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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Tu Yi Holding Company Limited (the “**Company**”) would like to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Year Under Review**”).

**RESULTS HIGHLIGHTS**

	<b>For the year ended</b>		
	<b>31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>Year-on-year</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>change (%)</b>
<b>Revenue</b>	<b>26,293</b>	20,789	26.5
Gross profit	<b>7,409</b>	2,474	>100
Net loss attributable to equity shareholders of the Company	<b>(18,462)</b>	(40,590)	(54.5)
Loss per share – Basic (RMB cents)	<b>(1.85)</b>	(4.06)	(54.4)
Loss per share – Diluted (RMB cents)	<b>N/A</b>	N/A	N/A
	<b>As at</b>	<b>As at</b>	<b>Year-on-year</b>
	<b>31 December</b>	<b>31 December</b>	<b>change</b>
	<b>2022</b>	<b>2021</b>	
Current ratio (%)	<b>103.6</b>	118.9	(15.3)
			percentage points
Gearing ratio (%)	<b>26.7</b>	20.0	6.7
			percentage points

## MANAGEMENT DISCUSSION AND ANALYSIS

The lifting of strict prevention measures in relation to the outbreak of the novel coronavirus (“**COVID-19**”) in December 2022 by the central government of the People’s Republic of China (the “**PRC**”) has enabled the Group to resume its sales of outbound packaged tours and outbound free independent traveller products (the “**FIT Products**”), which have been suspended since January 2020, pursuant to the notices issued by the General Office of the Ministry of Culture and Tourism (文化和旅游部辦公廳) and the Hangzhou City Culture, Radio, Television and Tourism Bureau (杭州市文化廣電旅遊局). While it certainly takes some time for the Group as well as the tourism and hospitality industry in the PRC to re-build its FIT Products capacities and the volume and varieties of tourism products for the purpose of gradually resuming the operation scales back to the pre-COVID-19 level, the Group, as a comprehensive travel products and service provider in both the PRC and Japan as well as an online store retailer for Japanese-lifestyle-oriented products coupled with its balanced portfolio of product and service offerings as strategically repositioned since the outbreak of COVID-19, is well-equipped to capture the rebound of travel demand upon the easing of all travel restrictions relating to the COVID-19 pandemic and the recovery of Japan tourism market as Japan resumed local travels in 2022. During the Year Under Review, the revenue of the Group increased to approximately RMB26.3 million, representing an increase of approximately 26.5% as compared to that for the year ended 31 December 2021 and the net loss attributable to equity shareholders of the Company decreased to approximately RMB18.5 million from approximately RMB40.6 million for the year ended 31 December 2021. In view of the net loss the Group made during the Year Under Review, the Board will not recommend the payment of a final dividend for the year ended 31 December 2022.

## BUSINESS REVIEW AND PROSPECTS

The Group is a well-established and active outbound travel products and service provider in the PRC, focusing on the design, development and sale of Japan outbound travel package tours and day tours and outbound FIT Products, the provision of visa application processing services and other ancillary travel-related products and services, 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**”). During the Year Under Review, the performance of Hotel Operation had picked up substantially with its revenue increased significantly from approximately RMB1.0 million in 2021 to approximately RMB6.1 million in 2022 and recovered from a gross loss position in 2021 to recording a gross profit margin of 30% in 2022 as local travel in Japan resumed in 2022. The Hotel Operation have a diverse customer base with customers such as Japanese, PRC, Hong Kong, Taiwan, Infonesia, Thailand, etc., and the occupancy rate of the Hotel Operation for the year ending 31 December 2023 is expected to reach 80%. Sales of day tour and margin incomes from sales of FIT products in Japan and the provision of visa application processing services has resumed since October 2022 and their growth rates (i.e. the rate of recovery) were promising with the number of customers increased substantially on a monthly basis. For example, the number of customers of sales of day tour were 954 and 1,544 in December 2022 and January 2023, respectively, and the number of customers of the provision of visa application processing services were 79 and 142 in December 2022 and January 2023, respectively. During the Year Under Review, the Group managed to improve the gross profit margin of its e-commerce business platform – the online Japanese-lifestyle-oriented cross-border duty-free shop business under its brand

“Direct Courier from Shop Manager” (“店長直郵”) (the “**Duty-free Shop Business**”) substantially by 11 percentage points from approximately 16% in 2021 to approximately 27% in 2022 through building up its own product brands and expanding its products design and manufacturing capabilities to enhance its product variety. In addition, in 2022, the Group’s own face mask product brands achieved a remarkable growth in terms of sales volume. Meanwhile, the Group’s own brand HDT launched two popular products: (i) phosphatidylaldehyde for improving senile dementia, and (ii) NMN products combating anti-aging issues. The management of the Group believes that, having launched the Duty-free Shop Business for more than 3 years, it has come to a point that the Group is able to harness the full potential of this e-commerce business platform to obtain insights in consumption behaviour, market trends and customers’ preference of product variety and product design to drive growths and the Group expects that both revenue and gross profit margin of the Duty-free Shop Business will improve at a faster pace in 2023 and onwards.

Looking ahead to 2023, the Group will put more focus on: (i) launching customised tourism products; and (ii) initiating the application for financial licence in relation to the provision of cross-border payment/transfer/exchange services. The Group is optimistic with the prospect of customised tourism products in Japan, which will enable the Group to further improve its gross profit margin and differentiate its products and services from other competitors by offering unique features like customised travelling itineraries combined with camping, study tour or recreational vehicle trips. Customised tourism products will require in-depth understanding of the market and the ability to integrate and design the itinerary/products, which is a strong suite of the Group. The Group will initiate the application for financial licence in relation to the provision of cross-border payment/transfer/exchange services in second half of 2023 for the purpose of: (i) lowering the transaction costs for the Group’s Direct Courier from Shop Manager business line; and (ii) enhancing business relationships with certain suppliers or e-commerce businesses via provision of such cross-border payment/transfer/exchange services to further facilitate the Group’s transactions with these suppliers.

## FINANCIAL REVIEW

### Revenue and gross profit margin

The breakdown of revenue, average revenue per traveller (“ART”) and gross profit margin by revenue type during the Year Under Review with comparative figures for the year ended 31 December 2021 are set forth below:

	For the year ended 31 December 2022				For the year ended 31 December 2021			
	Revenue <i>RMB'000</i>	ART <i>RMB</i>	Percentage of revenue	Gross profit margin	Revenue <i>RMB'000</i>	ART <i>RMB</i>	Percentage of revenue	Gross profit margin
Sales of package tours								
– Japan	2,891	56,681	11.0%	16%	–	–	–	N/A
– Other than Japan	50	3,544	0.2%	4%	1,442	4,790	6.9%	30%
Sales of day tours – Japan	429	391	1.6%	25%	–	–	–	N/A
Margin income from sales of FIT products (net basis)								
– Japan	303	985	1.2%	100%	–	–	–	N/A
– Other than Japan	292	65	1.1%	100%	187	8	0.9%	98%
Margin income from the provision of visa application processing service (net basis)	61	295	0.2%	100%	–	–	–	N/A
Hotel Operation – Japan	6,074	233	23.1%	30%	1,040	432	5.0%	-103%
Duty-free Shop business								
– Japan, Taiwan, China and The PRC	16,193	178	61.6%	27%	18,120	201	87.2%	16%
	<u>26,293</u>		<u>100%</u>		<u>20,789</u>		<u>100%</u>	

### Sales of day tour and package tours, margin incomes from sales of FIT products and the provision of visa application processing services

The Group is a well-established and active outbound travel products and service provider in the PRC, focusing on the design, development and sale of Japan outbound travel package tours and day tours and outbound FIT products, the provision of visa application processing services and other ancillary travel-related products. The revenue of sales of day tour, margin incomes from sales of FIT products in Japan and the provision of visa application processing services has resumed since October 2022 as Japan lifted COVID-19’s travel restrictions for foreigners in October 2022.

## **Hotel Operation – Japan**

The Group operates its self-owned Shizuoka Hotel and Tokyo Hotel. The revenue of the Hotel Operation increased from approximately RMB1.0 million for the year 31 December 2021 to approximately RMB6.1 million for the year 31 December 2022 and gross profit margin returned to a positive level of 30% for the year 31 December 2022 from a negative level in 2021, primarily attributable to the reasons mentioned in the business review above.

## **Duty-free Shop Business**

The Group operates its Duty-free Shop Business in the premise of the Tokyo Hotel, together with its online Duty-free Shop Business under the name “Direct Courier from Shop Manager” (“店長直郵”). The revenue of the Duty-free Shop Business decreased by approximately 10.6% while its gross profit margin increased by 11 percentage points from approximately 16% for the year 31 December 2021 to approximately 27% for the year 31 December 2022, which was primarily attributable to the change in product mix as the Group has shifted to focus on building its own product brands and expanding its products design and manufacturing capabilities and at the same time, suspended the sales of products with slim gross profit margin.

## **Selling and distribution costs**

The Group’s selling and distribution costs remained relatively stable for the year ended 31 December 2022 as compared to that for the year ended 31 December 2021 as the Group exerted rigorous control over its marketing expenses.

## **Other income and other (losses)/gains, net**

Other income and other (losses)/gains, net mainly consist of other interest income from loans to third parties, foreign exchange losses, fair value changes of financial assets at fair value through profit or loss and changes in fair value of investment properties. Other income and other (losses)/gains, net for the year ended 31 December 2022 mainly included the fair value changes of financial assets at fair value through profit or loss of approximately RMB2.3 million (2021: RMB2.4 million), other interest income from loans to third parties of approximately RMB1.6 million (2021: RMB1.5 million) and impairment loss on leasehold land and buildings of approximately RMB2.7 million (2021: Nil) while other income and other (losses)/gains, net for the year ended 31 December 2021 mainly included the loss in relation to foreign exchange of approximately RMB4.1 million (2022: RMB0.2 million).

## **Administrative expenses and other expenses**

Administrative expenses and other expenses mainly consist of staff-related costs, various local taxes, depreciation, operating lease rental expenses, audit fees, and miscellaneous expenses. These expenses decreased by approximately RMB21.5 million in aggregate for the year ended 31 December 2022 as compared to that for the year ended 31 December 2021, mainly due to the implementation of rigorous cost control measures by the Group.

## **IMPACT OF THE COVID-19 PANDEMIC ON THE GROUP**

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 City Culture, Radio, Television and Tourism Bureau (杭州市文化廣電旅遊局) dated 25 January 2020, which required the suspension of all packaged tours and FIT Products, the Group had suspended its sales of outbound packaged tours and outbound FIT products since January 2020 and up to December 2022, during which the Group has focused on the online Duty-free Shop Business business and please refer to the “Financial Review” section above for relevant quantitative measures.

The Group is cautious about its liquidity, working capital and gearing level. As at 31 December 2022, the Group had interest-bearing bank borrowings of approximately RMB59.1 million, including approximately RMB27.5 million which was classified as current liability and repayable in one year’s time. Taking into account the aforesaid short-term interest-bearing bank borrowings and the cash and cash equivalents of approximately RMB29.9 million as at 31 December 2022, the Group considers that it is equipped with sufficient liquidity and financial resources in case of any resurgence of the COVID-19 pandemic.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		<b>31 December 2022</b>	31 December 2021
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>95,578</b>	106,015
Investment properties		<b>16,824</b>	17,777
Freehold land		<b>41,233</b>	43,541
Right-of-use assets		<b>3,249</b>	4,481
Goodwill		–	54
Other intangible assets		<b>396</b>	481
Financial assets at fair value through other comprehensive income		<b>10</b>	791
Investment in an associate		–	2,390
Deferred tax assets		<b>7,584</b>	8,289
		<b>164,874</b>	183,819
<b>Current assets</b>			
Inventories	<i>11</i>	<b>1,602</b>	4,218
Trade receivables	<i>12</i>	<b>857</b>	1,372
Prepayments, other receivables and other assets		<b>8,915</b>	5,717
Pledged short-term bank deposits	<i>13</i>	<b>1,500</b>	1,750
Cash and cash equivalents	<i>13</i>	<b>29,890</b>	43,614
Financial assets at fair value through profit or loss		<b>3,113</b>	–
		<b>45,877</b>	56,671

		<b>31 December 2022</b>	31 December 2021
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Current liabilities</b>			
Trade payables	<i>14</i>	<b>1,261</b>	810
Contract liabilities, other payables and accruals		<b>13,784</b>	15,304
Lease liabilities		<b>1,147</b>	1,347
Interest-bearing bank borrowings	<i>15</i>	<b>27,496</b>	28,573
Tax payable		<b>588</b>	1,639
		<b>44,276</b>	47,673
<b>Net current assets</b>		<b>1,601</b>	8,998
<b>Total assets less current liabilities</b>		<b>166,475</b>	192,817
<b>Non-current liabilities</b>			
Interest-bearing bank borrowings	<i>15</i>	<b>31,600</b>	33,445
Lease liabilities		<b>2,023</b>	3,147
Deferred tax liabilities		<b>4,548</b>	4,606
		<b>38,171</b>	41,198
<b>NET ASSETS</b>		<b>128,304</b>	151,619
<b>Capital and reserves</b>			
Share capital	<i>16</i>	<b>8,797</b>	8,797
Reserves		<b>117,554</b>	140,823
Equity attributable to equity shareholders of the Company		<b>126,351</b>	149,620
Non-controlling interests		<b>1,953</b>	1,999
<b>TOTAL EQUITY</b>		<b>128,304</b>	151,619



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>Revenue</b>	5	<b>26,293</b>	20,789
Cost of sales and services rendered	7	<u>(18,884)</u>	<u>(18,315)</u>
<b>Gross profit</b>		<b>7,409</b>	2,474
Other income and other (losses)/gains, net	5	<b>(3,629)</b>	463
Selling and distribution costs		<b>(6,786)</b>	(6,700)
Administrative expenses		<b>(10,729)</b>	(29,922)
Share of loss of an associate		–	(20)
Allowance for expected credit losses		<b>(2,805)</b>	130
Impairment of goodwill		<b>(54)</b>	–
Impairment loss on investment in an associate		–	(1,643)
Other expenses		<b>(89)</b>	(2,347)
Finance costs	6	<u>(1,310)</u>	<u>(1,398)</u>
<b>Loss before tax</b>	7	<b>(17,993)</b>	(38,963)
Income tax expense	8	<u>(515)</u>	<u>(1,705)</u>
<b>Loss for the year</b>		<u><b>(18,508)</b></u>	<u>(40,668)</u>
<b>Other comprehensive income, net of tax:</b>			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<b>(4,798)</b>	(8,847)
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value changes of financial assets at fair value through other comprehensive income		<u>(9)</u>	<u>(94)</u>
<b>Other comprehensive loss for the year</b>		<u><b>(4,807)</b></u>	<u>(8,941)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(23,315)</b></u>	<u>(49,609)</u>

	<i>Notes</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
<b>Loss for the year attributable to:</b>			
Equity shareholders of the Company		<b>(18,462)</b>	(40,590)
Non-controlling interests		<u>(46)</u>	<u>(78)</u>
		<b><u>(18,508)</u></b>	<b><u>(40,668)</u></b>
<b>Total comprehensive loss for the year attributable to:</b>			
Equity shareholders of the Company		<b>(23,269)</b>	(49,531)
Non-controlling interests		<u>(46)</u>	<u>(78)</u>
		<b><u>(23,315)</u></b>	<b><u>(49,609)</u></b>
<b>LOSS PER SHARE</b>			
	<i>9</i>		
Basic (RMB cents)		<b>(1.85)</b>	(4.06)
Diluted (RMB cents)		<u>N/A</u>	<u>N/A</u>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1 CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 27 February 2018. The registered address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is located at Room 02-03, 31/F, 118 Connaught Road West, Hong Kong. The principal place of business in Mainland China is located at Room 813, 8/F, Block 4, Hai Chuang Technology Centre, No. 1288 Wenyi West Road, Cangqian Sub-district, Yuhang District, Hangzhou City, Zhejiang Province, the People's Republic of China (the “**PRC**”). The shares of the Company (the “**Shares**”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 28 June 2019 (the “**Listing Date**”).

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**”); (iii) the provision of visa application processing service; (iv) hotel operation; and (v) duty-free shop business.

As at 31 December 2022, the ultimate controlling shareholders of the Group are Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong (collectively the “**Controlling Shareholders**”). York Yu Co., Ltd and David Xu Co., Ltd (incorporated in British Virgin Islands), are directly and wholly owned by Mr. Yu Dingxin. King Pan Co., Ltd (incorporated in British Virgin Islands), is directly and wholly owned by Mr. Pan Wei. Jeffery Xu Co., Ltd (incorporated in British Virgin Islands), is directly and wholly owned by Mr. Xu Jiong.

## 2 BASIS OF PRESENTATION AND PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations issued by HKICPA. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

These consolidated financial statements have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income 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.

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

### 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 services, hotel operation and duty-free shop business. Revenue recognised during the year is as follows:

#### Information about principal activities and services

Revenue recognised during the Year Under Review is as follows:

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of package tours and day tours	3,370	1,442
Margin income from sales of FIT products	595	187
Margin income from the provision of visa application processing services	61	–
Income from duty-free shop business	16,193	18,120
Hotel operation income	6,074	1,040
	<u>26,293</u>	<u>20,789</u>

## Geographical information

### (a) Revenue from external customers

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
The PRC*	18,580	19,302
Taiwan, China <sup>▲</sup>	1,108	403
Japan <sup>#</sup>	6,605	1,084
	<u>          </u>	<u>          </u>
Total	<u>26,293</u>	<u>20,789</u>

\* Mainly from sales of package tours, income from trading business of duty-free shop business, travel related products and services, FIT products and online duty-free shop business.

# Mainly from hotel operation and duty-free shop business.

▲ Mainly from online duty-free shop business.

### (b) Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of the Group's revenue are as follows:

	2022	2021
	RMB'000	RMB'000
Customer A <sup>(Note)</sup>	<u>          </u>	<u>3,759</u>

Note: The corresponding revenue in 2022 did not contribute over 10% of the total revenue of the Group.

### (c) Non-current assets

	31 December	31 December
	2022	2021
	RMB'000	RMB'000
The PRC	33,638	45,081
Japan	123,642	129,658
	<u>          </u>	<u>          </u>
Total	<u>157,280</u>	<u>174,739</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 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS15</b>	<b>26,293</b>	20,789
<b>Other income</b>		
Bank interest income	9	11
Government grants	391	864
Gross rental income from investment property operating leases:		
Lease payments, including fixed payments	–	55
Other interest income from financial assets at fair value through profit or loss	–	83
Other interest income from loans to third parties	1,603	1,491
Others	303	1,616
	<b>2,306</b>	4,120
<b>Other (losses)/gains, net</b>		
Gain on disposal of property, plant and equipment	–	35
Gain on early termination of lease	29	–
Fair value changes of financial assets at fair value through profit or loss	(2,275)	2,380
Gain on disposal of financial assets	–	871
Gains on loan modification	158	–
Impairment loss on leasehold land and building	(2,739)	–
Changes in fair value of investment properties	(953)	(2,817)
Foreign exchange losses	(155)	(4,126)
	<b>(5,935)</b>	(3,657)
	<b>(3,629)</b>	463

## 6 FINANCE COSTS

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank borrowings	1,262	1,314
Interest on lease liabilities	48	84
	<b>1,310</b>	1,398

## 7 LOSS BEFORE TAX

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of services rendered	7,028	3,171
Cost of inventories sold	11,856	15,144
Depreciation of property, plant and equipment	3,647	4,028
Depreciation of right-of-use assets	1,149	1,432
Amortisation of other intangible assets	57	65
Lease payments not included in the measurement of lease liabilities	6	18
Impairment loss on investment in an associate	–	1,643
Auditor's remuneration	820	818
Impairment of goodwill	54	–
Write-down of inventories to net realisable value*	–	142
Impairment of deposits and other receivables	1,999	–
Impairment/(reversal of impairment) of trade receivables	806	(130)
Employee benefit expense (excluding directors' remuneration)	5,311	6,399

\* Write-down of inventories to net realisable value is included in "Other expenses" in the consolidated statement of profit or loss.

## 8 INCOME TAX EXPENSE

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% (2021: 33.6%).

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime during the years of assessment 2022 and 2021. 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 year (2021: Nil).

During the year, 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 expense of the Group is analysed as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current – Mainland China	–	72
Current – Japan	–	–
Deferred	<u>515</u>	<u>1,633</u>
Total tax charge for the year	<u><b>515</b></u>	<u><b>1,705</b></u>

## 9 LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity shareholders of the Company of approximately RMB18,462,000 (2021: RMB40,590,000), and the number of 1,000,000,000 ordinary shares (2021: 1,000,000,000) in issue during the year.

No diluted loss per share has been presented as there were no potential dilutive shares outstanding for the years ended 31 December 2022 and 2021.

## 10 FINAL DIVIDENDS

At the meetings of the Directors held on 29 March 2023, the directors of the Company did not recommend any payment of final dividend for the year (2021: Nil).

## 11 INVENTORIES

	<b>31 December</b>	31 December
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Merchandise for sales	<b>1,513</b>	4,205
Hotel supplies	<u>89</u>	<u>13</u>
	<u><b>1,602</b></u>	<u><b>4,218</b></u>

## 12 TRADE RECEIVABLES

	<b>31 December</b>	31 December
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade receivables	<b>14,479</b>	14,188
Less: allowance for expected credit losses	<u>(13,622)</u>	<u>(12,816)</u>
	<u><b>857</b></u>	<u><b>1,372</b></u>



The credit terms granted by the Group generally ranged up to one month, extending up to three months for certain customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. 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 the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
1 to 30 days	<b>625</b>	750
31 to 90 days	<b>232</b>	44
91 to 180 days	–	9
181 to 360 days	–	569
	<u>857</u>	<u>1,372</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
At beginning of year	<b>12,816</b>	12,946
Impairment losses provided for the year	<b>806</b>	–
Reversal of impairment loss for the year	–	(130)
At end of year	<u><b>13,622</b></u>	<u>12,816</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2022**

	Current	Pass due		Total
		Less than 3 months	Over 3 months	
Expected credit loss rate	6.16%	18.60%	100.00%	94.08%
Gross carrying amount (RMB'000)	666	285	13,528	14,479
Expected credit losses (RMB'000)	41	53	13,528	13,622

**As at 31 December 2021**

	Current	Pass due		Total
		Less than 3 months	Over 3 months	
Expected credit loss rate	1.09%	0.72%	95.75%	90.33%
Gross carrying amount (RMB'000)	803	9	13,376	14,188
Expected credit losses (RMB'000)	9	–	12,807	12,816

**13 CASH AND CASH EQUIVALENTS AND PLEDGED SHORT-TERM BANK DEPOSITS**

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Cash and bank balances	<b>29,890</b>	43,614
Pledged short-term bank deposits – Pledged for service quality*	<b>1,500</b>	1,750
	<b>31,390</b>	45,364
Less:		
Pledged short-term bank deposits	<b>(1,500)</b>	(1,750)
	<b>29,890</b>	43,614

\* Guarantee deposits for the Group's tourism operation as required by the PRC government.

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Pledged short-term bank 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 bank deposit rates. The bank balances and pledged short-term bank 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.

## 14 TRADE PAYABLES

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
1 to 30 days	886	494
31 to 90 days	87	–
181 to 360 days	–	20
1 to 2 years	288	296
	<u>1,261</u>	<u>810</u>

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

## 15 INTEREST-BEARING BANK BORROWINGS

<b>Current</b>	<b>Effective interest rate per annum %</b>	<b>Maturity</b>	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
RMB10,000,000 secured bank loan	3.75	2023	10,000	10,000
JPY241,812,000 current portion of long-term secured bank loan*	1.88	2023	14,056	14,872
JPY7,128,000 current portion of long-term secured bank loan*	1.88	2023	737	840
JPY51,624,000 current portion of long-term secured bank loan*	1.88	2023	2,703	2,861
			<u>27,496</u>	<u>28,573</u>

<b>Non-Current</b>	<b>Effective interest rate per annum %</b>	<b>Maturity</b>	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
JPY18,424,000 secured bank loan	1.88	2024	964	1,021
JPY585,121,000 secured bank loan	1.88	2032	30,636	32,424
			<u>31,600</u>	<u>33,445</u>

<b>31 December</b>	31 December
<b>2022</b>	2021
<b>RMB'000</b>	<b>RMB'000</b>

**Analysed into:**

*Bank loans repayable*

– Within one year or on demand	27,496	28,573
– Within a period of more than one year but not exceeding two years	3,667	3,256
– Within a period of more than two year but not exceeding five years	8,109	9,208
– More than five years	19,824	20,981
	<u>59,096</u>	<u>62,018</u>

- \* The current portion of long-term bank loan of approximately RMB17,496,000, which was supposed to be repaid fully during 2022, was granted extension of repayment to a point of time in 2023 that is subject to the mutual agreement between the Group and the Japanese bank.

During the year ended 31 December 2022, the Group and the Japanese bank entered into extension agreements pursuant to which to extend the repayment date of the Group's bank loans which constituted substantial modifications on the financial liability and shall be accounted for as an extinguishment of the original bank loans and recognition of new bank loans. The original bank loans as at the debt modification date, was derecognised and the fair value of the modified bank loans under the extension agreements was discounted at the prevailing market interest rate, was recognised. The difference between the face value of the original bank loans and the fair values of the new bank loans of approximately RMB158,000 was charged to profit or loss for the year ended 31 December 2022 at loan modification date.

*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 approximately RMB8,230,000 (2021: RMB10,903,000); and mortgages over the Group's leasehold land and buildings situated in Mainland China, which had an aggregate net carrying amount of approximately RMB4,500,000 (2021: RMB5,998,000) as at 31 December 2022;
  - (ii) mortgages over the Group's investment properties situated in Mainland China, which had an aggregate net carrying amount of approximately RMB8,932,000 (2021: RMB9,423,000) as at 31 December 2022; and
  - (iii) mortgages over the Group's freehold land situated in Japan, which had an aggregate carrying amount of approximately RMB41,233,000 (2021: RMB43,541,000).
- (b) Except for the RMB10,000,000 (2021: RMB10,000,000) secured bank loan which is denominated in RMB and arranged at floating rates was exposing the Group to cash flow interest rate risk, the remaining secured bank loans amounting to approximately RMB49,096,000 (2021: RMB52,018,000) were denominated in JPY and are fixed interest rates and expose the Group to fair value interest rate risk.

## 16 SHARE CAPITAL

	<b>31 December 2022 <i>RMB'000</i></b>	31 December 2021 <i>RMB'000</i>
<b>Authorised:</b> 1,500,000,000 ordinary shares of HK\$0.01 each	<b>15,000</b>	15,000
	<b>31 December 2022 <i>RMB'000</i></b>	31 December 2021 <i>RMB'000</i>
<b>Issued and fully paid:</b> 1,000,000,000 ordinary shares of HK\$0.01 each	<b>8,797</b>	8,797

## OTHER INFORMATION

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

References are made to the annual report of the Company for the year ended 31 December 2020 published by the Company on 28 April 2021 and the interim results announcement of the Company for the six months period ended 30 June 2021 (the “**2021 Interim Results Announcement**”) dated 31 August 2021.

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

Description of use of Net Proceeds	Intended	Utilised	Utilised	Unutilised	Expected
	use of Net	Net Proceeds			
	Proceeds as	during the	during the	as at	unutilised
	disclosed	period from	Year Under	31 December	Net Proceeds
	in the 2021	Listing Date	Review	2022	
	Interim	to			
	Results	31 December			
	Announcement	2021			
	HKD'000	HKD'000	HKD'000	HKD'000	
(i) Enhancing the Group’s product portfolio by developing new products and services	1,760	(1,760)	-	-	-
(ii) Purchasing tour buses and engaging third party tour bus operators	11,440	(11,440)	-	-	-
(iii) Acquiring hospitality asset in Kyoto, Japan	17,600	-	-	17,600	Before or around 31 December 2023
(iv) Investing in enhancing the Group’s marketing approaches together with its IT platform	17,600	(17,600)	-	-	-
(v) Engaging more personnel in Japan	13,200	(13,200)	-	-	-
(vi) General working capital	26,400	(26,400)	-	-	-
	<u>88,000</u>	<u>(70,400)</u>	<u>-</u>	<u>17,600</u>	

During the Year Under Review, the Net Proceeds from the initial public offer of shares of the Company were used and expected to be used according to the intentions as disclosed above. Unutilised proceeds were deposited in licensed banks in Hong Kong.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any material acquisitions or disposals during the Year Under Review. As at 31 December 2022, there were no significant investments held by the Group or any future plans for significant investments or capital assets.

## **EVENTS AFTER THE REPORTING PERIOD**

There was no material events affecting the Group that occurred after 31 December 2022 and up to the date of this announcement.

## **CONTINGENT LIABILITIES**

As at 31 December 2022 and 31 December 2021, the Group did not have any significant contingent liabilities.

## **FOREIGN CURRENCY EXCHANGE RISK**

The Group mainly operates in the PRC and Japan. The functional currency of subsidiaries incorporated in Japan use JPY as their functional currencies. The functional currency of the subsidiaries established in Mainland China is RMB. However, the Group is exposed to foreign currency exchange risks as costs for some of the travel products, such as hotel accommodations and fees paid to land operators, are settled in foreign currencies including JPY. At present, the Group does not intend to hedge its exposure to foreign currency exchange fluctuations. However, the Board constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

## **INTEREST RATE RISK**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings. The Group's policy is to manage interest cost using mainly fixed rate debts.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2022, the Group employed a total of 75 full time employees. The Group's employee benefits include salary and discretionary bonuses based on the Group's results and individual performance, medical and retirement benefits schemes. The remuneration committee of the Board (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.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

The Group did not have any material capital expenditure commitment during the Year Under Review.

The Group operates primarily through cash generated from operating activities and bank and other borrowings.

The Group's gearing ratio was maintained at a similar level during the Year Under Review (31 December 2022: 26.7%; 31 December 2021: 20.0%). 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. The Group's liquidity and financing requirements are reviewed regularly.

The trade receivables turnover days maintained in a similar level during the Year Under Review (31 December 2022: 12 days; 31 December 2021: 24 days).

The trade payables turnover days maintained in a similar level during the Year Under Review (31 December 2022: 24 days; 31 December 2021: 16 days).

## **DIVIDEND**

The Board did not recommend the declaration of dividend for the year ended 31 December 2022 (2021: Nil).

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of the Company. During the Year Under Review, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for code provision C.2.1 of the CG Code as explained below.

### **Code Provision C.2.1**

Under code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer" which is deviated from the code provision C.2.1 of the CG Code.

Mr. Yu Dingxin, who acts as the chairman and an executive Director of the Company since 27 February 2018, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective executive directors and senior management, who are in charge of different functions, complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.



## **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 with all the Directors, all the Directors confirmed that they have complied with the Model Code during the Year Under Review.

## **AUDIT COMMITTEE**

The audit committee of the Board (the “**Audit Committee**”) consists of three members, namely Mr. Zhao Jianbo, Ms. Zhou Li and Mr. Ying Luming, 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 annual results of the Group for the year ended 31 December 2022, including the accounting principles and practices adopted by the Group, and the Group’s internal control functions.

## **REMUNERATION COMMITTEE**

The Remuneration Committee consists of three members, namely Mr. Yu Dingxin, Mr. Zhao Jianbo and Ms. Zhou Li of whom Mr. Zhao Jianbo and Ms. Zhou Li are independent non-executive Directors and Mr. Yu Dingxin is the Chairman of the Board and an executive Director. The chairman of the 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**

The nomination committee of the Board (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, diversity and composition of the Board on a regular basis and as required.

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year Under Review.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the public float of not less than 25% of the issued Shares as required under the Listing Rules as at the date of this announcement.

## **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) and 杭州谷歌旅行社有限公司 (Hangzhou Guge Travel Company Limited) (collectively, the “**Operating Entities**”). Pursuant to the relevant provisions of the Regulations on Travel Agencies (Revision 2017 and Revision 2020) 《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 of the Company dated 18 June 2019 (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 JPY would impact our operating performance and our financial condition.
4. The Group derives material portion of our revenue from customers in the PRC and any downturn in the PRC economy could have a material adverse effect on our business and operating results.
5. The Group faced increased market competition from competing agents, hotel or flight providers, online travel platforms and alternative travel booking media.
6. Natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious diseases or other catastrophic events which affect consumer demand for travel activities or a general apprehension of such events may significantly and adversely impact on the Group’s business and operating results.
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 announcement 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.

## **SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group’s auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods (Hong Kong) CPA Limited on this announcement.

## **ANNUAL GENERAL MEETING**

The forthcoming 2022 annual general meeting (the “AGM”) of the Company will be held on Monday, 29 May 2023. Notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 24 May 2023 to Monday, 29 May 2023, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to qualify for the right to attend and vote at the forthcoming AGM, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 23 May 2023.

## **PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.tuyigroup.com](http://www.tuyigroup.com)). The Company's annual report for year ended 31 December 2022 containing all information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

## **ACKNOWLEDGEMENT**

On behalf of the Board, the Chairman would like to take this opportunity to express his thanks to all staffs as well as our shareholders, banks, customers and vendors for their supports and trusts and believe 2023 will be the point for turnaround for the tourism and hospitality industry.

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

The PRC, 29 March 2023

*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.*