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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 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Orange Tour Cultural Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited first quarterly results of the Company and its subsidiaries for the three months ended 31 March 2022.

This announcement, containing the full text of the 2022 first quarterly report of the Company (the “**First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information to accompany the preliminary announcement of first quarterly results. Printed version of the First Quarterly Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course in the manner as required by the GEM Listing Rules.

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

Hong Kong, 13 May 2022

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, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited 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.

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.

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.

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*This report, 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 report 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 report misleading.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2022

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2022, together with the unaudited comparative figures for the corresponding periods in 2021, are as follows:

	NOTES	For the three months ended 31 March	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	3	4,135	4,796
Other income	3	69	368
Project costs		(1,552)	(1,574)
Depreciation of property, plant and equipment		(148)	(17)
Employee benefits expense		(3,121)	(2,445)
Reversal of expected credit loss on trade receivables, net		707	365
Other operating expenses		(630)	(462)
(Loss)/profit before income tax	4	(540)	1,031
Income tax expense	5	(42)	(452)
(Loss)/profit for the period attributable to the owners of the Company		(582)	579
Other comprehensive income <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		36	4
Other comprehensive income for the period, net of income tax		36	4
Total comprehensive (loss)/income attributable to the owners of the Company		(546)	583
(Loss)/earnings per share attributable to the owners of the Company			
Basic and diluted	7	RMB(0.07) cents	RMB0.07 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	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 2021 (audited)	5,616	34,420	5,921	(919)	26,412	19,179	90,629
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)	5,616	34,420	5,921	(919)	26,412	19,758	91,212
Balance at 1 January 2022 (audited)	5,616	34,420	6,303	(868)	26,412	18,029	89,912
Loss for the period	-	-	-	-	-	(582)	(582)
Exchange differences arising on translation	-	-	-	36	-	-	36
Total comprehensive loss for the period	-	-	-	36	-	(582)	(546)
Balance at 31 March 2022 (unaudited)	5,616	34,420	6,303	(832)	26,412	17,447	89,366



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 2022 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 2022 are consistent with those adopted in the Group's 2021 audited annual report dated 25 March 2022, 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 2022 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 2022.

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 2021.

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 2022 are as follows:

Revenue	Three months ended 31 March	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
By types of services		
Event management services	1,744	621
Design and production services	2,391	4,175
	4,135	4,796
Other income		
Interest income	69	368

4. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Three months ended 31 March	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Expenses related to short-term lease	64	30
Project costs	1,552	1,574
Employee benefits expenses (including directors' emoluments)		
– Salaries, allowances and benefits in kind	2,423	2,173
– Retirement benefit scheme contributions	698	272
	3,121	2,445

5. INCOME TAX EXPENSE

	Three months ended 31 March	
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (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	42	91
	42	452

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 March 2022 and 2021.

No provision for Hong Kong Profits Tax has been made for the three months ended 31 March 2022 and 2021 as the Group did not have any assessable profits arising in Hong Kong.

The Group has no material deferred tax not provided in the unaudited 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 2022 (2021: Nil).

7. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 31 March	
	2022 (unaudited)	2021 (unaudited)
(Loss)/earnings: (Loss)/profit for the period attributable to the owners of the Company (<i>RMB'000</i>)	(582)	579
Number of shares: Weighted average number of ordinary shares (<i>in thousand</i>)	800,000	800,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the three months ended 31 March 2021 and 2022 was derived from the number of ordinary shares in issue during the period.

No separate diluted (loss)/earnings per share information has been presented as there were no potential ordinary shares outstanding issued for the three months ended 31 March 2022 and 2021.



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 15 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 RMB0.6 million for the three months ended 31 March 2022 as compared with a net profit of RMB0.6 million for the three months ended 31 March 2021. The Board considers that the net loss was primarily attributable to a decrease in revenue and an increase in employee benefits expense for the three months ended 31 March 2022 as comparing with the same period in 2021.

The recent outbreak of COVID-19 pandemic (the “**Epidemic**”) in Jiangsu Province and Yangtze River Delta such as Shanghai, Nanjing, and Suzhou have set back the gradual recovery of market economy since the early March of 2022. Our marketing business was also affected by the lockdown and restrictions implemented as the precaution measures for the Epidemic. Our key client such as government authorities, state-owned enterprises, real estate corporations and other corporate customers have delayed or even cancelled their marketing plans and also reduced their marketing spendings under such situation. As a result, the number of projects undertaken by the Group decreased during the three months ended 31 March 2022.

Looking forwards, given that the Epidemic remained volatile, it is difficult to prematurely determine whether the precaution measures for the Epidemic will be relieved in short run. As such, it is expected that the economic environment will continue to be changeling. 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 decrease by approximately RMB0.7 million, or 13.8%, from approximately RMB4.8 million for the three months ended 31 March 2021 to approximately RMB4.1 million for the three months ended 31 March 2022, which was due to a decrease in number of projects undertaken for the design and production services during the period of comparison.

Project costs

There were no material changes in project costs for the three months ended 31 March 2021 and 2022, which was in line with the in the revenue for the respective period.

Employee benefits expenses

The Group's employee benefits expenses increased by approximately RMB0.7, or 27.6%, from approximately RMB2.4 million for the three months ended 31 March 2021 to approximately RMB3.1 million for the three months ended 31 March 2022. Such increase was primarily due to the increase in the number of staff during the period of comparison.

Expected credit loss on trade receivables

The Group recorded a reversal of expected credit loss on trade receivable of approximately RMB0.4 million for the three months ended 31 March 2021 to approximately RMB0.7 million for the three months ended 31 March 2022, which was mainly due to increase in the collection on certain outstanding balance of trade receivables during the period of comparison.

Other operating expenses

The Group's other operating expenses increased by approximately RMB0.1 million from approximately RMB0.5 million for the three months ended March 2021 to approximately RMB0.6 million for the three months ended 31 March 2022, which was mainly due to increase in general office expense and legal and professional fees.

Profit for the period

As a result of the foregoing, the Group's incurred a net loss for the period of approximately RMB0.6 million for the three months ended 31 March 2022 (Profit for the period of approximately RMB0.6 million for the three months ended 31 March 2021).

DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2022 (2021: Nil).

OTHER INFORMATION

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

As at 31 March 2022, 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") <i>(Note)</i>	Interest in a controlled corporation	420,000,000	52.5%
Ms. Song Ruiqing ("Ms. Song") <i>(Note)</i>	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 2022, 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 2022, 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 2022, 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 2022, 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 2022.



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 2022.

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 2022. 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 2022.



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 report and the first quarterly results announcement of the Group for the three months ended 31 March 2022. The condensed consolidated financial results for the three months ended 31 March 2022 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 2022

As at the date of this report, 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.