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Orange Tour Cultural Holding Limited
旅橙文化控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8627

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Orange Tour Cultural Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of Directors (the "**Board**") of the Company is pleased to present the consolidated results of the Group for the year ended 31 December 2019, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	**2019 RMB'000**	2018 RMB'000
Revenue	*5*	**60,998**	53,358
Other income	*5*	**153**	309
Project costs		**(22,117)**	(19,959)
Depreciation of property, plant and equipment	*6*	**(264)**	(329)
Employee benefits expense	*6*	**(11,984)**	(11,143)
Provision for expected credit loss on trade receivables, net		**(666)**	(360)
Other operating expenses		**(4,130)**	(2,467)
Listing expenses		**(6,870)**	(8,048)
Finance costs	*7*	**(11)**	–
Profit before income tax	*6*	**15,109**	11,361
Income tax expense	*8*	**(6,230)**	(5,054)
Profit for the year attributable to the owners of the Company		**8,879**	6,307
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(433)**	(384)
Other comprehensive loss for the year		**(433)**	(384)
Total comprehensive income attributable to the owners of the Company		**8,446**	5,923
Earnings per share attributable to the owners of the Company			
Basic and diluted	*10*	**1.42 cents**	1.05 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**556**	328
Deposit paid for acquisition of property, plant and equipment		**–**	4,995
		556	5,323
Current assets			
Trade and other receivables	*11*	**43,787**	25,322
Amounts due from shareholders		**–**	1,470
Time deposit		**30,000**	–
Bank balances and cash		**37,466**	26,886
		111,253	53,678
Current liabilities			
Trade and other payables	*12*	**15,556**	14,000
Tax payable		**3,596**	934
Lease liabilities		**114**	–
		19,266	14,934
Net current assets		**91,987**	38,744
Net assets		**92,543**	44,067
CAPITAL AND RESERVES			
Share capital		**5,616**	6
Reserves		**86,927**	44,061
Total equity		**92,543**	44,067

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

1. GENERAL INFORMATION

Orange Tour Cultural Holding Limited (the "**Company**", collectively with its subsidiaries, the "**Group**") was incorporated as an exempted company with limited liability in the Cayman Islands on 13 April 2018 under the Companies Law of the Caymans Islands. The registered office of the Company is located at Sertus Chambers, Governors Square, Suite 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. The shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 14 November 2019. The Group's principal place of business is located at Composite Building, Xiazhang Village, Yicheng Subdistrict, Yixing City, Jiangsu Province, the People's Republic of China (the "**PRC**").

The Company is an investment holding company. The principal activities of the Group are provision of event management services and design and production services.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION

2.1 Group reorganisation

The companies comprising the Group underwent a reorganisation (the "**Reorganisation**") to rationalise the Group's structure in preparation for the listing of the shares of the Company on GEM of the Stock Exchange (the "**Listing**"). Details about steps taken in the Reorganisation are set out in the prospectus of the Company dated 30 October 2019.

2.2 Basis of preparation and presentation

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKAS**") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated financial statements also comply with the applicable disclosure requirements of the Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**").

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 25 June 2018. The companies comprising the Group are under the common control of the Mr. Zhou Yang ("**Mr. Zhou**") and Ms. Song Ruiqing ("**Ms. Song**"), before and after the Reorganisation and the control is not transitory. The Reorganisation has been accounted for as a restructuring under common control in a manner similar to pooling of interests. Accordingly, the consolidated financial statements have been prepared using the principles of merger accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for years ended 31 December 2019 and 2018 include the financial performance, changes in equity and cash flows of companies within the Group as if the current group structure had been in existence throughout the reporting periods, or since their date of establishment, incorporation or acquisition, where applicable. The consolidated statements of financial position of the Group as at 31 December 2019 and 2018 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective date of establishment, incorporation or acquisition, where applicable.

The assets and liabilities of the companies comprising the Group are consolidated using the existing book values. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the Reorganisation.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

The consolidated financial statements has been prepared on historical cost basis. The consolidated financial statements is presented in Renminbi ("RMB"), which is different from Hong Kong dollars ("HK$"), the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and assumptions have been used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The HKICPA has issued a number of new and amendments to HKFRSs which were relevant to the Group and had became effective during the year. In preparing the consolidated financial statements, the Group has applied all these new and amendments to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2019.

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

Except for the HKFRS 16, none of these amendments have had a material effect on how the Group's financial performance and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

For the year ended 31 December 2019, the Group has applied for the first time, HKFRS 16 and the related consequential amendments to other HKFRSs which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 16, the Group has recognised the cumulative effect of the initial application of HKFRS 16 at the date of initial application of HKFRS 16, which is 1 January 2019; the Group recognised lease liability at the date of initial application for leases previously classified as an operating lease applying HKAS 17. The Group measures that lease liability at the present value of the remaining lease payments, discounted using the applicable lessee's incremental borrowing rate at the date of initial application and recognised the associated right-of-use asset at an amount equal to the initial measurement of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. The right-of-use assets were recognised in the consolidated statement of financial position. The Group elects the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and perform a full review of existing leases and applies HKFRS 16 only to contracts that were previously identified as lease applying HKAS 17. Furthermore, the Group uses the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease. The Group did not restate the comparative information based on the specific transitional provisions set out in HKFRS 16.

After the commencement date, a lessee shall measure the lease liability by:

(a) increasing the carrying amount to reflect interest on the lease liability;

(b) reducing the carrying amount to reflect the lease payments made; and

(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Such finance cost will be charged to the profit or loss in the period in which it is incurred using effective interest method.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the profit or loss over the lease period on a straight-line basis.

Depreciation on the right-of-use assets, was charged on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

In summary, the following adjustments were made to the amounts recognised as at 31 December 2018 at the date of initial application (1 January 2019):

	Carrying amount as at 31 December 2018 under HKAS 17	**Adjustment**	**Carrying amount as at 1 January 2019 under HKFRS 16**
	RMB'000	RMB'000	RMB'000
Non-current assets			
Right-of-use assets, presented as part of property, plant and equipment	–	223	223
Current liabilities			
Lease liabilities	–	109	109
Non-current liabilities			
Lease liabilities	–	114	114

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 5%.

	1 January 2019
	RMB'000
Operating lease commitment at 31 December 2018	**240**
Discounted using the applicable incremental borrowing rate at the date of initial application	**223**
Lease liabilities recognised at 1 January 2019	**223**

Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

At the date when these consolidated financial statements are authorised for issue, certain new and amended HKFRSs have been issued but are not yet effective, and have not been applied early by the Group.

		Effective for annual reporting periods beginning on or after
HKFRS 10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020^
HKFRS 3 Amendments	Definition of a Business	1 January 2020
HKAS 1 and HKAS 8 Amendments	Definition of Material	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021

* On 6 January 2016, the HKICPA issued “Effective Date of Amendments to HKFRS 10 and HKAS 28”, following the International Accounting Standards Board’s equivalent amendments. This update defers/removes the effective date of the amendments in “Sale or Contribution of Assets between an Investor or its Associate or Joint Venture” that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

^ The HKICPA will start using the revised Conceptual Framework immediately when revising or developing Standards or Accounting Guidelines. The revised Conceptual Framework has an effective date of 1 January 2020 for companies that use the Conceptual Framework to develop accounting policies when no Standards or Accounting Guidelines applies to a particular transaction.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs that have been issued but are not yet effective. So far, it has been preliminarily concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors, who are the chief operating decision makers, in order to allocate resources and assess performance of the segment. During the year, executive directors of the Company regularly review the consolidated financial position, revenue from provision of event management services and design and production services and results of the Group for the purposes of allocating resources and assessing performance of the Group as a whole.

Therefore, the directors of the Company consider the Group has one single operating segment during the year which is provision of event management services and design and production services.

Geographical information

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regards the PRC as its country of domicile.

As at 31 December 2019 and 2018, the Group operated within one geographical area because all of its revenue was generated in the PRC and all of its long-term assets were located in the PRC. Accordingly, no geographical information is presented.

Information about a major customer

For the year ended 31 December 2019, revenue from a major customer who contributed more than 10% of the total revenue of the Group is as follow:

	2019
	RMB'000
Customer A	**8,035**

Note: There were no single customer contributed over 10% of total revenue of the Group for the year ended 31 December 2018.

5. REVENUE AND OTHER INCOME

All revenue are recognised at a point in time. An analysis of the Group's revenue by services and other income during the year is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue		
By type of services		
Event management services	**39,227**	36,280
Design and production services	**21,771**	17,078
	60,998	53,358
Other income		
Exchange difference	**42**	169
Interest income	**93**	140
Gain on disposal of property, plant and equipment	**18**	–
	153	309

All of the Group's unsatisfied performance obligations for contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2019	2018
	RMB'000	*RMB'000*
Auditor's remuneration	**397**	–
Provision for ECL on trade receivables, net	**666**	360
Expense relating to short-term leases	**14**	–
Minimum lease payments under operating lease charged for properties	**–**	120
Project costs		
Event and marketing materials expenses	**4,173**	4,781
Printing charges	**400**	729
Stage services and venue decoration expenses	**5,016**	5,824
Advertising and promotional expenses	**4,589**	4,307
Video and animation production costs	**3,367**	1,638
Applications and software development expenses	**4,442**	2,095
Other project costs	**130**	585
	22,117	19,959
Employee benefits expense (including directors' emoluments)		
– Salaries, allowances and benefits in kind	**7,269**	6,033
– Discretionary bonus	**3,036**	3,384
– Retirement benefit scheme contributions	**1,679**	1,726
	11,984	11,143

7. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Interest expense for lease arrangements	**11**	–

8. INCOME TAX EXPENSES

	2019	2018
	RMB'000	RMB'000
Income tax expenses comprise:		
The PRC Enterprise Income Tax		
– current tax for the year	**6,230**	5,054

The PRC Enterprise Income Tax has been provided at the rate 25% (2018: 25%) on the taxable profits of the Group's PRC subsidiaries during the year.

9. DIVIDEND

No dividend has been paid or declared by the Company during the year ended 31 December 2019 (2018: Nil). The directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

10. EARNINGS PER SHARE

	2019	2018
Earnings:		
Profit for the year attributable to the owners of the Company (RMB'000)	**8,879**	6,307
Number of shares:		
Weighted average number of ordinary shares (in thousand)	**626,301**	600,000

The 600,000,000 shares used to calculate the basic earnings per share for the year ended 31 December 2018 represents the number of shares of the Company immediately prior to the Listing of the Company's share on GEM as if the shares had been in issue throughout the year ended 31 December 2018.

Diluted earnings per share were same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	RMB'000
Trade receivables, at cost	**40,967**	19,981
Less: Provision for ECL	**(1,142)**	(476)
Trade receivables, net	**39,825**	19,505
Prepayments	**3,666**	2,483
Prepaid listing expense	**–**	2,278
Deposit and other receivables	**296**	1,056
	43,787	25,322

The credit period for trade receivables is up to 90 days (2018: 90 days) from the invoice date for the year.

The ageing analysis of the trade receivables based on invoice date, net of provision for ECL, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**12,512**	8,061
Over 1 month but within 3 months	**11,772**	6,399
Over 3 months but within 6 months	**10,776**	2,647
Over 6 months but within 1 year	**4,629**	1,996
Over 1 year	**136**	402
	39,825	19,505

12. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	RMB'000
Trade payables	**2,819**	3,060
Accruals and other payable	**9,094**	8,716
Other tax payables	**2,910**	1,947
Contract liabilities	**733**	277
	15,556	14,000

The credit period granted by suppliers of the Group is ranging from 30 to 120 days (2018: 30 to 120 days) for the year. The ageing analysis of the trade payables based on invoice date is as follows:

	2019	2018
	RMB'000	RMB'000
Within 1 month	**1,879**	2,029
Over 1 month but less than 3 months	**811**	440
Over 3 months but less than 1 year	**62**	364
Over 1 year	**67**	227
	2,819	3,060

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a marketing services company headquartered in Yixing of the People's Republic of China ("**PRC**") with a principal focus on the provision of (i) event management services; and (ii) design and production services. Commenced its business under its predecessor, the Group has accumulated over 13 years of experience in the provision of marketing services. Over the years, the Group has developed well-established relationships with customers from governmental and commercial sectors of the PRC.

The successful listing of the Company's shares on GEM of the Stock Exchange (the "**Listing**") on 14 November 2019 has further improved the Company's financial position and overall competitiveness. The net proceeds from the Listing amounted to approximately HK$27.2 million. With the support of the shareholders of the Company, as well as the competitive advantages and the well-established business strategy, the Group is confident in maintaining its performance and enhancing the Group's corporate profile which will induce the customers' confidence and strives to provide fruitful returns to investors in the future.

Looking forward, the Group will continue to strengthen the Group's position in the PRC marketing services industry and further expand the business operations with a view to capture the fast-growing business opportunity in the market. The Group will focus on the following business strategies: (i) establishment of new branch offices in Wuxi and Beijing; (ii) setting up a sales and marketing team and the enhancement of marketing efforts; and (iii) setting up an in-house multimedia production and design team. Details of the business strategies have been disclosed in the prospectus of the Company dated 30 October 2019 (the "**Prospectus**"). The financial support from the proceeds will enable the Group to better implement the business expansion plans and to demonstrate its strong competitiveness in order to fulfil the needs of the existing and potential customers across different regions.

FINANCIAL REVIEW

Revenue

The Group generates revenue from the provision of (i) event management services; and (ii) design and production services in the PRC. The following table sets forth the breakdown of revenue from business operations for FY2018 and FY2019.

	Year ended 31 December			
	2019		2018	
	RMB'000	**%**	RMB'000	%
Event management services	**39,227**	**64.3%**	36,280	68.0%
Design and production services	**21,771**	**35.7%**	17,078	32.0%
	60,998	**100%**	53,358	100%

Revenue increased from approximately RMB53.4 million for FY2018 to approximately RMB61.0 million for the FY2019, representing an increase of approximately RMB7.6 million or 14.3%. Such increase was primarily due to the increase in revenue generated from event management services as well as design and production services.

The provision of event management services continued to be the main source of revenue stream of the Group, which increased from approximately RMB36.3 million for the FY2018 to approximately RMB39.2 million for the FY2019, representing an increase of approximately 8.1% and accounting for 64.3% of the total revenue. Such increase was primarily driven by more larger scale projects undertaken which improved the overall profitability of the Group.

For design and production services, it increased from approximately RMB17.1 million for the FY2018 to approximately RMB21.8 million for the FY2019, representing an increase of approximately 27.5% and accounting for 35.7% of the total revenue. The increase was primarily due to the increase in the number of projects taken by the Group increased from 248 for FY 2018 to 326 for FY2019.

Project costs

Project costs increased by approximately RMB2.2 million, or 10.8%, from approximately RMB20.0 million for FY2018 to approximately RMB22.1 million for FY2019. Such increase was generally in line with the increase in revenue and was primarily due to the overall increase in the cost of event management related services, resulting from the increase in the number of sizable event projects undertaken by the Group strategically.

Employee benefits expense

Employee benefits expense increased from approximately RMB11.1 million for the FY2018 to approximately RMB12.0 million for FY2019, representing an increase of approximately RMB0.8 million or 7.5%. Such increase was primarily due to the overall increase in the number of staff.

Other operating expenses

Other operating expenses increased from approximately RMB2.5 million for the FY2018 to approximately RMB4.1 million for FY2019, representing an increase of approximately RMB1.6 million or 67.4%. Such increase was primarily due to (i) the increase in the scale of projects undertaken which resulted in the increase in general operating costs; and (ii) the increase in auditor's remuneration as well as the legal and professional fees for the compliance costs upon Listing.

Finance costs

Finance costs represents the interest expense recognised in respect of the lease liabilities in relation to the lease of the office premises. As HKFRS 16 was effective on 1 January 2019, no finance costs was recognised for the FY2018 while finance costs of approximately RMB11,000 was recorded for FY2019 upon application of HKFRS 16.

Listing expenses

A total of approximately RMB24.2 million of listing expenses for FY2019 was incurred, of which the Group charged approximately RMB14.9 million to profit or loss, while approximately RMB9.3 million was directly attributable to the issue of new shares and was accounted for as a deduction from equity in accordance with the relevant accounting standards.

Total profit for the year and earnings per share

As a result of the foregoing, the Group's profit for the year increased from RMB6.3 million for FY2018 to RMB8.9 million for FY2019, increased by approximately RMB2.6 million or 40.8%. By excluding the listing expenses for FY2018 and FY2019, the Group's profit for the year increased by approximately RMB1.4 million or 9.7%.

Basic and diluted earnings per share for FY2019 were RMB1.42 cents as compared to RMB1.05 cents for FY2018.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its liquidity and capital requirements primarily through cash generated from operations and equity contribution from shareholders.

As at 31 December 2019, the Group had cash and cash equivalents of approximately RMB37.5 million (2018: RMB26.9 million).

As at 31 December 2019, the Group's total equity attributable to owners of the Company amounted to approximately RMB92.5 million (2018: RMB44.1 million). As of the same date, the Group did not have any interest bearing debt (2018: Nil).

On 14 November 2019, the Company was listed on GEM by way of public offer and completed the public offer of 200,000,000 shares by offer price of HK$0.275 per share. The net proceeds from the Listing amounted to approximately HK$27.2 million. The Directors believe that with the new capital from the public offer, the Group is in a healthy financial position to expand its business and achieve its business objectives.

PLEDGE OF ASSETS

As at 31 December 2019, none of the Group's assets was pledged (2018: Nil).

GEARING RATIO

Gearing ratio is calculated as total interest-bearing debt divided by total equity and multiplied by 100%. The Group's gearing ratio was 0.1% for FY 2019 (2018: Nil).

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that is likely to have a material and adverse effect on the Group's business, financial condition or results of operations (2018: Nil).

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations of the Group were mainly transacted in RMB which is the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 14 November 2019. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares. As at 31 December 2019, the Company's issued share capital was RMB5.6 million and the number of its issued ordinary shares was 800,000,000 of US$0.001 each.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

With reference to the announcement dated 29 November 2019, the Directors is in the progress of looking for a suitable property for new headquarter in Yixing in order to cope with the business expansion of the Group. Save for the establishment of the new headquarters, the Group did not have other plans for material investments or capital assets as of 31 December 2019.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures for the FY2019.

CAPITAL COMMITMENT

As at 31 December 2019, the Group had no capital commitment (2018: RMB11,654,000).

MATERIAL EVENT SINCE THE END OF THE FINANCIAL PERIOD

After the year ended 31 December 2019, the outbreak of novel coronavirus (COVID-19) epidemic ("**Epidemic**") has deeply affected China's economy and substantially reduced domestic consumption and manufacturing capability. Given of these dynamic circumstances, the Directors expect that the weak performance in the marketing activities will pose an adverse impact to the operation of the Group that might not be reasonably estimated at this stage. Should the outbreak of the Epidemic prevail, the adverse impact on the Group will continue and it may affect the financial results for the whole year in 2020.

USE OF NET PROCEEDS FROM THE LISTING

The Company successfully listed its shares on GEM of the Stock Exchange on 14 November 2019 (the "**Listing Date**") by way of public offer and placing and the net proceeds from the Listing of the Company were approximately HK$27.2 million. The Company intends to apply the net proceeds in the same proportion and in the same manner as shown in the Prospectus. An analysis of the utilisation of the net proceeds is set out as below:

	Planned use of net proceeds up to 31 December 2019 HK$ million	**Use of net proceeds 31 December 2019 HK$ million**
Business objective and strategy		
Establishment of new branch offices in Wuxi and Beijing	0.2	0.2
Setting up a sales and marketing team and the enhancement of marketing efforts	0.7	0.3
Setting up an in-house multimedia production and design team	0.1	–
General working capital	2.6	0.3

In light of the outbreak of the Epidemic, the marketing service sector has been adversely affected in the PRC. Should the outbreak of the Epidemic prevail, the Group expansion plan may possibly be delayed in order to migrate the risks of utilising of the net proceeds from the Listing given the macroeconomic stability is still being uncertain throughout the PRC. The Directors will continually evaluate the Group's business objective and strategies, change or modify the plans in line with market conditions, to stimulate business growth of the Group.

All unutilised balances has been deposited in the licensed banks in Hong Kong and the PRC.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of comprehensive income in this announcement. The state of affairs of the Group as at 31 December 2019 are set out in the consolidated statement of financial position in this announcement.

The Directors do not recommend the payment of a final dividend for FY2019 (2018: Nil).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the "**Required Standard of Dealing**"). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealing and there was no event of non-compliance during FY2019.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules since Listing Date up to the date of this annual report. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the Reorganisation as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for FY2019.

AUDIT COMMITTEE

The Audit Committee was established on 21 October 2019. The chairman of the Audit Committee is Mr. Ho Yau Kwok, the independent non-executive Director, and other members included Mr. Yip Koon Shing and Mr. Wong Kin Yip, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise. The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditor and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The Group's consolidated financial statements for FY2019 have been reviewed by the Audit Committee.

Scope of work of Moore Stephens CPA Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on this announcement.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our shareholders, business partners and customers for their utmost support to the Group. I would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

By order of the Board
Orange Tour Cultural Holding Limited
Zhou Yang
Chairman and Executive Director

Hong Kong, 26 March 2020

As at the date of this announcement, the Board comprises Mr. Zhou Yang and Ms. Song Ruiqing as executive Directors; and Mr. Ho Yau Kwok, Mr. Wong Kin Yip and Mr. Yip Koon Shing as independent non-executive Directors.

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will be published on the Company's website at www.otch.com.cn.