%. In view of the net loss the Group made during the Period Under Review, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

BUSINESS REVIEW AND PROSPECTS

In view of the uncertainty as to the development of the novel coronavirus global pandemic (the “**COVID-19 Pandemic**”) and the market conditions of the Industry, the Group has been putting its focus on the online Duty-free Shop Business – the online Japanese-lifestyle-oriented cross-border Duty-free Shop business with associated mobile phone application (the “**App**”), mini-application in WeChat and website under the brand “**Direct Courier from Shop Manager**” (“**店長直郵**”). During the Period Under Review, the Group has enhanced the online Duty-free Shop Business through 1) upgrading the IT platform of the online Duty-free Shop Business with additional functions like live-streaming, group purchasing, limited-time purchasing and mini-games to increase the interaction with customers; 2) increasing product spectrum and number of products through cooperation with more local Japanese businesses; and 3) developing products under the Group’s own brand name to increase the profit margins. In the first half of 2021, the Group completed the development of a facial mask, which is now under the process of import custom clearance filing and application. In the second half of 2021, to further promote the online Duty-free Shop Business, the Group has been working with a number of projects with various parties, including but not limited to, on line promotion activities in certain live-streaming platforms and payment processing platforms, off line promotion in shopping malls, cooperation with banks, companies and group-purchasing platforms etc. and the Group expects the revenue from the online Duty-free Shop Business to further increase at a faster pace in the second half of 2021.

Besides, the Group has implemented a number of measures for the purpose of controlling its operating costs and maintaining a stable and sustainable level of liquidity and working capital. During the Period Under Review, administrative expenses decreased by approximately 40.1% to approximately RMB7.8 million, and gearing ratio was approximately 33.2%, maintaining a comparable level compared to that of the corresponding period in 2020.

FINANCIAL REVIEW

Revenue and gross profit margin

The breakdown by business segment in terms of revenue, average revenue per traveller (“ART”) and gross profit margin during the periods under review is set forth below:

	For the six months ended 30 June 2021				For the six months ended 30 June 2020			
	Revenue <i>RMB'000</i>	ART <i>RMB</i>	% of revenue	Gross profit margin %	Revenue <i>RMB'000</i>	ART <i>RMB</i>	% of revenue	Gross profit margin %
Sales of package tours								
– Japan	-	-	-%	-%	2,534	5,836	11.4%	1.1%
– other than Japan	733	4,442	7.6%	4.0%	496	9,429	2.1%	5.0%
Sales of day tours – Japan	-	-	-%	-%	8,466	255	38.5%	5.2%
Margin income from sales of FIT Products (net basis)								
– Japan	-	-	-%	N/A	386	210	1.9%	N/A
– other than Japan	94	1	1.1%	N/A	10	5	0.0%	N/A
Margin income from the provision of visa application processing service (net basis)	-	-	0%	N/A	188	56	0.8%	N/A
Hotel Operation – Japan	165	300	1.7%	-20.0%	4,069	334	18.6%	-15.8%
Duty-free Shop Business – Japan	8,707	N/A	89.5%	22.1%	5,858	N/A	26.7%	50.9%
Other income from sales of ancillary travel related products and provision of services	9	N/A	0.1%	N/A	13	N/A	0.0%	N/A
	<u>9,708</u>		<u>100.0%</u>	20.1%	<u>22,020</u>		<u>100.0%</u>	15.0%

Sales of package tours, sales of day tours and Margin income from sales of FIT Products (net basis)

The Group’s package tours generally comprises flights, hotel accommodations, meals, transportation and sight-seeing as a bundled package and are accompanied by tour escorts from departure till return to the PRC, and they range from standardised package tours to tailor-made and customised tours for customers with specific requirements. The Group’s day tour products generally consist of day tours ranging from one day to six days, which mainly target travellers who are neither package tours nor the FIT Product customers and have purchased air tickets/hotel accommodations separately, but wish to participate in local day tours in Japan. The FIT Products mainly comprise air tickets, hotel accommodation and flight-plus-hotel bundled packages.

Following the notices issued by the General Office of the Ministry of Culture and Tourism (文化和旅遊部辦公廳) dated 24 January 2020 and the Hangzhou Municipal Bureau of Culture, Radio, TV and Tourism (杭州市文化廣電旅遊局) dated 25 January 2020, the Group suspended all outbound package tours and outbound FIT Products.

Duty-free Shop Business

The revenue of the Duty-free Shop Business grew significantly by approximately 48.6% during the Period Under Review as compared to that of the corresponding period in 2020 as the Group enhanced the online Duty-free Shop Business through: 1) upgrading the IT platform of the online Duty-free Shop Business with additional functions like live-streaming, group purchasing, limited-time purchasing and mini-games to increase the interaction with customers; 2) increasing product spectrum and number of products through cooperation with more local Japanese businesses; and 3) developing products under the Group's own brand name to increase the profit margins.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 36.8% for the six months period ended 30 June 2021 as compared to that of the corresponding period in 2020 as the Group enhanced its effort in promoting the online Duty-free Shop Business.

Administrative expenses

The Group's administrative expenses decreased by approximately 40.1% as compared to that of the corresponding period in 2020 to approximately RMB7.8 million in the first half of 2021, as the Group has implemented a number of measures for the purpose of controlling its operating costs and maintaining a stable and sustainable level of liquidity and working capital.

CONDENSED CONSOLIDATED STATEMENT OF FINANCE POSITION*At 30 June 2021 – unaudited*

		30 June	31 December
		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		111,756	120,815
Investment properties		20,594	20,594
Freehold land		45,815	49,445
Right-of-use assets		12,445	13,625
Goodwill		–	54
Other intangible assets		558	619
Equity investments designated at fair value through other comprehensive income	<i>11</i>	12,273	7,995
Investment in an associate		4,066	4,053
Deferred tax assets		12,070	10,258
Total non-current assets		219,577	227,458
CURRENT ASSETS			
Inventories	<i>12</i>	4,215	4,158
Trade receivables	<i>13</i>	171	1,834
Prepayments, other receivables and other assets		10,295	8,835
Financial assets at fair value through profit or loss	<i>14</i>	17,777	3,021
Pledged short-term deposits	<i>15</i>	250	320
Cash and cash equivalents	<i>15</i>	21,116	44,024
Total current assets		53,824	62,192
CURRENT LIABILITIES			
Trade payables	<i>16</i>	789	783
Advance from customers, other payables and accruals		9,707	8,397
Lease liabilities		303	1,413
Interest-bearing bank borrowings	<i>17</i>	26,131	29,006
Tax payable		1,583	1,593
Total current liabilities		38,513	41,192
NET CURRENT ASSETS		15,311	21,000
TOTAL ASSETS LESS CURRENT LIABILITIES		234,888	248,458

		30 June	31 December
		2021	2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	<i>17</i>	36,694	38,166
Lease liabilities		4,045	4,476
Deferred tax liabilities		4,806	4,588
		<u> </u>	<u> </u>
Total non-current liabilities		45,545	47,230
		<u> </u>	<u> </u>
Net assets		189,343	201,228
		<u> </u>	<u> </u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	<i>18</i>	8,797	8,797
Reserves		178,566	190,354
		<u> </u>	<u> </u>
		187,363	199,151
Non-controlling interests		1,980	2,077
		<u> </u>	<u> </u>
Total equity		189,343	201,228
		<u> </u>	<u> </u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021 – unaudited

		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
REVENUE	5	9,708	22,020
Cost of sales	7	<u>(7,752)</u>	<u>(18,723)</u>
Gross profit		1,956	3,297
Other income and gains	5	1,809	1,839
Selling and distribution expenses		(4,479)	(3,275)
Administrative expenses		(7,804)	(13,187)
Other expenses		(4,630)	(4,802)
Finance costs	6	<u>(753)</u>	<u>(604)</u>
LOSS BEFORE TAX	7	(13,901)	(16,732)
Income tax credit	8	<u>1,870</u>	<u>2,859</u>
LOSS FOR THE PERIOD		<u>(12,031)</u>	<u>(13,873)</u>
Attributable to:			
Equity holders of the parent		(11,934)	(13,853)
Non-controlling interests		<u>(97)</u>	<u>(20)</u>
		<u>(12,031)</u>	<u>(13,873)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted	9	<u>(1.19) fens</u>	<u>(1.39) fens</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021 – unaudited

		Six months ended 30 June	
		2021	2020
	Notes	RMB'000	RMB'000
Net cash flows in respect of operating activities		404	(11,663)
Net cash flows in respect of investing activities		(20,908)	5,195
Net cash flows in respect of financing activities		<u>(1,865)</u>	<u>(19,755)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(22,369)	(26,223)
Effect of foreign exchange rate changes, net		(539)	1,187
Cash and cash equivalents at beginning of period		<u>44,024</u>	<u>56,113</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	<u><u>21,116</u></u>	<u><u>31,077</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		<u><u>21,116</u></u>	<u><u>31,077</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 – unaudited

	Attributable to equity shareholders of the company											
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Revaluation reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Difference arising from acquisition of non-controlling interests <i>RMB'000</i>	Fair value reverse of financial assets at fair value through other comprehensive loss <i>RMB'000</i>	Retained profits/ (Accumulated losses) <i>RMB'000</i>	Total <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at 1 January 2021	8,797	91,120	88,967	6,482	1,579	(6,064)	(19)	(420)	8,709	199,151	2,077	201,228
Changes in equity for the six months ended 30 June 2021:												
Profit for the period	-	-	-	-	-	-	-	-	(11,934)	(11,934)	(97)	(12,031)
Other comprehensive income	-	-	-	-	-	(4,226)	-	4,372	-	146	-	146
Total comprehensive income	-	-	-	-	-	(4,226)	-	4,372	(11,934)	(11,788)	(97)	(11,885)
Balance at 30 June 2021	<u>8,797</u>	<u>91,120</u>	<u>88,967</u>	<u>6,482</u>	<u>1,579</u>	<u>(10,290)</u>	<u>(19)</u>	<u>3,952</u>	<u>(3,225)</u>	<u>187,363</u>	<u>1,980</u>	<u>189,343</u>
At 1 January 2020	8,797	91,120	88,967	6,482	1,579	(476)	(19)	-	54,001	250,451	2,201	252,652
Loss for the period	-	-	-	-	-	-	-	-	(13,853)	(13,853)	(20)	(13,873)
Other comprehensive income for the period – Exchange differences	-	-	-	-	-	2,905	-	-	-	2,905	-	2,905
Total comprehensive income for the period	-	-	-	-	-	2,905	-	-	(13,853)	(10,948)	(20)	(10,968)
At 30 June 2020	<u>8,797</u>	<u>91,120</u>	<u>88,967</u>	<u>6,482</u>	<u>1,579</u>	<u>2,429</u>	<u>(19)</u>	<u>-</u>	<u>40,148</u>	<u>239,503</u>	<u>2,181</u>	<u>241,684</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company is a limited liability 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 Company and its subsidiaries (the “**Group**”) was principally engaged in: (i) the design, development and sales of outbound travel package tours and day tours; (ii) the design, development and sales of free independent traveller products (the “**FIT Products**”); and (iii) the provision of visa application processing service; (iv) the sales of duty-free goods; (v) the provision of other ancillary travel-related products and services; and (vi) the hotel operation. In the opinion of the directors of the Company, the ultimate controlling shareholders of the Company and its subsidiaries are Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong (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 (the “**Listing Date**”).

2 BASIS OF PRESENTATION AND PREPARATION

The Group’s unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Group’s unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020. The accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated. The Group’s unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company.

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 financial statements for the year ended 31 December 2020, 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 9,

HKAS 39 and HKFRS 7

HKFRS 4 and HKFRS 16

Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and the amendment did not have any impact on the financial position and performance of the Group.

4 SEGMENT INFORMATION

For management purpose, the Group did not organise into business units based on their principal activities and services and only has one reportable operating segment. Management monitors the operating results of its operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Information about principal activities and services

Revenue recognised during the Period is as follows:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of package tours and day tours	733	11,496
Margin income from sales of FIT Products	94	396
Margin income from the provision of visa application processing service	–	188
Other income from sales of ancillary travel related products and services	9	13
Income from the Duty-free Shop Business	8,707	5,858
Hotel operation income	165	4,069
	<u>9,708</u>	<u>22,020</u>

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Domestic – Mainland China*	9,543	12,334
Japan [#]	165	9,686
	<u>9,708</u>	<u>22,020</u>

* Place of domicile of the Group's principal subsidiaries

[#] Mainly from hotel operation and commission from customers in Japan

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 2021 and 2020.

(b) Non-current assets

	30 June 2021 RMB'000	31 December 2020 RMB'000
Domestic – Mainland China	45,422	62,954
Japan	149,812	146,251
	<u>195,234</u>	<u>209,205</u>

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

5 REVENUE, OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers	<u>9,708</u>	<u>22,020</u>
Other income		
Bank interest income	4	129
Government grants	895	623
Other interest income from financial assets at fair value through profit or loss	78	241
Interest income from third parties	715	347
Others	117	275
	<u>1,809</u>	<u>1,615</u>
Gains		
Foreign exchange gains, net	–	224
	<u>1,809</u>	<u>1,839</u>

6 FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank borrowings	691	550
Interest on lease liabilities	62	54
	<u>753</u>	<u>604</u>

7 LOSS BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of services provided	772	15,276
Cost of inventories sold	6,980	3,447
Depreciation of property, plant and equipment	2,073	2,359
Depreciation of right-of-use assets	751	1,006
Amortisation of other intangible assets	45	49
	<u>751</u>	<u>49</u>

8 INCOME TAX

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

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

Pursuant to the rules and regulations of Japan, the subsidiaries incorporated in Japan are subject mainly to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rate for these taxes was 33.6% (2020: 33.6%).

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period Under Review, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period Under Review.

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

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current – Mainland China	–	38
Current – Japan	–	–
Deferred	<u>(1,870)</u>	<u>(2,897)</u>
	<u>(1,870)</u>	<u>(2,859)</u>

9 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,000,000,000 (six months ended 30 June 2020: 1,000,000,000) in issue during the Period Under Review.

The number of ordinary shares used to calculate the basic loss per share for the six months ended 30 June 2020 and 2021 were based on the 1,000,000,000 and 1,000,000,000 ordinary shares, respectively, representing the number of shares of the Company immediately after the capitalisation issue, as if the shares had been in issue throughout the six months ended 30 June 2020 and 2021.

There were no dilutive potential ordinary shares for the six months ended 30 June 2021 and 2020; therefore, diluted earnings per share are equivalent to basic earnings per share.

10 INTERIM DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

11 EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
An equity investment designated at fair value through other comprehensive income listed equity investment, at fair value Raily Aesthetic Medicine International Holdings Limited (the “ Raily Aesthetic ”)	<u>12,273</u>	<u>7,995</u>

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

The Group disposed of an aggregate of 19,200,000 ordinary shares of Raily Aesthetic on the open market at an aggregate consideration approximately HK\$10.25 million since 12 July 2021 up to 28 July 2021. References are made to the discloseable transaction announcements and clarification announcement dated on 12 July 2021, 13 July 2021 and 28 July 2021.

12 INVENTORIES

	30 June 2021 RMB'000	31 December 2020 RMB'000
Merchandise for sales	3,999	3,925
Hotel supplies	216	233
	<u>4,215</u>	<u>4,158</u>

13 TRADE RECEIVABLES

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

	30 June 2021 RMB'000	31 December 2020 RMB'000
1 to 30 days	71	185
31 to 90 days	–	154
91 to 180 days	5	50
181 to 360 days	95	1,445
	<u>171</u>	<u>1,834</u>

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 RMB'000	31 December 2020 RMB'000
Financial assets at fair value through profit or loss unlisted investments, at fair value	17,777	3,021

The above unlisted investments were wealth management products issued by banks in Mainland China, They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

15 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2021 RMB'000	31 December 2020 RMB'000
Cash and bank balances	21,116	44,024
Time deposits	250	320
	21,366	44,344
Less:		
Pledged time deposits – Pledged for service quality	(250)	(320)
	21,116	44,024

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

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

16 TRADE PAYABLES

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

	30 June 2021 RMB'000	31 December 2020 RMB'000
1 to 30 days	372	317
31 to 90 days	15	65
91 to 180 days	–	54
181 to 360 days	93	95
1 to 2 years	309	252
	789	783

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

17 INTEREST-BEARING BANK BORROWINGS

Current	Effective interest rate %	Maturity	30 June 2021 RMB'000	31 December 2020 RMB'000
Bank loans-secured	3.85	2021	10,000	10,000
JPY241,812,000.00 current portion of long-term secured bank loans	1.88	2022	14,129	–
JPY30,114,000.00 current portion of long-term secured bank loans	1.88	2022	1,760	–
JPY4,158,000.00 current portion of long-term secured bank loans	1.88	2022	242	–
JPY241,812,000.00 current portion of long-term secured bank loans	1.88	2021	–	15,291
JPY7,128,000.00 current portion of long-term secured bank loans	1.88	2021	–	451
JPY51,624,000.00 current portion of long-term secured bank loans	1.88	2021	–	3,264
			26,131	29,006
Non-Current				
JPY606,631,000.00 (31 December 2020: JPY585,121,000) secured bank loans	1.88%	2031	35,444	37,001
JPY21,394,000.00 (31 December 2020: JPY18,424,000) secured bank loans	1.88%	2024	1,250	1,165
			36,694	38,166
Analysed into:				
<i>Bank loans repayable</i>				
– Within one year or on demand			26,131	29,006
– In the second year to fifth year			36,694	38,166
			62,825	67,172

Notes:

(a) The Group's bank borrowings are secured by:

- (i) mortgages over the Group's buildings situated in Japan, which had an aggregate net carrying amount of RMB14,615,000 (31 December 2020: RMB14,362,000); and mortgages over the Group's leasehold land and buildings situated in Mainland China, which had an aggregate net carrying amount of RMB6,105,000 (31 December 2020: RMB6,212,000);
- (ii) mortgages over the Group's investment properties situated in Mainland China, which had an aggregate net carrying amount of RMB10,050,000 (31 December 2020: RMB10,050,000); and
- (iii) mortgages over the Group's freehold land situated in Japan, which had an aggregate carrying amount of RMB46,001,000 (31 December 2020: RMB49,445,000);

(b) Except for the 3.85% secured bank loan which is denominated in RMB, all remaining secured bank loans were denominated in JPY.

18 SHARE CAPITAL

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Authorised: 1,500,000,000 (31 December 2020: 1,500,000,000) ordinary shares of HK\$0.01 each	<u><u>15,000</u></u>	<u><u>15,000</u></u>
	30 June 2021 RMB'000	31 December 2020 RMB'000
Issued and fully paid: 1,000,000,000 (31 December 2020: 1,000,000,000) ordinary shares of HK\$0.01 each	<u><u>8,797</u></u>	<u><u>8,797</u></u>

OTHER INFORMATION

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

References are made to the annual report of the Group for the year ended 31 December 2020 published by the Company on 24 April 2021 (the “**2020 Annual Report**”), the interim results announcement of the Company for the six months period ended 30 June 2020 (the “**2020 Interim Results Announcement**”) dated 21 August 2020 and the announcement of the Company dated 17 November 2020 in relation to the change of use of proceeds of the Company. Unless otherwise defined, terms used herein shall have the same meaning as defined in the 2020 Annual Report.

The information of use of proceeds was disclosed as follows:

Description of use of proceeds	Intended	Change of	Utilized	Unutilised	Expected
	use of Net Proceeds as disclosed in the 2020 Interim Results Announcement		use of proceeds on 17 November 2020		
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	
(i) Enhancing the Group’s product portfolio by developing new products and services	1,760	–	(1,760)	–	–
(ii) Purchasing tour buses and engaging third party tour bus operators	11,440	–	(11,440)	–	–
(iii) Acquiring hospitality asset in Kyoto, Japan	17,600	–	–	17,600	Before or around 31 December 2022
(iv) Investing in a travel agency company in Tokyo, Japan	17,600	(17,600)	–	–	–
(v) Investing in enhancing the Group’s marketing approaches together with its IT platform	–	17,600	(17,600)	–	–
(vi) Engaging more personnel in Japan	13,200	–	(13,200)	–	–
(vii) General working capital	26,400	–	(26,400)	–	–
	<u>88,000</u>		<u>(70,400)</u>	<u>17,600</u>	

As at the date of this announcement, the Net Proceeds from the initial public offer of shares of the Company were used and expected to be used according to the intentions as disclosed above. Unutilised proceeds were deposited in licensed banks in Hong Kong.

CONTINGENT LIABILITIES

As at 30 June 2021 and 31 December 2020, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group employed a total of 77 full time employees. The Group's employee benefits included salary and discretionary bonuses based on the Group's results and individual performance, medical and retirement benefits schemes. The remuneration committee of the Company (the "**Remuneration Committee**") reviews such packages annually, or when the occasion requires. The executive Directors, who are also employees of the Company, receive remuneration in the form of salaries, bonuses and other allowances.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's gearing, expressed as a percentage of total interest-bearing borrowings to total equity maintained in a similar level during the Period Under Review (30 June 2021: 33.2%; 31 December 2020: 33.4%). The Group adopts conservative treasury policies in cash and financial management. The Group's cash is generally placed as current deposits which are mostly denominated in RMB and Hong Kong dollars. The Group's liquidity and financing requirements are reviewed regularly.

Please refer to notes 15 and 17 to the condensed consolidated financial statements for details of cash and bank balances and interest-bearing bank borrowings.

The trade receivables turnover days significantly decreased during the Period Under Review as the revenue of the Group decreased significantly (30 June 2021: 18 days; 31 December 2020: 212 days).

The trade payables turnover days decreased during the Period Under Review as cost of sales decreased significantly (30 June 2021: 18 days; 31 December 2020: 64 days).

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

SIGNIFICANT INVESTMENT HELD, ACQUISITION AND DISPOAL

Please refer to notes 11 and 14 to the condensed consolidated financial statements for details of significant investment held, acquisition and disposal. During the Reporting Period and up to the date of this announcement, there are no future plans for material investments and pledge of assets.

CORPORATE GOVERNANCE

The Company has adopted the code provisions in the Corporate Governance Code and Corporate Government Report (the “**CG Code**”), including any revisions and amendments from time to time, as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its own code of corporate governance. The Board considers that the Company has complied with all the code provisions of the CG Code during the six months ended 30 June 2021 and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code for securities transactions by Directors and senior management. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2021 and up to the date of this announcement.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) has three members, namely Mr. Ying Luming, Mr. Zhao Jianbo and Ms. Zhou Li, all of whom are independent non-executive Directors. The chairman of the Audit Committee is Mr. Ying Luming. The primary responsibilities of the Audit Committee include, among others, reviewing and supervising the financial reporting process and internal control system of the Group, nominating and monitoring external auditors and providing advice and comments to the Board.

The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2021, including the accounting principles and practices adopted by the Group, and the Group’s internal control functions.

REMUNERATION COMMITTEE

As at the date of this announcement, the Remuneration Committee has three members, namely Mr. Yu Dingxin, Mr. Zhao Jianbo and Ms. Zhou Li, of whom Mr. Zhao Jianbo and Ms. Zhou Li are independent non-executive Directors and Mr. Yu Dingxin is the chairman of the Board and an executive Director. The chairman of the Remuneration Committee is Ms. Zhou Li. The primary responsibilities of the Remuneration Committee include, among others, evaluating the performance and making recommendation on the remuneration package of the Directors and senior management, and evaluating and making recommendation on the share award plan of the Company.

NOMINATION COMMITTEE

As at the date of this announcement, the nomination committee of the Company (the “**Nomination Committee**”) consists of four members, namely Mr. Yu Dingxin, Mr. Zhao Jianbo, Ms. Zhou Li and Mr. Zheng Cheng, of whom Mr. Zhao Jianbo, Ms. Zhou Li and Mr. Zheng Cheng are independent non-executive Directors and Mr. Yu Dingxin is the chairman of the Board and an executive Director. The chairman of the Nomination Committee is Mr. Yu Dingxin. The primary responsibilities of the Nomination Committee include, among others, considering and recommending to the Board suitably qualified persons to become the member of the Board and reviewing the structure, size and composition of the Board on a regular basis and as required.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the Period Under Review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021.

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

The Company’s Interim Report for the six months ended 30 June 2021 will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.tuyigroup.com) in due course.

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

The People’s Republic of China, 31 August 2021

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

In this announcement, if there is any inconsistency between the Chinese names of certain items and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with “” is for identification purpose only.*