

旅橙文化控股有限公司

Orange Tour Cultural Holding Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8627



Third Quarterly Report
2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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*This report, 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 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 herein or this report misleading.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

The unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2023, together with the unaudited comparative figures for the corresponding periods in 2022, are as follows:

	NOTES	For the three months ended 30 September		For the nine months ended 30 September	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	3	3,799	2,246	19,476	12,665
Other income	3	109	39	228	179
Project costs		(1,383)	(1,127)	(8,034)	(5,423)
Depreciation		(73)	(148)	(341)	(444)
Employee benefits expenses		(2,216)	(3,290)	(8,826)	(9,126)
Reversal/(provision) for expected credit loss on trade receivables, net		118	64	(143)	376
Other operating expenses		(234)	(1,030)	(1,859)	(1,887)
Finance cost		-	-	(1)	-
Profit/(loss) before income tax	4	120	(3,246)	500	(3,660)
Income tax (expense)/credit	5	(63)	78	(612)	(110)
Profit/(loss) for the period attributable to the owners of the Company		57	(3,168)	(112)	(3,770)
Other comprehensive loss <i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation		(353)	(308)	(663)	(514)
Total comprehensive loss attributable to the owners of the Company		(296)	(3,476)	(775)	(4,284)
Earnings/(loss) per share attributable to the owners of the Company					
- Basic and diluted (RMB cents)	7	0.01	(0.40)	(0.01)	(0.47)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Share capital	Share premium	Statutory reserve	Translation reserve	Other reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022 (audited)	5,616	34,420	6,303	(868)	26,412	18,029	89,912
Loss for the period	-	-	-	-	-	(3,770)	(3,770)
Exchange differences arising on translation	-	-	-	(514)	-	-	(514)
Total comprehensive loss for the period	-	-	-	(514)	-	(3,770)	(4,284)
Balance at 30 September 2022 (unaudited)	5,616	34,420	6,303	(1,382)	26,412	14,259	85,628
Balance at 1 January 2023 (audited)	5,616	34,420	6,303	(1,327)	26,412	14,324	85,748
Loss for the period	-	-	-	-	-	(112)	(112)
Exchange differences arising on translation	-	-	-	(663)	-	-	(663)
Total comprehensive loss for the period	-	-	-	(663)	-	(112)	(775)
Balance at 30 September 2023 (unaudited)	5,616	34,420	6,303	(1,990)	26,412	14,212	84,973



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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. The registered address of the Company is Sertus Chambers, Governors Square, Suite 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is Composite Building, Xiazhang Village, Yicheng Subdistrict, Yixing City, Jiangsu Province, the People’s Republic of China (the “**PRC**”). The Company’s shares are listed on GEM of the Stock Exchange (the “**Listing**”) since 14 November 2019 (the “**Listing Date**”).

The Company is an investment holding company. The Group is principally engaged in the 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 nine months ended 30 September 2023 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 nine months ended 30 September 2023 are consistent with those adopted in the Group's 2022 audited annual report dated 27 March 2023, 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 nine months ended 30 September 2023 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the nine months ended 30 September 2023.

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 2022.

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 and other income for the three months and nine months ended 30 September 2023 are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
By types of services				
Event management services	3,106	1,729	9,442	6,355
Design and production services	693	517	10,034	6,310
	3,799	2,246	19,476	12,665
Other income				
Interest income	15	39	134	179
Gain on disposal of property, plant and equipment	94	–	94	–
	109	39	228	179

4. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)
Expenses related to short-term lease	90	124	218	218
Project costs	1,383	1,127	8,034	5,423
Employee benefits expenses (including directors' emoluments)				
– Salaries, allowances and benefits in kind	1,539	2,569	6,733	6,914
– Retirement benefit scheme contributions	677	721	2,093	2,212
	2,216	3,290	8,826	9,126

5. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 September		Nine months ended 30 September	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Current tax:				
The PRC Enterprise Income Tax	32	-	648	-
Over-provision in prior period	-	(111)	-	-
Deferred taxation	31	33	(36)	110
	63	(78)	612	110

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 for the nine months ended 30 September 2023 (2022: Nil).

Hong Kong corporates are mainly subject to Hong Kong Profits Tax rate of 16.5% (2022: 16.5%). No Hong Kong Profits Tax has been provided for the nine months ended 30 September 2023 in the unaudited condensed consolidated financial statements as the Group has no assessable profits derived in Hong Kong for the nine months ended 30 September 2023 (2022: 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% (2022: 2.5%) on the taxable profits, the PRC EIT has been provided at the rate of 25% (2022: 25%) on the taxable profits of the Group's PRC subsidiaries for the nine months ended 30 September 2023.

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 nine months ended 30 September 2023 (2022: Nil).

7. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Earnings/(loss):				
Earnings/(loss) for the period attributable to ordinary equity holders of the Company (RMB'000)	57	(3,168)	(112)	(3,770)
Number of shares:				
Weighted average number of ordinary shares for purpose of calculating basic earnings per share ('000)	800,000	800,000	800,000	800,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the nine months ended 30 September 2023 and 2022 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 and nine months ended 30 September 2023 and 2022.




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. Commenced its business under its predecessor, the Group has accumulated over 16 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 approximately RMB0.1 million for the nine months ended 30 September 2023 as compared with a net loss of approximately RMB3.8 million for the nine months ended 30 September 2022. The decrease in the net loss was primarily attributable to the increase in revenue for the nine months ended 30 September 2023 as comparing with same period in 2022.

At the end of 2022, the Chinese government had adjusted the management of the coronavirus epidemic as a Class B infectious disease. This led to the reopening of national travels as well as international trips and interactions. The great news had immensely boosted the morale of national citizens, moreover, it had also greatly encouraged the cultural tourism industry of where we situate. As a result, the number of projects undertaken by the Group increased during the nine months ended 30 September 2023. On the one side, the economic activities across different industries in China do continues to recover, driven primarily by a rebound tourism and local consumption after the relaxation of the control measures of epidemic. However, the Group overall performance is not recovery to the pre-epidemic level since the economic growth is indicated sluggish recently, impacting on the Group's customers of marketing production services. Even though the financial result of the Group has achieved improvement during the nine months ended 30 September 2023, the Group remains caution to operate and will continue to assess the market conditions so as to grasp the opportunities from the recovering market in order to strive to convert those benefits into driving forces to facilitate the performance growth and to create long-term development of the Group.



In addition to strengthening our cultural and creative business in the tourism sector, we will also consider to develop new business in other sectors which are in line with the trend of the latest national strategy or supported by the state, including low-carbon, environmental protection, new energy, online gaming and sharing platforms. We hope that the development of new business can help diversify our business risks, improve our core competitiveness and achieve synergies with our current business undertaken.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately RMB6.8 million, or 53.8%, from approximately RMB12.7 million for the nine months ended 30 September 2022 to approximately RMB19.5 million for the nine months ended 30 September 2023. Such increase was mainly due to the increase in number of projects undertaken for the event management services and design and production services during the period of comparison.

Project costs

The Group's project costs increased by approximately RMB2.6 million, or 48.1%, from approximately RMB5.4 million for the nine months ended 30 September 2022 to approximately RMB8.0 million for the nine months ended 30 September 2023, which was in line with the increase in revenue for the respective period.



Employee benefits expense

The Group's employee benefit expenses decreased by approximately RMB300,000 from approximately RMB9.1 million for the nine months ended 30 September 2022 to approximately RMB8.8 million for the nine months ended 30 September 2023 as a result of the decrease in the number of headcounts during the period of comparison.

Other operating expenses

It mainly represents the general office expenses, marketing and promotional fee and legal and professional fee. The Group's other operating expenses remained relatively stable at approximately RMB1.9 million and RMB1.9 million for the nine months ended 30 September 2022 and 2023, respectively.

Expected credit loss on trade receivables

The Group recorded a provision for expected credit loss on trade receivable of approximately RMB143,000 and a reversal for expected credit loss on trade receivable of approximately RMB376,000 for the nine months ended 30 September 2023 and 2022 respectively, which was mainly due to the decrease in the collection on certain outstanding balance of trade receivables during the period of comparison.

Loss for the period

As a result of the foregoing, the Group recorded a net loss of approximately RMB0.1 million for the nine months ended 30 September 2023 as compared with a net loss of approximately RMB3.8 million for the nine months ended 30 September 2022. The decrease in loss for the period is attributed to increase in number of projects undertaken.

Dividend

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2023 (2022: Nil).



OTHER INFORMATION

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


As at 30 September 2023, 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 30 September 2023, 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 30 September 2023, 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 ordinary 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 30 September 2023, 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 SCHEME

The Company has adopted a share option scheme on 21 October 2019 (the “**Shares Option Scheme**”) The terms of the Share Option Scheme are in accordance with the GEM Listing Rules and other relevant rules and regulations. Further details of the Share Option 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 nine months ended 30 September 2023, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option 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. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the nine months ended 30 September 2023.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its respective 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 nine months ended 30 September 2023.



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 purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules for the nine months ended 30 September 2023. 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 listed securities during the nine months ended 30 September 2023.



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 to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors 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 third quarterly results announcement of the Group for the nine months ended 30 September 2023. The consolidated financial results for the nine months ended 30 September 2023 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 November 2023

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.