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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

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021**

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**” and 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 in this announcement misleading.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2021, together with the unaudited comparative figures for the corresponding periods in 2020, are as follows:

	<i>NOTES</i>	For the three months ended 31 March	
		2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)
Revenue	3	4,796	2,009
Other income	3	368	42
Project costs		(1,574)	(802)
Depreciation of property, plant and equipment		(17)	(74)
Employee benefits expense		(2,445)	(2,513)
Reversal of expected credit loss on trade receivables, net		365	428
Other operating expenses		(462)	(1,134)
Finance costs		–	(2)
		<hr/>	<hr/>
Profit/(loss) before income tax	4	1,031	(2,046)
Income tax (expense)/credit	5	(452)	285
		<hr/>	<hr/>
Profit/(loss) for the period attributable to the owners of the Company		579	(1,761)
Other comprehensive income/(loss)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		4	(53)
		<hr/>	<hr/>
Other comprehensive income/(loss) for the period, net of income tax		4	(53)
		<hr/>	<hr/>
Total comprehensive income/(loss) attributable to the owners of the Company		583	(1,814)
		<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share attributable to the owners of the Company	7		
Basic and diluted		RMB0.07 cents	RMB(0.22) cents
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2020 (audited)	5,616	34,420	5,629	(817)	26,412	21,283	92,543
Loss for the period	-	-	-	-	-	(1,761)	(1,761)
Exchange differences arising on translation	-	-	-	(53)	-	-	(53)
Total comprehensive loss for the period	-	-	-	(53)	-	(1,761)	(1,814)
Balance at 31 March 2020 (unaudited)	<u>5,616</u>	<u>34,420</u>	<u>5,629</u>	<u>(870)</u>	<u>26,412</u>	<u>19,522</u>	<u>90,729</u>
Balance at 1 January 2021 (audited)	<u>5,616</u>	<u>34,420</u>	<u>5,921</u>	<u>(919)</u>	<u>26,412</u>	<u>19,179</u>	<u>90,629</u>
Profit for the period	-	-	-	-	-	579	579
Exchange differences arising on translation	-	-	-	4	-	-	4
Total comprehensive income for the period	-	-	-	4	-	579	583
Balance at 31 March 2021 (unaudited)	<u>5,616</u>	<u>34,420</u>	<u>5,921</u>	<u>(915)</u>	<u>26,412</u>	<u>19,758</u>	<u>91,212</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 “**Listing date**”). 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. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 31 March 2021 are consistent with those adopted in the Group’s 2020 audited annual report dated 24 March 2021, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “**New and Revised HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 31 March 2021 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 31 March 2021.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

The unaudited condensed consolidated financial statements has been prepared on historical cost basis. The unaudited condensed 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.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

3. 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 for the three months ended 31 March 2021 are as follows:

Revenue	Three months ended 31 March	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
<i>By types of services</i>		
Event management services	621	1,006
Design and production services	4,175	1,003
	<u>4,796</u>	<u>2,009</u>
Other income		
Interest income	368	42

4. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging:

	Three months ended 31 March	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Expenses related to short-term lease	30	–
Interest expenses for lease arrangements	–	2
Project costs	1,574	802
Employee benefits expenses (including directors' emoluments)		
– Salaries, allowances and benefits in kind	2,173	2,272
– Retirement benefit scheme contributions	272	241
	<u>2,445</u>	<u>2,513</u>

5. INCOME TAX (EXPENSE)/CREDIT

	Three months ended	
	31 March	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Income tax expense comprise:		
Current tax – The PRC Enterprise Income Tax		
– Provision for the period	361	–
Deferred taxation		
– Origination and reversal of temporary difference	91	(285)
	<u>452</u>	<u>(285)</u>

The Company and its subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits of the Company's subsidiaries established in the PRC during the three months ended 31 December 2021 and 2020.

No provision for Hong Kong Profits Tax has been made for the three months ended 31 December 2021 and 2020 as the Group did not have any assessable profits arising in Hong Kong.

The Group has no material deferred tax not provided in the condensed consolidated financial statements as there were no material temporary differences at the end of the reporting period.

6. DIVIDEND

The board of Directors (the “**Board**”) does not recommend the payment of any dividend for the three months ended 31 March 2021 (2020: Nil).

7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	Three months ended	
	31 March	
	2021	2020
	(unaudited)	(unaudited)
Earnings/(Loss):		
Profit/(loss) for the period attributable to the owners of the Company (<i>RMB'000</i>)	<u>579</u>	<u>(1,761)</u>
Number of shares:		
Weighted average number of ordinary shares (<i>in thousand</i>)	<u><u>800,000</u></u>	<u><u>800,000</u></u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the three months ended 31 March 2020 and 2021 was derived from the number of ordinary shares in issue during the period.

No separate diluted earnings/(loss) per share information has been presented as there were no potential ordinary shares outstanding issued for the three months ended 31 March 2021 and 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a marketing services company headquartered in Yixing of the PRC with a principal focus on the provision of (i) event management services; and (ii) design and production services. Having 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 profit of approximately RMB579,000 for the three months ended 31 March 2021 as compared with a net loss of approximately RMB1.8 million for the three months ended 31 March 2020. The Board considers that the net profit was primarily attributable to an increase in revenue for the three months ended 31 March 2021 as comparing with the same period in 2020. It appears that the general economy is gradually recovering from outbreak of the novel coronavirus (COVID-19) epidemic (the “**Epidemic**”) in the PRC, which resulted in the increase of demand and contract value for new contracts during the period.

It is difficult to prematurely determine whether or not the Group can escape the current dilemma. However, the economic recession is now relatively unscathed and the economic rebound is expected to be achieved in the near future. As such, the Group is in the midst of organising a series of plans and strategies in a cautious manner for implementation following the gradual ease of the pandemic. The Group firmly believes that once the effects of the pandemic has somewhat dissipated, market demand will bounce back and business activities will gradually recover. The Directors 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 and when necessary.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately RMB2.8 million, or 139%, from approximately RMB2.0 million for the three months ended 31 March 2020 to approximately RMB4.8 million for the three months ended 31 March 2021, which was due to an increase in number of projects undertaken for the design and production services during the period of comparison.

Project costs

The Group's project costs increased by approximately RMB0.8 million, or 100%, from approximately RMB0.8 million for the three months ended 31 March 2020 to approximately RMB1.6 million, which was in line with the increase in revenue for the respective period.

Employee benefits expenses

There were no material changes in employee benefits expenses for the three months ended 31 March 2020 and 2021, which amounted to approximately RMB2.5 million and RMB2.4 million, respectively.

Other operating expenses

The Group's other operating expenses decreased by approximately RMB0.6 million from approximately RMB1.1 million for the three months ended March 2020 to approximately RMB0.5 million for the three months ended 31 March 2021, which was mainly due to decrease in general office expense and legal and professional fees.

Finance costs

Finance costs represents the interest expense recognised in respect of the lease liabilities in relation to the lease of the office premises, which amounted to approximately RMB2,000 and nil for the three months ended 31 March 2020 and 2021, respectively.

Profit for the period

As a result of the foregoing, the Group's incurred profit for the period of approximately RMB0.6 million for the three months ended 31 March 2021 (Loss of approximately RMB1.8 million for the three months ended 31 March 2020).

DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2021 (2020: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long positions in the shares of the Company

Name of Director/ chief executive	Capacity/Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding
Mr. Zhou Yang ("Mr. Zhou") ^(Note)	Interest in a controlled corporation	420,000,000	52.5%
Ms. Song Ruiqing ("Ms. Song") ^(Note)	Interest in a controlled corporation/Interest of spouse	420,000,000	52.5%

Note:

Mr. Zhou and Ms. Song beneficially own 51% and 49% of the issued share capital of QY Investment Holding Limited ("QY"). Therefore, each of Mr. Zhou and Ms. Song is deemed, or taken to be, interested in all the shares of the Company held by QY for the purpose of the SFO. Mr. Zhou and Ms. Song are the directors of QY.

Save as disclosed above, as at 31 March 2021, none of the Directors and chief executives of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2021, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in the shares of the Company

Name of Shareholder	Capacity/Nature of Interest	Number of shares held/ interested	Approximate percentage of shareholding
QY	Beneficial owner	420,000,000	52.5%
SRU Investment Limited (“SRU”) ^(Note 1)	Beneficial owner	120,000,000	15.0%
Mr. Fan Yajun (“Mr. Fan”) ^(Note 1)	Interest in controlled corporation	120,000,000	15.0%
Ms. Zhou Jianyuan (“Ms. Zhou”) ^(Note 2)	Spouse interest	120,000,000	15.0%

Notes:

1. Mr. Fan beneficially owns the entire issued share capital of SRU. Therefore, Mr. Fan is deemed, or taken to be, interested in all the shares of the Company held by SRU for the purpose of the SFO. Mr. Fan is the sole director of SRU.
2. Ms. Zhou is the spouse of Mr. Fan. Ms. Zhou is deemed to be or taken to be interested in all the shares of the Company in which Mr. Fan is interested under the SFO.

Save as disclosed above, as at 31 March 2021, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “Other information – Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

The Company conditionally adopted a share option scheme on 21 October 2019 (the “**Scheme**”). The terms of the Scheme are in accordance with the GEM Listing Rules and other relevant rules and regulations. Further details of the Scheme are set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to the prospectus dated 30 October 2019.

For the three months ended 31 March 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

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 for the three months ended 31 March 2021.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group as defined in the GEM Listing Rules or has any other conflict of interests with Group during the three months ended 31 March 2021.

CORPORATE GOVERNANCE PRACTICES

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 purposes, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules for the three months ended 31 March 2021. To the best of the Board's knowledge, the Company has complied with all the applicable code provisions as set out in the CG Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2021.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser, Frontpage Capital Limited (the "**Compliance Adviser**"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser, none of the Compliance Adviser or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

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

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, financial reporting process, internal control procedures, the risk management system, audit plans, relationships 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.

The Audit Committee has reviewed with management of the Company on the accounting principles and practices adopted by the Group, this announcement and the first quarterly report of the Group for the three months ended 31 March 2021. The condensed consolidated financial results of the Group for the three months ended 31 March 2021 are unaudited, but have been reviewed by the Audit Committee. Such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 13 May 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 website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the "Latest Listed Company Information" page 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.