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 2020

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 hereby announces the consolidated financial results of the Group for the year ended 31 December 2020, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	**2020** **RMB'000**	2019 *RMB'000*
Revenue	*5*	**22,061**	60,998
Other income and gains	*5*	**881**	153
Project costs	*6*	**(9,474)**	(22,117)
Depreciation of property, plant and equipment		**(472)**	(264)
Employee benefits expense	*6*	**(10,307)**	(11,984)
Reversal of/(provision for) expected credit loss on trade receivables, net	*6*	**363**	(666)
Other operating expenses		**(4,412)**	(4,130)
Listing expenses		**–**	(6,870)
Finance costs	*7*	**(6)**	(11)
(Loss)/profit before income tax	*6*	**(1,366)**	15,109
Income tax expense	*8*	**(446)**	(6,230)
(Loss)/profit for the year attributable to the owners of the Company		**(1,812)**	8,879
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(102)**	(433)
Other comprehensive loss for the year, net of income tax		**(102)**	(433)
Total comprehensive (loss)/income for the year attributable to the owners of the Company		**(1,914)**	8,446
(Loss)/earnings per share attributable to the owners of the Company			
Basic and diluted	*10*	**RMB(0.23) cents**	RMB1.42 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**989**	556
Deferred tax assets		**193**	–
		1,182	556
Current assets			
Trade and other receivables	*11*	**23,197**	43,787
Tax recoverable		**943**	–
Time deposit		**35,000**	30,000
Bank balances and cash		**43,494**	37,466
		102,634	111,253
Current liabilities			
Trade and other payables	*12*	**13,187**	15,556
Tax payable		**–**	3,596
Lease liabilities		**–**	114
		13,187	19,266
Net current assets		**89,447**	91,987
Net assets		**90,629**	92,543
CAPITAL AND RESERVES			
Share capital		**5,616**	5,616
Reserves		**85,013**	86,927
Total equity		**90,629**	92,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

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 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 shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 14 November 2019.

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. 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 Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**").

The consolidated financial statements have been prepared on historical cost basis. The consolidated financial statements are presented in Renminbi ("**RMB**"), which is different from Hong Kong dollar ("**HK$**"), the functional currency of the Company. As the Group mainly operates in the PRC, RMB is used as the presentation currency of the consolidated financial statements. 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSS

The HKICPA has issued a number of revised HKFRSs and had become effective during the year. In preparing the consolidated financial statements, the Group has applied all applicable revised HKFRSs issued by the HKICPA, which are effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2020.

Amendments to HKAS 1 (Revised) and HKAS 8	Definition of Material
Amendments to HKFRS 3 (Revised)	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

None of these amendments have had a material effect on how the Group's financial performance and financial position for the current or prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Amendments to HKFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022

		Effective for annual reporting periods beginning on or after
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020	1 January 2022
HKFRS 17	Insurance Contracts and related amendments	1 January 2023
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and related amendments to HK Interpretation 5 (2020)	1 January 2023

* 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 and its Associate or Joint Venture" that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

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 amendments to 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 of the Company, who are the chief operating decision makers, in order to allocate resources and assess performance of the segment. During the year, the 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 2020 and 2019, 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 2020, revenue from a major customer who contributed more than 10% of the total revenue of the Group is as follow:

	2020	2019
	RMB'000	*RMB'000*
Customer A	**N/A** *(Note)*	8,035
Customer B	**4,690**	N/A *(Note)*

Note: Revenue from customer A for the year ended 31 December 2020 and revenue from customer B for the year ended 31 December 2019 contributed less than 10% of the total revenue of the Group for the respective year.

5. **REVENUE AND OTHER INCOME AND GAINS**

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

	2020	2019
	RMB'000	*RMB'000*
Revenue		
By type of services		
Event management services	**6,978**	39,227
Design and production services	**15,083**	21,771
	22,061	60,998
Other income and gains		
Exchange gain, net	**160**	42
Interest income	**426**	93
Gain on disposal of property, plant and equipment	**–**	18
Government subsidies *(Note)*	**47**	–
Others	**248**	–
	881	153

Note: The government subsidies recognised for the year ended 31 December 2020 were the approved subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the People's Republic of China. There are no unfulfilled conditions or other contingencies attached to these subsidies.

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. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

	2020	2019
	RMB'000	*RMB'000*
Auditor's remuneration	**390**	1,786
(Reversal of)/provision for ECL on trade receivables, net	**(363)**	666
Expense relating to short-term leases	**184**	14
Project costs		
– Event and marketing materials expenses	**1,570**	4,173
– Printing charges	**178**	400
– Stage services and venue decoration expenses	**1,783**	5,016
– Advertising and promotional expenses	**2,489**	4,589
– Video and animation production costs	**1,744**	3,367
– Applications and software development expenses	**1,581**	4,442
– Other project costs	**129**	130
	9,474	22,117
Employee benefits expense (including directors' emoluments)		
– Salaries, allowances and benefits in kind	**9,289**	8,138
– Discretionary bonus	**868**	3,036
– Retirement benefit scheme contributions	**150**	810
	10,307	11,984

7. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest expense for lease liabilities	**6**	11

8. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Income tax expense comprise:		
Current tax – The PRC Enterprise Income Tax ("**EIT**")		
– current year	**639**	6,230
Deferred tax		
– current year	**(193)**	–
Income tax expense	**446**	6,230

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax under these jurisdictions during the year (2019: Nil).

Hong Kong corporates are mainly subject to Hong Kong Profits Tax rate of 16.5% (2019: 16.5%). No Hong Kong Profits Tax has been provided for the year in the consolidated financial statements as the Group has no assessable profits derived in Hong Kong during the year (2019: Nil).

The Group is subject to income tax on an entity basis on profits arising in or derived from the PRC in which members of the Group are domiciled and operated. Except for two PRC subsidiaries that are qualified for the simplified tax rate of 2.5% (2019: 2.5%) on the gross revenue, the PRC EIT has been provided at the rate of 25% (2019: 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 (2019: Nil). The directors of the Company do not recommend the payment of a final dividend for the year (2019: Nil).

10. (LOSS)/EARNINGS PER SHARE

	2020	2019
(Loss)/profit for the year attributable to the owners of the Company (RMB'000)	**(1,812)**	8,879
Weighted average number of ordinary shares (in thousand)	**800,000**	626,301

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

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables, gross	**13,651**	40,967
Less: Provision for ECL	**(779)**	(1,142)
Trade receivables, net	**12,872**	39,825
Prepayments	**277**	337
Trade prepayments	**5,859**	3,329
Deposit and other receivables	**4,189**	296
	23,197	43,787

The credit period for trade receivables is normally 90 days (2019: 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:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**7,308**	12,512
Over 1 month but within 3 months	**1,136**	11,772
Over 3 months but within 6 months	**833**	10,776
Over 6 months but within 1 year	**1,000**	4,629
Over 1 year	**2,595**	136
	12,872	39,825

12. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**871**	2,819
Accruals and other payable	**11,329**	9,094
Other tax payables	**586**	2,910
Contract liabilities	**401**	733
	13,187	15,556

The credit period granted by suppliers of the Group is ranging from 30 to 120 days (2019: 30 to 120 days) for the year. The ageing analysis of the trade payables based on invoice date is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**800**	1,879
Over 1 month but within 3 months	**–**	811
Over 3 months but within 1 year	**–**	62
Over 1 year	**71**	67
	871	2,819

13. EVENTS AFTER THE END OF REPORTING PERIOD

The assessment of the impact of the Coronavirus Disease 2019 ("Epidemic")

Since the outbreak of the Epidemic in January 2020, the prevention and control of the Epidemic has been going on throughout the PRC.

The outbreak of the Epidemic has deeply affected China's economy and substantially reduced domestic consumption and tourism and manufacturing capability. Given of these dynamic circumstances, the directors of the Company 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. The adverse impact on the Group will continue and it has already affected the financial results for the whole year of 2020 and probably 2021.

The directors of the Company will continue to assess the impact of the Epidemic on the Group's operation and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection with the Epidemic. The Group will take appropriate measures as necessary. Up to the date of approval of these consolidated financial statements, the assessment is still in progress.

Cooperative agreement (the "Agreement") with Lionheart Media Group Limited ("Lionheart")

On 5 December 2020, Orange Tour Cultural Investment Limited ("**OTC Investment**"), a wholly-owned subsidiary of the Company, entered into the Agreement with Lionheart, to jointly engaged in the media production business. According to the Agreement, OTC International Limited ("**OTC International**") will allot 2,000 ordinary shares and 7,000 ordinary shares to OTC Investment and Lionheart, respectively. Immediate after this allotment, 30% and 70% equity interest in OTC International will be held by the Group and Lionheart, respectively. The allotment was not completed as at 31 December 2020 and shall be accounted for as a deemed disposal of a subsidiary during the year ending 31 December 2021.

Pursuant to the Agreement, OTC Investment will provide a revolving loan facilities up to HK$3,000,000, which is interest-bearing of 10% per annum, to OTC International. The loan has to be repaid in 12 months after drawing.

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 14 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 in the PRC.

The Group recorded a net loss of RMB1.8 million for the year ended 31 December 2020 ("**FY2020**") as compared with a net profit of approximately RMB8.9 million for the year ended 31 December 2019 ("**FY2019**"). The Board considers that the net loss was primarily attributable to a significant decrease in revenue for FY2020 as comparing with the same period in 2019 due to the outbreak of the novel coronavirus (COVID-19) epidemic (the "**Epidemic**") that resulted in delays or cancellations of existing projects and the reduction of demand and contract value for new contracts during the year. With the outbreak of the Epidemic, numbers of provinces and cities have adopted various public health emergency policies, including but not limited to, prohibiting the movement of people among different cities, issuing compulsory quarantine orders and demanding temporary closure of commercial and recreational premises, which have affected the Group's operations and led to a decrease in the number of projects, in particular the event management activities, undertaken during the year.

Looking forward, although the Epidemic is still on-going and might continue to affect the operation and financial performance of the Group, the Group is cautiously optimistic that the economic impact as brought by the Epidemic will be mitigated as a result of series of anti-epidemic measures implemented by the government and the ongoing vaccination schemes. Despite the uncertain business environment, the Group will continue to explore the business opportunity in the markets so as to capture the market rebound once the market conditions improve. As such, the Group will closely monitor the market conditions and cautiously implement various plans and strategies following the gradual ease of the Epidemic.

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 FY2019 and FY2020.

	Year ended 31 December			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Event management services	**6,978**	**31.6%**	39,227	64.3%
Design and production services	**15,083**	**68.4%**	21,771	35.7%
	22,061	**100.0%**	60,998	100.0%

Revenue decreased from approximately RMB61.0 million for FY2019 to approximately RMB22.1 million for FY2020, representing a decrease of approximately RMB38.9 million or 63.8%. Such decrease was primarily due to the decrease in revenue generated from event management services as well as design and production services.

The provision of event management services was the main source of revenue stream of the Group over the past years. Nevertheless, the ongoing Epidemic has affected this service sector drastically as numbers of event management projects were cancelled or delayed due to various public heath emergency policies adopted. As a result, the revenue generated from this sector decreased by 82.2% from approximately RMB39.2 million for FY2019 to approximately RMB7.0 million for FY2020.

For design and production services, its revenue decreased from approximately RMB21.8 million for FY2019 to approximately RMB15.1 million for FY2020, representing a decrease of approximately 30.7% and accounting for 68.4% of the total revenue. Such decrease was also due to the decrease in the number of projects undertaken by the Group during the year.

Other income and gains

Other income and gains increased from approximately RMB153,000 for FY2019 to approximately RMB881,000 for FY2020, representing an increase of approximately RMB728,000 or 475.8%. Such increase was primarily due to the increase of interest income derived from the time deposit for FY2020.

Project costs

Project costs decreased by approximately RMB12.6 million, or 57.2%, from approximately RMB22.1 million for FY2019 to approximately RMB9.5 million for FY2020. Such decrease was generally in line with the decrease in revenue as a result of the decrease in the number of projects undertaken by the Group during FY2020.

Employee benefits expense

Employee benefits expense decreased from approximately RMB12.0 million for FY2019 to approximately RMB10.3 million for FY2020, representing a decrease of approximately RMB1.7 million or 14.0%. Such decrease was primarily due to the decrease in the discretionary bonus for the employees.

Other operating expenses

Other operating expenses increased from approximately RMB4.1 million for FY2019 to approximately RMB4.4 million for FY2020, representing an increase of approximately RMB0.3 million or 6.8%. Such increase was primarily due to the increase in legal and professional fees for the compliance costs after the listing of the Company in FY2019.

Listing expenses

A total of approximately RMB6.9 million of listing expenses was charged to profit or loss for the listing of the Company in FY2019. No further expenses was incurred for FY2020 upon listing of the Company.

Finance costs

Finance costs represents the interest expense recognised in respect of the lease liabilities in relation to the lease of the office premises. There were no material changes in finance costs for FY2019 and FY2020, which amounted to approximately RMB11,000 and RMB6,000, respectively.

Loss for the year and loss per share

As a result of the foregoing, the Group recorded a net loss of RMB1.8 million for FY2020 as compared with a net profit of approximately RMB8.9 million for FY2019, representing a decrease of approximately RMB10.7 million or 120.4%.

Basic and diluted loss per share for FY2020 were RMB0.23 cents as compared to basic and diluted earnings per share of RMB1.42 cents for FY2019.

SEGMENT INFORMATION

Segment information is presented for the Group as disclosed on note 4 to this announcement.

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 2020, the Group had cash and cash equivalents of approximately RMB43.5 million (2019: RMB37.5 million). As of the same date, the Group did not have any bank borrowings and lease liabilities (2019: RMB0.1 million).

As at 31 December 2020, the Group's total equity attributable to owners of the Company amounted to approximately RMB90.6 million (2019: RMB92.5 million).

On 14 November 2019 (the "**Listing Date**"), the Company was listed on GEM of the Stock Exchange 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 2020, none of the Group's assets was pledged (2019: Nil).

GEARING RATIO

Gearing ratio is calculated as total interest-bearing debt divided by total equity and multiplied by 100%. The Group did not have any gearing ratio for FY2020 (2019: 0.1%) as the Group did not have any interest-bearing debt as at 31 December 2020.

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 2020, 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 (2019: 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 the Listing Date. 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 2020, 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 of the Company 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 2020.

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 FY2020.

CAPITAL COMMITMENT

As at 31 December 2020, the Group had no capital commitment (2019: Nil).

MATERIAL EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Details of significant events after the reporting period of the Group are set out in note 13 to this announcement.

COMPARISON OF BUSINESS OBJECTIVE WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set in the prospectus of the Company dated 30 October 2019 ("**Prospectus**") with the Group's actual business progress for the period from the Listing Date to 31 December 2020 is set out below:

Business and strategy as stated in the Prospectus	Business objectives up to 31 December 2020 as stated in the Prospectus	Actual business progress up to 31 December 2020
Establishment of new branch offices in Wuxi and Beijing	– Recruitment of one general manager for setting up the branch offices in Wuxi and Beijing – Recruitment of 22 additional staff, including three operation managers, 17 staff for event management and/or design and two accounting and administrative staff to support the business operation for the branch office in Wuxi – Recruitment of 11 additional staff, including two operation managers, seven staff for event management and/or design and two accounting and administration staff to support the business operation for the branch office in Beijing – Purchase of fixtures, furniture and office equipment for the new branch offices in Wuxi and Beijing – Payment of renovation costs for the new branch offices in Wuxi and Beijing – Payment of staff costs of the additional staff recruited for the branch offices in Wuxi and Beijing – Payment of rental expenses for the new branch offices in Wuxi and Beijing	For the new branch office in Wuxi, the Group has completed the renovation works of the new office rented and new fixtures, furniture and office equipment have been acquired. A general manager, six event management and/or design staff and one administrative staff have been recruited but longer time is required for the Group to recruit the suitable staff for the remaining vacancy under the outbreak of the Epidemic. The branch office in Wuxi has commenced its operation during FY2020. For the establishment of new branch office in Beijing, the Group is in the progress of identifying suitable premises for the new office. As high degree of public health emergency policies have been implemented under the outbreak of the Epidemic, the management is cautious about the timing of the expansion of its business in Beijing and will continuously assess the development of the market conditions.

Business and strategy as stated in the Prospectus	Business objectives up to 31 December 2020 as stated in the Prospectus	Actual business progress up to 31 December 2020
Setting up a sales and marketing team and the enhancement of marketing efforts	– Recruitment of eight additional staff for setting up the sales and marketing team – Carrying out marketing and promotional activities in different cities and regions in the PRC – Payment of staff costs of the additional staff recruited	Eight additional staff has been recruited for the Group's sales and marketing team. However, many marketing activities in the PRC have been postponed or cancelled under the outbreak of the Epidemic. The Group has to take more time to identify suitable marketing activities to promote the Group.
Setting up an in-house multimedia production and design team	– Recruitment of one general manager for setting up the multimedia production and design team – Recruitment of 10 additional staff including one director, three animators and designers, one scriptwriter, three videographers and two post-production editors to support the operation of the multimedia production and design team – Payment of staff costs of the additional staff to be recruited – Purchase of audiovisual equipment and hardware	The Group has carefully evaluated the current market conditions and decided to slow down the recruitment plan for its multimedia production and design team due to the low business sentiment for the marketing services as a result of the outbreak of the Epidemic.

USE OF NET PROCEEDS FROM THE LISTING

The Company successfully listed its shares on GEM of the Stock Exchange on 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 in total	Planned use of net proceeds up to 31 December 2020	Actual use of net proceeds up to 31 December 2020	Unutilised net proceeds as at 31 December 2020	Expected timeline for utilising remaining unused net proceeds *(Note)*
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	
Business objective and strategy					
Establishment of new branch offices in Wuxi and Beijing	12.6	7.4	2.2	10.4	Expected to be fully utilised by 31 December 2021
Setting up a sales and marketing team and the enhancement of marketing efforts	6.6	4.1	1.8	4.8	Expected to be fully utilised by 31 December 2021
Setting up an in-house multimedia production and design team	5.4	3.5	–	5.4	Expected to be fully utilised by 31 December 2021
General working capital	2.6	2.6	2.6	–	Fully utilised

Note: The expected timeline for utilising the remaining net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the market conditions.

In light of the outbreak of the Epidemic, the marketing service sector has been adversely affected in the PRC. The Group will remain cautious in utilising its net proceeds from the listing in order to mitigate the business risks exposed to the Group under the Epidemic. The Directors will continually evaluate the Group's business objective and strategies and will 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 FY2020 are set out in the consolidated statement of comprehensive income in this announcement. The state of affairs of the Group as at 31 December 2020 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 FY2020 (2019: 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 FY2020.

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 announcement. 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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for FY2020.

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 FY2020 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 FY2020 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, 24 March 2021

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.