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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 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Tu Yi Holding Company Limited (the “**Company**”) would like to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 (the “**Year Under Review**”).

RESULTS HIGHLIGHTS

	For the year ended		Year-on-year change (%)
	2023	2022	
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	92,645	26,293	>100
Gross profit	33,642	7,409	>100
Net profit/(loss) attributable to equity shareholders of the Company	8,921	(18,462)	(<100)
Earnings/(loss) per share – Basic (RMB cents)	0.89	(1.85)	(<100)
Earnings/(loss) per share – Diluted (RMB cents)	N/A	N/A	N/A
	As at	As at	
	31 December	31 December	Year-on-year
	2023	2022	change
Current ratio (%)	141.4	103.6	37.8 percentage points
Gearing ratio (%)	24.2	26.7	(2.5) percentage points

MANAGEMENT DISCUSSION AND ANALYSIS

2023 presented both significant challenges and opportunities for the Group. During the Year Under Review, the Group as well as the tourism and hospitality industry, diligently worked to re-built products capacities and varieties, successfully bringing overall operational scales back to pre-COVID-19 pandemic levels. With a strong foothold as a comprehensive provider of travel products and services in both the PRC and Japan, as well as an online retailer of Japanese lifestyle products, the Group was well-positioned to leverage the surge in travel demand following the relaxation of COVID-19 related travel restrictions. This strategic positioning was well paid-off, as evidenced by the Group's financial performance. The revenue of the Group increased to approximately RMB92.6 million, representing an increase of approximately 252% as compared to that for the year ended 31 December 2022 and the net profit attributable to equity shareholders of the Company increased to approximately RMB8.9 million, a significant turnaround from the net loss attributable to equity shareholders of the Company of approximately RMB18.5 million for the year ended 31 December 2022. This remarkable turnaround is primarily attributable to the dedication and exceptional performance of our employees across all levels. The Board will not recommend the payment of a final dividend for the year ended 31 December 2023.

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 free independent traveller products (the “**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 “**Hotels Operation**”). During the Year Under Review, leveraging on the well-established product capacities and networks in Japan and the rebound and full recovery of the tourism and hospitality industry, the Group managed to further extend its business to overseas markets through cooperating with various overseas travel partners and landing on various travel channels and the overall revenue from overseas customers increased to more than 60% in 2023. The management of the Group considered that such business move diversified the business risks of the Group from focusing on single market and solidified the strategy position of the Group on a long term basis. Benefited from the Group's global market developments, revenues from most of our business segments have increased substantially with revenues from our top three segments namely Sale of day tours in Japan, Hotels Operation and Sale of package tours in Japan increased by approximately 9,538%, 225% and 345% respectively when comparing to 2022. The management of the Group expects the overall revenue from overseas customers will reach 80% in 2024. The Hotels Operation had a remarkable growth in 2023 with gross profit margin reach approximately 56%, a significant improvement of approximately 26% when comparing to 2022 as the Group focused on the provision of premium services starting from 2023 when the occupancy rate of the Hotels Operation reach a level of more than 90% during the Year Under Review.

Looking ahead to 2024, the Group aims to achieve a more balanced developments in both overseas and PRC markets in order to diversify business risks and secure sustainable growths by putting more focus on:- 1) developing overseas markets by working with more overseas partners and landing on more channels as the Group believes overseas markets will be another driver for growths in terms of both revenue and gross profit margin; 2) deepening its penetration in the PRC market by offering more competitive packages, enhancing product offerings and tailoring services to meet the evolving preferences of local consumers as the Group aims to solidify its market position in the PRC by delivering exceptional value and experiences to its customers; 3) continuously improving the quality of its hospitality services in Hotels Operation segment through upgrading facilities and implementing sustainable practices to align with global environmental trends.

The management of the Group would like to take this opportunity to express its thanks to our shareholders, banks, customers and vendors for their supports and trusts as well as our management and all staffs for their hard workings and commitments during the year.

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 2023 are set forth below:

	For the year ended 31 December 2023				For the year ended 31 December 2022			
	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	12,861	9,300	13.9%	4%	2,891	7,412	11.0%	16%
– Other than Japan	4,994	2,666	5.4%	3%	50	3,544	0.2%	4%
Sales of day tours – Japan	41,348	348	44.6%	30%	429	391	1.6%	25%
Margin income from sales of FIT products (net basis)								
– Japan	1,650	195	1.8%	100%	303	985	1.2%	100%
– Other than Japan	152	268	0.2%	100%	292	65	1.1%	100%
Margin income from the provision of visa application processing service (net basis)	6,372	82	6.9%	100%	61	295	0.2%	100%
Hotels Operation – Japan	19,760	387	21.3%	56%	6,074	233	23.1%	30%
Duty-free Shop business								
– Japan and The PRC	5,508	175	5.9%	25%	16,193	178	61.6%	27%
	<u>92,645</u>		<u>100%</u>		<u>26,293</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. Revenue from sales of day tours in Japan and Revenue from sales of package tours in Japan increased by approximately 9,538% and 345% respectively when comparing to 2022, which was primarily due to the fact that the Group extend its business to overseas markets through cooperating with various overseas travel partners and landing on various travel channels and the overall revenue from overseas customers increased to more than 60% in 2023.

Hotels Operation – Japan

The Group operates its self-owned Shizuoka Hotel and Tokyo Hotel. The revenue of the Hotels Operation increased from approximately RMB6.1 million for the year 31 December 2022 to approximately RMB19.8 million for the year 31 December 2023 and the gross profit margin further increased to approximately 56% in 2023 from approximately 30% in 2022, which was primarily attributable to the fact that the Group focused on the provision of premium services starting from 2023 when the occupancy rate of the Hotels Operation reached a level of more than 90% during the Year Under Review.

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 66%, which was primarily attributable to the fact that customers preferred travelling to Japan for shopping experience rather than shopping online during the Year Under Review.

Selling and distribution costs

The Group’s selling and distribution costs remained relatively stable given the substantial increment of revenues for the year ended 31 December 2023 as compared to that for the year ended 31 December 2022 as the Group exerted rigorous control over its marketing expenses.

Other income and other gains/(losses), net

Other income and other gains/(losses), net mainly consist of interest income from loans to third parties, changes in fair value of financial assets at fair value through profit or loss and changes in fair value of investment properties. Other income and other gains/(losses), net for the year ended 31 December 2023 mainly included the changes in fair value of financial assets at fair value through profit or loss of approximately gain of RMB2.0 million (2022: loss of RMB2.3 million), interest income from loans to third parties of approximately RMB1.7 million (2022: RMB1.6 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 increased by approximately RMB9.0 million in aggregate for the year ended 31 December 2023 as compared to that for the year ended 31 December 2022, mainly due to the increment of marketing expenses as the Group put more focus on developing overseas market.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
Revenue	5	92,645	26,293
Cost of sales and services rendered		<u>(59,003)</u>	<u>(18,884)</u>
Gross profit		33,642	7,409
Other income and other gains/(losses), net	5	2,688	(3,629)
Selling and distribution expenses		(8,496)	(6,786)
Administrative expenses		(19,821)	(10,729)
Reversal of/(allowance for) expected credit losses on trade and other receivables		5,172	(2,805)
Impairment losses on goodwill		–	(54)
Other expenses		–	(89)
Finance costs	6	<u>(1,238)</u>	<u>(1,310)</u>
Profit/(loss) before tax	7	11,947	(17,993)
Income tax expense	8	<u>(2,753)</u>	<u>(515)</u>
Profit/(loss) for the year		<u>9,194</u>	<u>(18,508)</u>
Other comprehensive loss, net of tax:			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(2,443)	(4,798)
<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>(4)</u>	<u>(9)</u>
Other comprehensive loss for the year		<u>(2,447)</u>	<u>(4,807)</u>
Total comprehensive income/(loss) for the year		<u>6,747</u>	<u>(23,315)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2023

	<i>Note</i>	2023 RMB'000	2022 RMB'000
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company		8,921	(18,462)
Non-controlling interests		<u>273</u>	<u>(46)</u>
		<u>9,194</u>	<u>(18,508)</u>
Total comprehensive income/(loss) for the year attributable to:			
Equity shareholders of the Company		6,474	(23,269)
Non-controlling interests		<u>273</u>	<u>(46)</u>
		<u>6,747</u>	<u>(23,315)</u>
Earnings/(loss) per share			
	<i>9</i>		
Basic (RMB cents)		0.89	(1.85)
Diluted (RMB cents)		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		88,741	95,578
Investment properties		15,000	16,824
Freehold land		39,533	41,233
Right-of-use assets		2,403	3,249
Goodwill		–	–
Other intangible assets		328	396
Financial assets at fair value through other comprehensive income		6	10
Deferred tax assets		4,902	7,584
		<u>150,913</u>	<u>164,874</u>
Current assets			
Inventories		1,266	1,602
Trade receivables	<i>11</i>	14,570	857
Prepayments, deposits and other receivables		12,264	8,915
Pledged short-term bank deposits		3,000	1,500
Cash and cash equivalents		38,093	29,890
Financial assets at fair value through profit or loss		3,640	3,113
		<u>72,833</u>	<u>45,877</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 31 December 2023*

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Current liabilities			
Trade payables	<i>12</i>	7,934	1,261
Contract liabilities, other payables and accruals		17,026	13,784
Lease liabilities		1,053	1,147
Interest-bearing bank borrowings	<i>13</i>	24,902	27,496
Tax payable		579	588
		51,494	44,276
Net current assets			
		21,339	1,601
Total assets less current liabilities			
		172,252	166,475
Non-current liabilities			
Interest-bearing bank borrowings	<i>13</i>	31,215	31,600
Lease liabilities		1,278	2,023
Deferred tax liabilities		4,708	4,548
		37,201	38,171
NET ASSETS			
		135,051	128,304
Capital and reserves			
Share capital	<i>14</i>	8,797	8,797
Reserves		124,028	117,554
Equity attributable to equity shareholders of the Company		132,825	126,351
Non-controlling interests		2,226	1,953
TOTAL EQUITY			
		135,051	128,304

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 (collectively referred to as the “**Group**”) were principally involved in: (i) sales of outbound travel package tours and day tours; (ii) sales of free independent traveller products (the “**FIT Products**”); (iii) the provision of visa application processing services; (iv) hotels operation; and (v) duty-free shop business.

In the opinion of the directors of the Company, as at 31 December 2023, Mr. Yu Dingxin, Mr. Pan Wei and Mr. Xu Jiong (collectively referred to as the “**Controlling Shareholders**”) are collectively considered to be the ultimate controlling shareholders of the Company pursuant to the concert party agreement dated 13 April 2018 signed between the Controlling Shareholders, York Tu Co., Ltd and David Xu Co., Ltd (incorporated in the British Virgin Islands (the “**BVI**”) and directly and wholly owned by Mr. Yu Dingxin), King Pan Co., Ltd (incorporated in the BVI and directly and wholly owned by Mr. Pan Wei) and Jeffery Xu Co., Ltd (incorporated in the BVI and directly and wholly owned by Mr. Xu Jiong) are collectively considered to be the immediate holding companies of the Company.

2 BASIS OF PRESENTATION AND PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise all individual Hong Kong Financial Reporting Standard (“**HKFRS**”); Hong Kong Accounting Standards (“**HKASs**”); 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 of Hong Kong Limited and with the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and amendments to 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 except for investment properties, financial assets at fair value through other comprehensive income (“**FVTOCI**”) and financial assets at fair value through profit or loss (“**FVTPL**”) which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

3 ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

(A) Application of new and amendments HKFRS

The Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform - Pillar Two Model Rules</i>

Except as disclosed below, the application of the new and amendments to HKFRSs in the current year had no material impact on the Group's consolidated financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 4 to the consolidated financial statements.

3 ADOPTION OF NEW AND AMENDMENTS TO HKFRSs (CONTINUED)

(B) Amendments to HKFRSs in issue but not yet effective

The Group has not applied the following amendments to HKFRSs and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2023.

	Effective accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company anticipate that the application of the above amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

4 SEGMENT INFORMATION

For management purpose, the Group's businesses include (i) sales of package tours and day tours; (ii) hotels operation; (iii) sales of FIT products; (iv) provision of visa application processing services; and (v) duty-free shop business. Revenue recognised during the year is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of package tours and day tours	59,203	3,370
Hotels operation income	19,760	6,074
Margin income from sales of FIT products	1,802	595
Margin income from the provision of visa application processing services	6,372	61
Income from duty-free shop business	5,508	16,193
	92,645	26,293

4 SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
The PRC*	72,275	19,688
Japan [#]	<u>20,370</u>	<u>6,605</u>
Total	<u><u>92,645</u></u>	<u><u>26,293</u></u>

* From sales of package tours and day tours, sales of FIT products, provision of visa application processing services and duty-free shop business.

[#] From hotels operation and duty-free shop business.

(b) Information about major customers

During the years ended 31 December 2023 and 2022, no customers individually contributing over 10% of the total revenue of the Group.

(c) Non-current assets

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
The PRC	30,253	33,638
Japan	<u>115,752</u>	<u>123,642</u>
Total	<u><u>146,005</u></u>	<u><u>157,280</u></u>

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

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS15	92,645	26,293
Other income		
Bank interest income	47	9
Government grants (<i>Note</i>)	360	391
Net rental income from investment properties under operating leases:		
– Lease payments, including fixed payments less direct outgoings of (RMB41,000)	924	–
Interest income from loans to third parties	1,701	1,603
Others	77	303
	3,109	2,306
Other gains/(losses), net		
Changes in fair value of financial assets at FVTPL	1,980	(2,275)
(Loss)/gain on early termination of lease	(2)	29
(Losses)/gains on loan modification of bank borrowings	(164)	158
Impairment losses on property, plant and equipment	(558)	(2,739)
Changes in fair value of investment properties	(1,824)	(953)
Foreign exchange gains/(losses), net	147	(155)
	(421)	(5,935)
	2,688	(3,629)

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

6 FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bank borrowings	1,212	1,262
Interest on lease liabilities	26	48
	1,238	1,310

7 PROFIT/(LOSS) BEFORE TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of services rendered	54,850	7,028
Cost of inventories sold	4,153	11,856
Depreciation of property, plant and equipment	3,814	3,647
Depreciation of right-of-use assets	1,066	1,149
Amortisation of other intangible assets	80	57
Expenses related to short-term leases	114	6
Auditor's remuneration	901	820
Impairment losses on goodwill	–	54
(Reversal of)/allowance for expected credit losses on loan receivables, deposits and other receivables	(623)	1,999
(Reversal of)/allowance for expected credit losses on trade receivables	(4,549)	806
Employee benefit expense (excluding directors' remuneration)	7,776	5,311
	<u>7,776</u>	<u>5,311</u>

8 INCOME TAX EXPENSE

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Deferred	<u>2,753</u>	<u>515</u>
Total tax charge for the year	<u>2,753</u>	<u>515</u>

9 EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings per share (2022: loss per share) is based on the profit (2022: loss) for the year attributable to equity shareholders of the Company of approximately RMB8,921,000 (2022: loss of RMB18,462,000), and the number of 1,000,000,000 ordinary shares (2022: 1,000,000,000) in issue during the year.

No diluted earnings/(loss) per share has been presented as there were no potential dilutive shares outstanding for the years ended 31 December 2023 and 2022.

10 FINAL DIVIDENDS

At the meetings of the directors of the Company held on 28 March 2024, the directors of the Company did not recommend any payment of final dividend for the year (2022: Nil).

11 TRADE RECEIVABLES

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	18,525	14,479
Less: loss allowance for expected credit loss (“ECL”)	<u>(3,955)</u>	<u>(13,622)</u>
	<u>14,570</u>	<u>857</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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
1 to 30 days	11,554	625
31 to 90 days	1,949	232
91 to 180 days	769	–
181 to 360 days	<u>298</u>	<u>–</u>
	<u>14,570</u>	<u>857</u>

The movement in the loss allowance for expected credit loss of trade receivables is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	13,622	12,816
Allowance for the ECL provided for the year	–	806
Reversal of allowance for the ECL for the year	(4,549)	–
Write-off	<u>(5,118)</u>	<u>–</u>
At the end of the year	<u>3,955</u>	<u>13,622</u>

12 TRADE PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
1 to 30 days	5,965	886
31 to 90 days	1,599	87
91 to 180 days	77	–
181 to 360 days	10	–
Over 360 days	283	288
	<u>7,934</u>	<u>1,261</u>

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

13 INTEREST-BEARING BANK BORROWINGS

Current	Effective interest rate per annum %	Maturity	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
RMB10,000,000 (2022: RMB10,000,000) secured bank loan	3.55	2024 (2022: maturity in 2023)	10,000	10,000
JPY241,812,000 (2022: JPY241,812,000) current portion of long-term secured bank loan*	1.88	2024 (2022: maturity in 2023)	12,012	14,056
JPY1,552,000 (2022: JPY7,128,000) current portion of long-term secured bank loan*	1.88	2024 (2022: maturity in 2023)	78	737
JPY51,624,000 (2022: JPY51,624,000) current portion of long-term secured bank loan*	1.88	2024 (2022: maturity in 2023)	<u>2,812</u>	<u>2,703</u>
			<u>24,902</u>	<u>27,496</u>
Non-current	Effective interest rate per annum %	Maturity	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
JPY Nil (2022: JPY18,424,000) secured bank loan	1.88	2024	–	964
JPY585,121,000 (2022: JPY585,121,000) secured bank loan	1.88	2032	<u>31,215</u>	<u>30,636</u>
			<u>31,215</u>	<u>31,600</u>

13 INTEREST-BEARING BANK BORROWINGS (CONTINUED)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Analysed into:		
<i>Bank loans repayable</i>		
– Within one year or on demand	24,902	27,496
– Within a period of more than one year but not exceeding two years	2,592	3,667
– Within a period of more than two year but not exceeding five years	8,563	8,109
– More than five years	20,060	19,824
	<u>56,117</u>	<u>59,096</u>

14 SHARE CAPITAL

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Authorised:		
1,500,000,000 ordinary shares of HK\$0.01 each	<u>15,000</u>	<u>15,000</u>
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Issued and fully paid:		
1,000,000,000 ordinary shares of HK\$0.01 each	<u>8,797</u>	<u>8,797</u>

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	Net Proceeds	Net Proceeds	unutilised
	disclosed	period from	during the	as at	Net Proceeds
	in the 2021	Listing Date	Year Under	31 December	
	Interim	to	Review	2023	
	Results	31 December			
	Announcement	2022			
	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 2023, 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 2023 and up to the date of this announcement.

CONTINGENT LIABILITIES

As at 31 December 2023 and 31 December 2022, 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 2023, the Group employed a total of 127 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 2023: 24.2%; 31 December 2022: 26.7%). 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 2023: 57 days; 31 December 2022: 12 days).

The trade payables turnover days maintained in a similar level during the Year Under Review (31 December 2023: 49 days; 31 December 2022: 24 days).

DIVIDEND

The Board did not recommend the declaration of dividend for the year ended 31 December 2023 (2022: 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 C3 to the Listing Rules as its own code for securities transactions by Directors and senior management. Having made specific enquiries with all the Directors, all the Directors confirmed that they have complied with the Model Code 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 2023, 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 2023 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 draft 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 2023 annual general meeting (the “AGM”) of the Company will be held on Monday, 27 May 2024. 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, 22 May 2024 to Monday, 27 May 2024, 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, 21 May 2024.

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) and the website of the Company (www.tuyigroup.com). The Company's annual report for year ended 31 December 2023 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.

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

The PRC, 28 March 2024

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.