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

*(Incorporated in the Cayman Islands with limited liability)*

**Stock Code: 8627**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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 audited annual results of the Company and its subsidiaries for the year ended 31 December 2023.

This announcement, containing the full text of the 2023 annual report of the Company (the “**Annual 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 annual results. Printed version of the Annual 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, 28 March 2024

*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](http://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](http://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.**

**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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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# 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



**Annual Report**  
**2023**

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

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Zhou Yang (Chairman)  
Ms. Song Ruiqing (Chief Executive Officer)

### Independent Non-executive Directors

Mr. Ho Yau Kwok  
Mr. Yip Koon Shing  
Mr. Wong Kin Yip

## BOARD COMMITTEES

### Audit Committee

Mr. Ho Yau Kwok (Chairman)  
Mr. Yip Koon Shing  
Mr. Wong Kin Yip

### Remuneration Committee

Mr. Yip Koon Shing (Chairman)  
Ms. Song Ruiqing  
Mr. Wong Kin Yip

### Nomination Committee

Mr. Zhou Yang (Chairman)  
Mr. Ho Yau Kwok  
Mr. Yip Koon Shing

## COMPANY SECRETARY

Mr. Wong Tik Man

## AUTHORISED REPRESENTATIVES

Mr. Zhou Yang  
Mr. Wong Tik Man

## COMPLIANCE OFFICER

Mr. Zhou Yang

## AUDITOR

Moore CPA Limited (formerly known as Moore  
Stephens CPA Limited)  
Registered Public Interest Entity Auditor  
801-806 Silvercord, Tower 1  
30 Canton Road  
Tsimshatsui  
Kowloon  
Hong Kong

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

Sertus Chambers  
Governors Square  
Suite #5-204  
23 Lime Tree Bay Avenue  
P.O. Box 2547  
Grand Cayman, KY1-1104  
Cayman Islands

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Composite Building  
Xiazhang Village  
Yicheng Subdistrict  
Yixing City  
Jiangsu Province  
The People's Republic of China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 813, 8/F  
Tai Yau Building  
181 Johnston Road  
Wan Chai  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Appleby Global Services (Cayman) Limited  
71 Fort Street  
P.O. Box 500  
George Town  
Grand Cayman KY1-1106  
Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## PRINCIPAL BANKS

China Construction Bank (Asia) Corporation Limited  
Industrial and Commercial Bank of China Limited

## COMPANY'S WEBSITE

[www.otch.com.cn](http://www.otch.com.cn)

## STOCK CODE

8627

# FINANCIAL SUMMARY

## FINANCIAL SUMMARY

	For the year ended 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
<b>Revenue</b>	<b>30,904</b>	20,535	30,183	22,061	60,998
Other income and gains	586	322	322	881	153
Project costs	(13,021)	(7,970)	(12,406)	(9,474)	(22,117)
Depreciation of property, plant and equipment	(453)	(600)	(540)	(472)	(264)
Employee benefits expenses	(11,148)	(13,684)	(12,633)	(10,307)	(11,984)
(Provision for)/reversal of loss on trade receivables, net	(373)	560	(84)	363	(666)
Other operating expenses	(2,914)	(2,629)	(4,132)	(4,412)	(4,130)
Listing expenses	–	–	–	–	(6,870)
Finance costs	(77)	(5)	–	(6)	(11)
Share of loss of an associate	–	–	(3)	–	–
<b>Profit/(loss) before income tax</b>	<b>3,504</b>	(3,471)	707	(1,366)	15,109
Income tax expense	(1,618)	(234)	(1,475)	(446)	(6,230)
<b>Profit/(loss) for the year attributable to the owners of the Company</b>	<b>1,886</b>	(3,705)	(768)	(1,812)	8,879

## SUMMARY OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	For the year ended 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Total non-current assets	913	494	960	1,182	556
Total current assets	104,717	101,634	104,044	102,634	111,253
Total assets	105,630	102,128	105,004	103,816	111,809
Total liabilities	18,182	16,380	15,092	13,187	19,266
Total equity	87,448	85,748	89,912	90,629	92,543



## CHAIRMAN'S STATEMENT

Dear Shareholders

The time of the year has come for review and outlook. Hereby, on behalf of the Board of Directors, management of the Company, and our employees, present the annual report of the consolidated results for the financial year.

After three years of epidemic, a gradual reopening took place in the past year. During the year, we re-depart with high hopes and strive extensively to chase our goals. The economy in Mainland China slowly recovered along with the cultural tourism industry being ready to flourish. During times of macro-economic downturn and unfavourable industry environment, we embraced changes with a tenacious will, pertinacious effort, and calm minds. We continue to provide exceptional service to our loyal customers and concurrently deliver patience and professional service that amazes our new customers.

We have gone through a year with remarkable opportunities and challenges. Hereby, to begin with, I would like to give my deepest gratitude to our employees, shareholders, and customers for their trust and support.

My report consists of 3 parts. The first part presents the consolidated results for the financial year of 2023. The second part is the Company's business view report for 2023 and the third part is our plans and goals for 2024.

Below, on behalf of the Board of Directors, Orange Tour Cultural Holding Limited and together with its subsidiaries, I would like to present the annual report of the consolidated results for the financial year ended 31 December 2023 ("FY 2023") for all shareholders of the Company.

Leaving behind the epidemic restrictions, recovery of the economic environment had resumed to take march in 2023 yet at a slow pace. The cultural tourism industry that we are situated in has been seemingly stagnant for the past three years. Post-epidemic, the first half of 2023 started on a high note and subsequently paced with the general economic environment. Under these circumstances, our enterprise adheres to the guiding ideology of pragmatism and prudence. We choose to service our selected group of quality customers professionally in the outcome of improving our business progressively. After compiling results from our finance department, the Company's summary of financial report for the financial year of 2023 is set out below.

The Group recorded a net profit of approximately RMB1.9 million for the year ended 31 December 2023 ("FY2023") as compared with a net loss of approximately RMB3.7 million for the year ended 31 December 2022 ("FY2022"). The net profit was primarily attributable to the increase in revenue for FY2023 as comparing with FY2022, which resulted from increase of number of projects undertaken after the gradual recovery of the business and workplaces followed by the novel coronavirus (COVID-19) epidemic ("Epidemic"). During the year, there was no longer negatively affect brought by the impact of the Epidemic and the strict disease control measures. The basic and diluted earnings per share was RMB0.24 cents for FY2023 as compared to basic and diluted loss per share were RMB0.46 cents for FY2022.

In 2023, our Company's keyword is "accumulate".

First is to accumulate transformability. The Company continuously undergoes transformation from its original business structure to lessen the involvement of traditional and out-of-date businesses, whilst adjusting its business structure and adopting different methods to achieve adjusted goals in actual projects. As of the end of 2023, synergized projects of both cultural tourism and commercial nature have reached the stage of execution.





## CHAIRMAN'S STATEMENT

Second is to accumulate integrational ability. By strengthening and expanding the original platform of the Company, the Company achieves to integrate resources from our strategic alliances into two parts. One part is the culture/design/scenery resources from the original platform, and the other part is a new form of online resources that brings out the concept of “two-way effort by two resources”. Putting the resource into practice resulted in surprising results along with the initial establishment of a sales and services on the E-commerce platform. The outcome of the online business not only created an initial mainstream income from scenic attraction ticketing, concert ticketing, advertising, etc but also accomplished talent acquisition in this field.

Third is to accumulate stamina. Our Company emphasizes healthy, safety, and sustainable growth, such that we befriend with time to progress but not with haste. Not only that we expand and upgrade the scope of service to our excelling long-term customers, but also deliver practical, accurate, and long-lasting services to our excelling new customers. The Company achieved its quantitative target of securing quality contracts for 2023 along with bridging long-term cooperation intentions with cultural tourism groups from various cities.

Fourth is to accumulate creativity. In response to the feedback from customers and the general market, the Company is proactively engaging in the clean energy industry. By utilizing our designs and taking advantage of the ability to integrate various resources, we seek new growth opportunities in providing energy contract management services for our long-term customers.

In 2023, in likeness of most enterprises in Mainland China, we also face many challenges, such as, project delays due to insufficient budget of our customers, increase in customer repayment period, sluggish consumer markets, increase of operation costs, etc. In response to the challenges, our Company takes cautious approaches by strictly managing the operating risks under a light-asset strategy.

In the year approaching, we will continue to dedicate our effort based on the business and organizational structure refurbished in 2023 to further expand the horizon of our business, construct cooperative platforms with business partners, and venture further for innovative and E-commerce business opportunities. We will also strengthen the production and output of our offline cultural content for our cultural products to be distributed via our customers' platform. At the same time, our work in the clean energy sector is also gradually developing.

In the year approaching, under the current circumstances in China to emphasize putting into practice the concept of “new-era cultural economy”, our visions are clear, our actions are firm, and our operations are well-staffed with talents. With adequate resources on hand, step by step, we shall continue to accomplish planned goals for the upcoming year.

All in all, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, customers, and business partners for your unrelenting trust, and commend our management team and all employees for your relentless contribution to the development of our Group entrusting for a fruitful and rewarding future.

**Zhou Yang**

*Chairman and Executive Director*

Hong Kong, 28 March 2024



# 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 17 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 RMB1.9 million for the year ended 31 December 2023 ("FY2023") as compared with a net loss of approximately RMB3.7 million for the year ended 31 December 2022 ("FY2022"). The net profit was primarily attributable to the increase in revenue for FY2023 as comparing with FY2022, which resulted from increase of number of projects undertaken after the gradual reopening of the business and workplaces followed by the novel coronavirus (COVID-19) epidemic ("Epidemic"). During the year, there was no longer negatively affect brought by the impact of the Epidemic and the strict disease control measures. The basic and diluted earnings per share was RMB0.24 cents for FY2023 as compared to basic and diluted loss per share were RMB0.46 cents for FY2022.

In 2023, in likeness of most enterprises in mainland China, the Group also face various challenges, such as project delays due to insufficient budgets of our customers, increase in customer repayment cycles, sluggish of the consumer markets, increase of operation costs, etc. In response to the above challenges, the Group continues to take cautious approaches by strictly managing the above operating risk. Leaving behind the Epidemic restrictions, recovery of the economic environment had resumed to take march in FY2023 yet at a slow pace. The cultural tourism industry that the Group are situated in has been seemingly stagnant for the past three years. Post-epidemic, the first half of 2023 started on a high note and subsequently paced with the general economic environment.

Despite the challenging and exigent external environment, the Group has proactively adopted the following strategies and transformation to improve the business progressively for FY2023. Firstly, the Group continuously undergoes transformation from its original business structure to lessen the involvement of traditional and out-of-date businesses. During the year, the Group has continuously strived to synergize the elements of cultural tourism and commerce for the potential and existing projects to maximise the benefits to the customers. Secondly, the Group has been initially launching the sales and services on the E-commerce platform by strengthening and expanding the existing platforms. During the year, the Group has achieved the positive results on such platforms, which created an initial mainstream income from scenic attraction ticketing, concert ticketing and advertising etc. Thirdly, the Group has achieved sustainable growth by securing long-term cooperative contracts in regard of cultural tourism nature from various cities in the PRC. Lastly, the Group has been proactively engaging in the clean energy industry by exploitation the core strength of the Group. Meanwhile, the Group is seeking for a new opportunity in providing energy contract management services for the long-term customers to boost the sustainable growth of the Group.

In the coming year, the Group continues to dedicate the effort to further expand the horizon of the business by constructing the cooperative platforms with business partners, and venture further for innovative and E-commerce business opportunities. At the same time, the Group will continue to strengthen the cultural productions and seeking for a new growth of the business opportunities in order to facilitate the performance growth and to create long-term development of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 FY2022 and FY2023.

	Year ended 31 December			
	2023		2022	
	RMB'000	%	RMB'000	%
Event management services	14,366	46.5%	9,148	44.6%
Design and production services	16,538	53.5%	11,387	55.4%
	30,904	100.0%	20,535	100.0%

Revenue increased from approximately RMB20.5 million for FY2022 to approximately RMB30.9 million for FY2023, representing an increase of approximately RMB10.4 million or 50.5%. As such, the number of projects undertaken by the Group has been increased as a result of the gradually recovery of the market demand for FY2023 followed by the Epidemic.

The provision of event management services was originally the main source of revenue stream of the Group. The Epidemic had continually affected this service sector drastically as numbers of event management projects were cancelled or delayed due to various levels of community and travel quarantine measures adopted throughout the various cities in the PRC for the past few years. During the year, this segment has been improving as a result of the gradually recovery of the market demand followed by the Epidemic. As a result, the revenue generated from this sector was accounted for 46.5% of total revenue.

For design and production services, as driven by the increased in the scale of projects undertaken as a result of the gradually recovery of the market demand of such marketing services followed by the Epidemic, its revenue increased from approximately RMB11.4 million for FY2022 to approximately RMB16.5 million for FY2023, representing an increase of approximately 45.2% and accounting for 53.5% of the total revenue.

### Other income and gains

Other income and gains increased from approximately RMB322,000 for FY2022 to approximately RMB586,000 for FY2023, representing an increase of approximately RMB264,000 or 82.0%. Such increase was primarily due to the increase of the gain on the disposal of property, plant and equipment of approximately RMB198,000 for FY2023.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Project costs

Project costs increased by approximately RMB5.1 million, or 63.4%, from approximately RMB8.0 million for FY2022 to approximately RMB13.0 million for FY2023. Such increase was generally in line with the increase in revenue as a result of the increase in the scale of projects undertaken by the Group for FY2023.

## Employee benefits expenses

Employee benefits expenses decreased from approximately RMB13.7 million for FY2022 to approximately RMB11.1 million for FY2023, representing a decrease of approximately RMB2.6 million or 18.5%. Such decrease was mainly due to decrease in numbers of project-based employment as a result of an increase of the completion of sizable projects for FY2023.

## Expected credit loss on trade receivables

The Group recorded a provision of expected credit loss on trade receivable of approximately RMB373,000 for FY2023 as compared with a reversal for expected credit loss on trade receivable of approximately RMB560,000 was recorded for FY2022, which was mainly due to an increase in expected credit loss on certain long outstanding balance of trade receivables during the year.

## Other operating expenses

Other operating expenses increased from approximately RMB2.6 million for FY2022 to approximately RMB2.9 million for FY2023, representing an increase of approximately RMB0.3 million or 10.8%. Such increase was primarily due to the increase in revenue during the year.

## Finance costs

Finance cost increased from approximately RMB5,000 for FY2022 to approximately RMB77,000, representing an increase of approximately RMB72,000 or 1440%. Such increase was primarily due to the interest expenses derived from a bank borrowing of approximately RMB76,000 during the year. Such bank borrowing was fully repaid during the year.

## Profit for the year and earnings per share

As a result of the foregoing, the Group recorded a net profit of RMB1.9 million for FY2023 as compared with a net loss of approximately RMB3.7 million for FY2022, representing an increase of approximately RMB5.6 million or 150.9%. The basic and diluted earnings per share was RMB0.24 cents for FY 2023 as compared to basic and diluted loss per share were RMB0.46 cents for FY2022.

## SEGMENT INFORMATION

Segment information is presented for the Group as disclosed on Note 6 to the consolidated financial statements.



# MANAGEMENT DISCUSSION AND ANALYSIS

## DIVIDEND

The Directors do not recommend the payment of a final dividend for FY2023 (2022: Nil).

## 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 2023, the Group had cash and cash equivalents of approximately RMB 99.5 million (2022: RMB96.3 million).

As of the same date, the Group did not have any bank borrowings.

As at 31 December 2023, the Group recorded lease liability was nil (2022: RMB119,000).

As at 31 December 2023, the Group's total equity attributable to owners of the company amounted to approximately RMB87.4 million (2022: RMB85.7 million).

## PLEDGE OF ASSETS

As at 31 December 2023, none of the Group's assets was pledged (2022: Nil).

## GEARING RATIO

Gearing ratio is calculated as total interest-bearing debt divided by total equity and multiplied by 100%. The Group's gearing ratio was nil for FY2023 (2022: 0.1%).

## 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 2023, 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 (2022: 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

The shares of the company were successfully listed on GEM of the stock Exchange on 14 November 2019 (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 2023, 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 was 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. While high degree of uncertainties in the properties market followed by Chinese government have strengthened its control, which results in prolonged downturn in the recent years. Therefore, the Directors are cautious about the timing of having such long-term investment. Instead, the Group has identified a suitable business premise to cope with the business expansion on 2024. The Group intends to establish a multimedia and project exhibition centers in the business premise which will provide additional working spaces to the staff and demonstrate our core strenghtens to the customers. The Directors believes that the center is designed for interactive and high-touch experiences for the potential and existing customers. Save for the above, the Group did not have other plans for material investments or capital assets as of 31 December 2023.

## 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 FY2023.

## CAPITAL COMMITMENTS

As at 31 December 2023, the Group had no capital commitment (2022: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 2023 is set out below:

Business and strategy as stated in the Prospectus	Business objectives as stated in the Prospectus	Actual business progress up to 31 December 2023
Establishment of new branch offices in Wuxi and Beijing	<ul style="list-style-type: none"> <li>– Recruitment of one general manager for setting up the branch offices in Wuxi and Beijing</li> <li>– 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</li> <li>– 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</li> <li>– Purchase of fixtures, furniture and office equipment for the new branch offices in Wuxi and Beijing</li> <li>– Payment of renovation costs for the new branch offices in Wuxi and Beijing</li> <li>– Payment of staff costs of the additional staff recruited for the branch offices in Wuxi and Beijing</li> <li>– Payment of rental expenses for the new branch offices in Wuxi and Beijing</li> </ul>	<p>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 and the branch office in wuxi has commenced its operation during 2020. A general manager, three operation managers, 17 staff for event management and/or design and two accounting and administrative staff have been recruited. All the proceeds for the establishment of Wuxi office has been used up. The Group believes such expansion of the business network and service capacity would create a long term enduring benefits of the Group.</p> <p>Given the domestic demand recovery is continuously slow and bumpy, the Directors are cautious about the timing of the expansion of its business in Beijing and will continuously assess the development of the market conditions.</p>



# MANAGEMENT DISCUSSION AND ANALYSIS

Business and strategy as stated in the Prospectus	Business objectives as stated in the Prospectus	Actual business progress up to 31 December 2023
Setting up a sales and marketing team and the enhancement of marketing efforts	<ul style="list-style-type: none"> <li>– Recruitment of eight additional staff for setting up the sales and marketing team</li> <li>– Carrying out marketing and promotional activities in different cities and regions in the PRC</li> <li>– Payment of staff costs of the additional staff recruited</li> <li>– Recruitment of one general manager for setting up the multimedia production and design team</li> </ul>	<p>Eight additional staff has been recruited for the Group’s sales and marketing team. The Group will continue to carry out marketing and promotional activities in order to increase of enhancement of brand awareness so as to capture the potential customers.</p>
Setting up an in-house multimedia production and design team	<ul style="list-style-type: none"> <li>– 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</li> <li>– Payment of staff costs of the additional staff to be recruited</li> <li>– Purchase of audiovisual equipment and hardware</li> </ul>	<p>In 2024, the Group has identified a suitable business premise for establishment of a multimedia and project exhibition centers. As a result, the Group has immediate recruitment plans for setting up the team. Up to the date of this annual report, the Group is in the process of searching for suitable candidates for the general manager and related staff.</p>



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 as disclosed in the Prospectus HK\$ million	Actual use of net proceeds up to 31 December 2023 HK\$ million	Unutilised net proceeds as at 31 December 2023 HK\$ million	Expected timeline for utilising remaining unused net proceeds (Note)
<b>Business objective and strategy</b>				
Establishment of new branch offices in Wuxi and Beijing	12.6	7.0	5.6	Expected to be fully utilised by 31 December 2024
Setting up a sales and marketing team and the enhancement of marketing efforts	6.6	6.3	0.3	Expected to be fully utilised by 31 December 2024
Setting up an in-house multimedia production and design team	5.4	–	5.4	Expected to be fully utilised by 31 December 2024
GENERAL WORKING CAPITAL	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.

Since the recovery of China economy expected in a gradual way, 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 economic recovery. 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 the PRC.



# MANAGEMENT DISCUSSION AND ANALYSIS

## PRINCIPAL RISKS AND UNCERTAINTIES

### Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, approximately 68% (2022: 68%) and approximately 32%(2022: 32%) of the total bank balances were placed in two financial institutions respectively with good standing in the PRC.

The carrying amount of trade and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. No other financial assets carry a significant exposure to credit risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent.

As at 31 December 2023, the Group has a certain concentration of credit risk as 24% of gross trade receivables was due from the Group's five largest customers. As at 31 December 2022, the Group had a certain concentration of credit risk as 28% of gross trade receivables was due from the Group's five largest customers.

### Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was matured either within one year or on demand.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Directors uphold high standards and meet relevant requirements under applicable laws or ordinances when conducting our business. The Directors did not identify non-compliance or breach of relevant standards, rules and regulations for FY2023.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Directors have overall responsibility for the Group's environmental, social and governance ("ESG ") strategy and reporting. The Directors are responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

Details of ESG performance of the Group are set out in the section headed "Environmental, Social and Governance Report" section of this annual report.



# MANAGEMENT DISCUSSION AND ANALYSIS

## RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group maintains a good relationship with its employees and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers and suppliers, without whom success in the Group's production and operation would be at risk.

## INFORMATION ON EMPLOYEES

As at 31 December 2023, the Group has 54 employees (2022: 79 employees) . The total staff costs(including remuneration of Directors) amounted to approximately RMB13.7 million and RMB11.1 million for FY2022 and FY2023 respectively. Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances, defined contribution retirement plans and discretionary bonus. Various kinds of trainings were provided to the employees.

## MATERIAL EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Save as disclosed in this report, there has no other important event affecting the Group since 31 December 2023 and up to the date of this report.



## BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out as follows:

### EXECUTIVE DIRECTORS

**Mr. Zhou Yang (周楊先生) (“Mr. Zhou”)**, aged 45, is the chairman of the Board, an executive Director and a controlling shareholder of the Group (the “**Controlling Shareholder**”). He was appointed as Director on 13 April 2018 and re-designated as the chairman of the Board and the executive Director on 24 July 2018. He is responsible for overseeing the management and business operations of the Group and formulating the marketing strategies for the Group.

Prior to establishing our Group with Ms. Song in May 2014, Mr. Zhou worked for China Life Insurance Company Limited (stock code: 02628), a company listed on Main Board of The Stock Exchange of Hong Kong Limited (“**Main Board**”), from December 2002 to April 2012 where he was involved in a number of managerial positions in various departments and once served as an assistant general manager of the Yixing branch. From May 2012 to March 2013, he worked for Yixing Guohao Biological Environmental Protection Co., Ltd. (宜興國豪生物環保有限公司) and Zhongjieneng Guohao Biological Environmental Protection Co., Ltd. (中節能國豪生物環保有限公司) as a general manager assistant of the sales department and subsequently joined Yixing City Xiashu Advertising Workshop (“**Xiashu Workshop**”) (宜興市夏樹廣告工作室) in April 2013.

Mr. Zhou completed his undergraduate studies in Electronic and Information Technology (電子與信息技術) from the China University of Mining and Technology in July 2002.

**Ms. Song Ruiqing (宋瑞清女士) (“Ms. Song”)**, aged 46, is the chief executive officer, an executive Director and a Controlling Shareholder. She was appointed as Director on 13 April 2018 and re-designated as chief executive officer and executive Director on 24 July 2018. She is responsible for managing the design and creative aspects of the Group’s business, overseeing the Group’s market position and supervising the administrative department.

Ms. Song has over 20 years of experience in marketing industry. She has extensive knowledge in marketing, brand promotion, advertising strategies, design and creative production through her past working experience, which has played a significant role in enhancing the scale of operations of our Group. Prior to setting up Xiashu Workshop and establishing our Group, she worked for Wuxi Dawei Property Consultancy Limited (無錫大衛不動產顧問有限公司) as a project director from July 2001 to February 2003. She then served as a senior management of Guangzhou City Baiyang Advertising Company Limited (廣州市白陽廣告有限公司) from March 2003 to June 2005. Subsequently, she worked as an editor for Yixing Daily (宜興日報) since July 2005. In August 2006, she set up Xiashu Workshop and decided to devote all her time on it since then.

Ms. Song obtained her college degree in radio and television journalism (廣播電視新聞) from the China University of Mining and Technology in July 2001. She has been a member of Yixing Author Association (宜興市作家協會) since June 2008.

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Ho Yau Kwok (何有國先生) (“Mr. Ho”)**, aged 50, was appointed as independent non-executive Director of the Company on 21 October 2019. Mr. Ho is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Ho has over 20 years of experience in banking and financial service sector. He was the director of ABN AMRO Bank N.V. Hong Kong Branch from August 2010 to December 2020. Prior to that, he served for various financial institutions including Standard Chartered Bank (Hong Kong) Limited, Fortis Bank, Ernst & Young Transactions Limited, China CITIC Bank International Limited and Nanyang Commercial Bank Limited.

Mr. Ho obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in November 1996 and further obtained a Master of Laws in Chinese Business Law from The Chinese University of Hong Kong in December 2010. He was admitted as a member of The Association of Chartered Certified Accountants in May 2003 and has become a fellow of The Association of Chartered Certified Accountants since March 2008. He was also admitted as a member and a fellow of the Hong Kong Institute of Certified Public Accountant in July 2003 and June 2010 respectively. He was accredited as a chartered financial analyst by the CFA Institute in September 2004 and admitted as an associate member of The Hong Kong Institute of Bankers in May 2005.

**Mr. Yip Koon Shing (葉冠成先生) (“Mr. Yip”)**, aged 58, was appointed as Independent Non-Executive Director of the Company on 21 October 2019. Mr. Yip is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr Yip has almost 30 years of experiences in the transport & logistics industry. Currently, he is the Chief Business Development Officer of Chu Kong Shipping Enterprises (Group) Co. Ltd. (HKEX Stock Code 00560).

Prior to CKS, he was a venture partner of AID Group and the advisor of Good One Group. He worked in Jardines Matheson & Co. since 1991 and his last position held was Assistant General Manager. Mr. Yip is a Chartered Fellow of The Chartered Institute of Logistics & Transport and a member of the Shipping & Transport Committee of The Hong Kong General Chamber of Commerce. Mr. Yip also serves on various statutory boards and committees for the HKSAR government.

Mr. Yip obtained a Bachelor of Science in Business Administration emphasis in Management & Computer Information Systems from California State Polytechnic University Pomona in June 1988. He received a Master of Business Administration degree from Loyola Marymount University in Los Angeles in May 1991.



## BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

**Mr. Wong Kin Yip (黃建業先生) (“Mr. Wong”)**, aged 51, was appointed as independent non-executive Director of the Company on 21 October 2019. Mr. Wong is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Group.

Currently, Mr. Wong is the deputy director of Yue Yuen Industrial (Holdings) Limited (HKEX stock code: 0551), a company listed on the Main Board, since October 2019. Prior to that, he served for various multinational corporations including Jones Lang LaSalle Limited, FPD Savills Property Management Limited, Chinese Estates, Limited, East Pacific Holdings Limited, Galaxy Casino, S.A., New World China Land Limited and VXL Capital Limited.

Mr. Wong received a Bachelor of Science in Real Estate from The Hong Kong Polytechnic University in November 1997 and a Certificate in Shopping Centre Management from the University of Hong Kong – School of Professional and Continuing Education in October 2002. He obtained a Master of Business Administration (Financial Services) from The Hong Kong Polytechnic University in October 2009. He further obtained a Master of Arts in Buddhist Studies since November 2019 from The Chinese University of Hong Kong. He enrolled a programme of Doctor of International Real Estate and Construction from The Hong Kong Polytechnic University in 2020. He was admitted as a member of The Hong Kong Institute of Surveyors in February 2004, and subsequently as a professional member of The Royal Institution of Chartered Surveyors in December 2006. He was admitted as member of the China Institute of Real Estate Appraisers and Agents in October 2011 and an associate member of the Hong Kong Institute of Arbitrators in May 2013. He is now registered with the Surveyors Registration Board as a registered professional surveyor in general practice Division.

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

## SENIOR MANAGEMENT

**Ms. Ma Li (麻俐女士) (“Ms. Ma”)**, aged 42, was appointed as the operation manager of the Group on 30 May 2014. She is responsible for supporting the design and creative aspects of the Group’s business.

Ms. Ma graduated from Jiangsu Radio and Television University (江蘇廣播電視大學) (now known as Jiangsu Open University (江蘇開放大學)) in July 2004, where she majored in computer information management (計算機信息管理). Prior to joining our Group, she worked for Yixing Daily (宜興日報) from July 2005 to June 2008, where she acquainted with Ms. Song through their positions and shared interest in design, and she subsequently joined Xiashu Workshop in July 2008. She has accumulated more than 10 years of experience in design and creative aspects. She has been a member of Yixing Author Association (宜興市作家協會) since June 2014.

**Ms. Zhou Qi (周琦女士) (“Ms. Zhou”)**, aged 43, was appointed as the operation manager of the Group on 30 May 2014. She is responsible for assisting in management of the Group’s business operations and organising promotional activities and exhibitions for customers.

Ms. Zhou completed her undergraduate education in Journalism (新聞專業) via self-study examination from Fudan University (復旦大學) in June 2005. Prior to joining the Group, she worked as a project manager of Yixing City Qiangsheng Motor Services Company Limited (宜興市強盛汽車服務有限公司) from August 2005 to August 2007. She has worked with Ms. Song since September 2007 when she joined Xiashu Workshop, and has accumulated more than 10 years of experience in event management and promotion.

## COMPANY SECRETARY

**Mr. Wong Tik Man (王迪民) (“Mr. Wong”)**, aged 44, and was appointed as our company secretary on 28 January 2021. He is responsible for overseeing the compliance and company secretarial matters of our Group.

Mr. Wong is a practising member of the Hong Kong Institute of Certified Public Accountants. He obtained a Bachelor of Commerce from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University).

Mr. Wong has over 17 years of experience in accounting, auditing and company secretarial matters. Prior to joining the Company, he worked for various organisations and audit firms, including Ta Yang Group Holdings Limited (stock code: 1991) from May 2018 to December 2019 as a financial controller. He is currently the director of Windward CPA Limited.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Introduction

Orange Tour Cultural Holding Ltd and its subsidiaries (together, the “Group” or “we”) are pleased to present the Environmental, Social and Governance Report (“ESG Report”). The report discusses the Group’s concern to environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable development to stakeholders. Additional information in relation to the Group’s corporate governance and financial performance can be referred to our annual report for the year ended December 31, 2023.

### 1.1 Reporting Scope, Period and Boundary

The scope of the ESG Report covers the environmental and social performances of the Group’s principal operating as an investment holding company. The Group is principally engaged in event management services as well as design and production services with headquarters located in Yixing of the People’s Republic of China (“ PRC ”). The “Reporting Period” is spanning over the period from January 1, 2023 to December 31, 2023.

While we seek to establish a consistent boundary for reporting ESG aspects across the Group’s structure, the reporting boundary of the ESG Report is hence established based on the criteria that all operations and entities in which the Group has a controlling interest and which are under our management, in terms of a contractual obligation. As a result, we do not report entities which are outside of the Group’s structure, where we do not own the assets and do not directly engage or employ the workforce, and where we do not operate the asset under a contractual obligation. In addition, we do not report entities which were sold or acquired during the Reporting Period.

### 1.2 Reporting Standards

The “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) which is set out in Appendix C2 to the GEM Listing Rules serves as the reporting guidelines of this Report.

### 1.3 Reporting Principles

The reporting principles of this ESG Report are governed by “materiality”, “quantitative” and “consistency”.

**Materiality:** The ESG report covers the material ESG factors that are sufficiently important and material to different stakeholders. In order to determine what issues are relevant and material to our business with respect to sustainability, the Group is aware that the key is to understand what issues that our stakeholders concerned most. The Group’s directors and senior management are mainly responsible for identification of key ESG factors on the basis of the feedback from the stakeholders.

**Quantitative:** To provide a comprehensive comparison of the performance in emissions and energy consumption, summary tables of performance are shown in relevant sections. Information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used for the reporting of emissions and energy consumption are mainly referred to the ESG Reporting Guide

**Consistency:** Methodologies and key performance indicators are used and calculated in a consistent approach. If there are any changes in consistency that may affect a meaningful comparison detail would be disclosed.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1.4 Reporting Framework

With reference to the ESG Reporting Guide and the Group's business operation, the presentation of our Report consists of the relevant aspects and KPI, which are considered to be relevant and material to the Group, divided into four subject areas: Protecting Our Earth, People, Operating Responsibility and Engagement With Our Community, which are discussed in details in the following sections.

### Our ESG Board Statement

The Group, as part of the great community, is committed to dedicating our resources and our best thinking to build a sustainable business fit for the future and to build a better world for all stakeholders in different aspects. Therefore, we believe that a sound corporate governance and well-developed operation practices are the foundation of the Group's sustainable and long-term development. Our board statement of ESG management focused on the following principles:

### Flighting Climate Change

We recognise that the environment is under increasing strain, and it is imperative for us to do our part to address the impact of climate change. We are committed to protecting and preserving our planet by adopting sustainable practices throughout our business, identifying and assessing financial and other risks associated with climate change and integrating low-carbon solutions into our products and services. The Group has set up an ESG Working Group comprising the Board-level committee members chaired by the Board members and senior management to shoulder ESG responsibilities, including formulating a climate-related work plan, reviewing climate risk-related policies and disclosure documents, and identifying climate-related risks and opportunities that have a significant impact on the Group's operation and future development.

### Health and Well Being

We are determined to set ourselves in a good position to maintain a robust business performance and growth together with our employees, with an objective to uphold an open, fair, just and reasonable human resource policy. The Group is committed to a holistic approach to health and wellness, through a healthy, comfortable and safe workplace for our employees.

### Governance Framework

An ESG management system requires a combined effort of an effective governance structure that comprises the decision-making level and execution level members. The formation of our ESG Working Group comprising the Board-level committee members represents the Board's further determination and action to strengthen our ESG management in the long run. The Board has the overall responsibility to define the Group's ESG strategy and approach, manage and assess the Group's ESG performance.

### Support the Community

We encourage giving back and strengthening the community through volunteerism and philanthropy. The Group employees contribute their time and talent to a variety of community organizations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Learning Through Diversity

The Group values diversity of experiences and backgrounds, and actively seeks to promote from within. Further, the Group is always seeking to improve and become better constituents to our community, our company, and our shareholders. Opportunity and growth occur when we draw from the strengths of our diverse leadership and background.

## 2.2. ESG Strategy and Management

### ESG Management Guidelines and Strategy

Rooted in its business strategy and the characteristics of our industry, the Group draws on domestic policy and ESG standards to identify, evaluate, and analyze material ESG issues. We collect input from stakeholders every year and use the results to rank the issues by materiality. We then identify issues to be disclosed in the report and submits them for board review and validation.

### ESG Targets, Indicators, and Review Progress

The Group has established a quantitative ESG performance management mechanism and regularly identify risks and opportunities over the short and long term. By benchmarking against international standards and industry best practices, we also identify and prioritise climate-related risks and opportunities. Furthermore, we will integrate ESG factors into corporate governance, risk management, and business strategies, and actively identify and supervise ESG risks and opportunities that have a significant impact on our business performance.

 <p><b>ENVIRONMENTAL</b></p>	<ul style="list-style-type: none"> <li>• Climate Change Strategy – Review our approach on climate change and develop sustainability initiatives to identify and address the associated physical and transitional risks and opportunities</li> <li>• Green Operation Practice – Minimise the environmental impacts from our operation to reduce carbon emission throughout the daily process.</li> </ul>
 <p><b>SOCIAL</b></p>	<ul style="list-style-type: none"> <li>• We continued to align efforts with strategic priorities, including the below issues:             <ul style="list-style-type: none"> <li>– Developing a healthy and green community;</li> <li>– Fostering talent growth and development;</li> <li>– Advancing a culture of diversity, equity and inclusion; and</li> </ul> </li> </ul>
 <p><b>GOVERNANCE</b></p>	<ul style="list-style-type: none"> <li>• Ensure our corporate governance structure meets the applicable laws and regulations, industry best practice and global trends</li> <li>• Review and monitor the internal control system and risk management processes to ensure the overall effectiveness with continuous improvement</li> </ul>



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Looking ahead, the Group will continue to optimise the ESG management, actively respond to concerns of our stakeholders and facilitate the improvement of ESG management, working to fulfil our improvement, progress, performance and contribution to our community while maintaining robust growth and creating value for shareholders and investors.

## 2.3. ESG Working Group

To address the issues of ESG management, the Group has set up the ESG Working Group which is delegated to review and monitor the Group's ESG policies and performance regularly, identify risks and opportunities of ESG aspects, ensure the Group's compliance with the relevant legal and regulatory requirements, monitor and respond to emerging ESG issues, formulate climate strategies and supervise the management of climate-related issues and make recommendations to the Board to improve the Group's ESG performance.

During the Reporting Period, the ESG Working Group organized meetings to review the Group's ESG policy including, carbon footprint reduction, professional development for employees and engagement with the community, and implements ESG-related board resolutions.

## 2.4. Stakeholder Engagement






Stakeholder engagement is an essential channel to identify significant ESG issues and set a cornerstone for the Group's long-term sustainable development. The Group has a regular dialogue with its stakeholders to ensure that it continues to meet their expectations and that its approach to sustainability remains relevant and consistent across its operations. Internal and external stakeholders which include client, employees, shareholders, suppliers and community.

The Group has developed an approach which identifies the broad topics that the stakeholder groups are concerned with, and used a materiality matrix to assess the material topics identified by our stakeholders during the engagement process. Stakeholders' expectations, demands and feedbacks are worth investigating via utilising diversified communication channels for ESG improvements. The Group will keep stakeholders' concerns up-to-date through the various communication channels.

A topic is classified as material when it substantially affects our long-term commercial or operational viability, with material impacts on economic, environmental or social topics. A summary of the stakeholder groups, topics concerned, and communication channels are listed in the following table.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Table 2-1: Stakeholders and Communication Channels**

Stakeholders	Topics Concerned	Communication Channels
 <i>Client</i>	<ul style="list-style-type: none"> <li>• Client information and privacy</li> <li>• Development of new services</li> </ul>	<ul style="list-style-type: none"> <li>• Client service hotline and email</li> </ul>
 <i>Employees</i>	<ul style="list-style-type: none"> <li>• Employees' health safety, working conditions and welfare</li> <li>• Career development and training</li> </ul>	<ul style="list-style-type: none"> <li>• Regular management meeting with staff representatives</li> <li>• Training sessions</li> <li>• Occupational health and safety training</li> </ul>
 <i>Shareholders</i>	<ul style="list-style-type: none"> <li>• Corporate governance and risk management</li> <li>• Business and financial performance</li> <li>• Operation in compliance with applicable law and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Annual and interim reports</li> <li>• Regular meetings and correspondence</li> <li>• ESG report</li> </ul>
 <i>Suppliers</i>	<ul style="list-style-type: none"> <li>• Quality of products or services</li> <li>• Sustainability in business model</li> <li>• Operation in compliance with applicable law and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review meeting</li> </ul>
 <i>Community</i>	<ul style="list-style-type: none"> <li>• Local environment protection</li> <li>• Local community activities involvement</li> <li>• Operation in compliance with applicable law and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in local community activities and volunteering work</li> </ul>



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.5. Materiality Assessment

Following the stakeholder engagement, we conducted a materiality assessment during the Reporting Period with the following objectives:

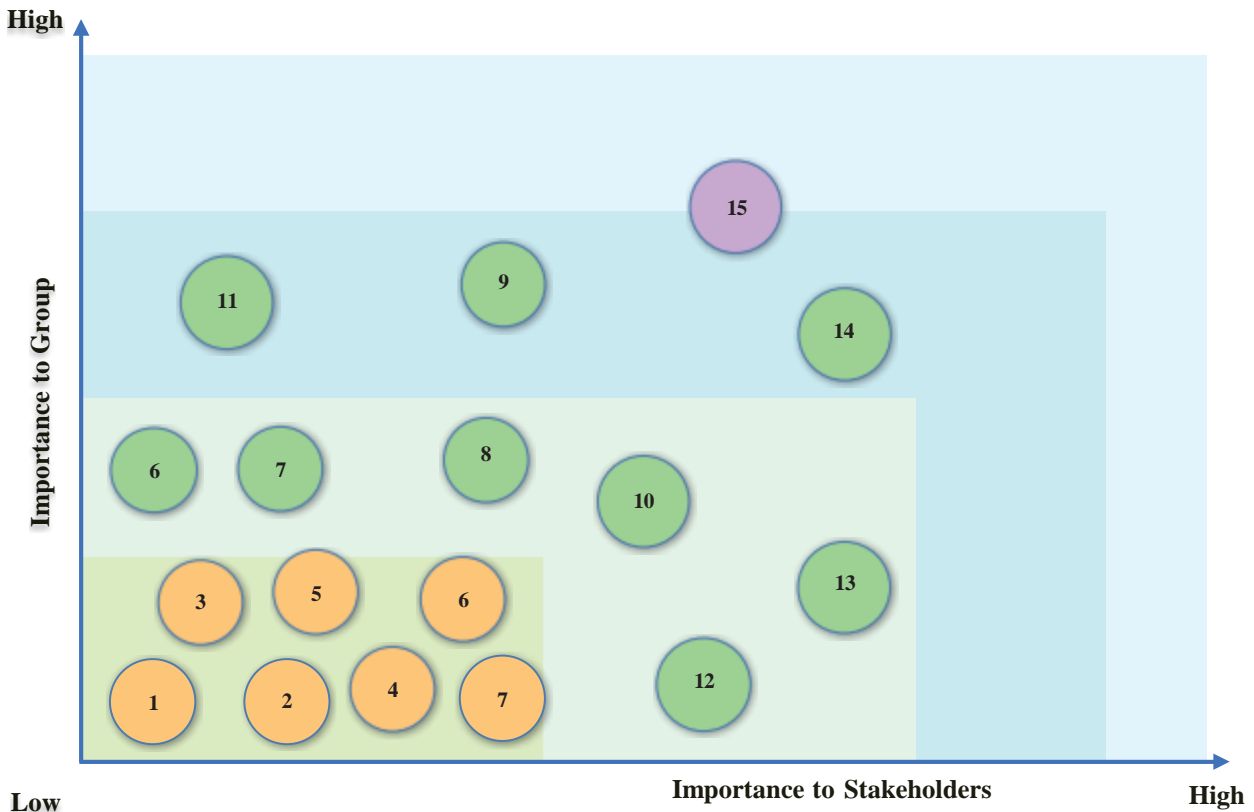
- Re-examine, assess and update our ESG priorities, and verify why they matter;
- Align with stakeholders' expectations to address priorities;
- Prioritise sustainability reporting standards to further strengthen our public disclosures; and
- Identify key performance metrics and establish goals to modernize and further advance our sustainability strategy.

The materiality assessment is comprised of three phases:

1. Identify a list of potential material topics that are relevant to the Group's ESG performance.
2. Conduct a questionnaire survey to examine stakeholders' expectations and the extent of influence of material issues towards stakeholders and the Group's business.
3. Screen out the most representative material topics from our valid questionnaires retrieved.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following matrix reflects the high-level outcome of our materiality assessment, which enables us to determine the ESG topics considered most important and impactful to the Group and its stakeholders. The topics are plotted according to the relative significance of their impact and importance, based on feedback from internal and external participants.













Notes:

1. Energy
2. Waste
3. Sustainable Supply Chain Management
4. Community Investment
5. Diversity, Equity & Inclusion
6. Training & Development
7. Climate Change Issues
8. People's Health & Well-being
9. Customer Privacy
10. Data Security & Responsible Use of Consumer Data
11. Technology & Innovation
12. Client Satisfaction
13. Risk Management & Compliance
14. Business Integrity
15. Code of Ethics

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.6. ESG Performance

 <p>Environment</p>	 <p>Total Energy Consumption: 91,100 kWh                  Total GHG Emission: 34,051 kg                  Zero Environmental Non-Compliance</p>		
 <p>Health and Wellness</p>	 <p>Our Turnover Rate by Gender:                  Male: 43.6%                  Female: 38.5%</p>	 <p>Training                  4,065 Training Hours</p>	 <p>Zero lost days due to Injury at work                  Zero Work - Related Fatality</p>
 <p>Community</p>	 <p>We support</p>		
 <p>Governance</p>	 <p>Zero complaints from clients                  Zero corruption cases concluded                  Zero non-compliance with labour standard</p>		

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. PROTECTING OUR EARTH

### 2.1 Climate Change Response Management



The Group, as an environmentally conscious and sustainable corporate, puts sustainable environment protection as a strategic priority, and is committed to upholding the high environmental standards to fulfil relevant requirements throughout our operation, and will continue to devote human and financial resources for environmental conservation, reduction of carbon footprint and environmental compliance as required under applicable laws and ordinances.

Ecological Civilisation envisions a China transformed from today's pollution behemoth. It is a pledge that China will achieve environmental sustainability, with an economy and society that are in "harmony" with ecological limits. It is a promise to balance economic growth and environmental protection. This is not unlike the widely invoked idea of "sustainable development," which aims to balance environmental, economic and social imperatives.

The Group dedicated itself to empowering the low-carbon transformation of the global economy and is committed to implementing the recommendations of the Task Force on climate-Related Financial Disclosure ("TCFD") and our national strategy, providing investors and stakeholders with useful information on climate-related risks and opportunities that are related to our business. Both TCFD and Ecological Civilisation are a market-driven initiative that is set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings and to balance economic growth and environmental protection.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Moreover, responding to climate change can enhance our business resilience and enable us to take advantage of any opportunities it may offer. The following climate change-related risks and opportunities are identified on this basis.



## 2.2 Climate Change Mitigation

The Group is planned to net zero emissions by 2050, underlining its ambition to reduce its environmental impact and mitigate its exposure to transition risks. To prepare for climate-related disclosure, the Group has allocated human and financial resources to continuously assess the impact of climate change on our business and operation. The assessment aims to identify the physical and transition risks that are most relevant to the Group. The result will be incorporated into our risk management system wherever appropriate.

Climate risks are typically classified into two major categories faced by the Group include physical risks and transition risks.

- Physical risks related to physical impacts of climate change, which can be driven by events such as floods and typhoons (acute risks) or long-term shifts in climate patterns such as sustained high temperatures and sea level rise (chronic risks).
- Transition risks related to the transition to a lower-carbon economy, which may entail policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table 3-1: Climate-Related Risks and Opportunities

Climate Risk Type	Climate Drivers		Main affected Time Horizon	
Physical Risks	Acute	⇒	More frequent and severe climate events such as flooding, drought, etc, that could affect financed assets and the value of the collaterals	Short – Medium – Long-Term
	Chronic	⇒	Rising temperatures affecting working conditions, living conditions and local infrastructure.	Long Term
Transition Risks	Market and Customers	⇒	Change in consumer behaviours including a deliberate move to more sustainable products	Short – Medium Term
	Policy Making	⇒	More demanding policy environment affecting our customer's business operations	Short – Medium – Long Term
			Increased G H G emissions pricing to foster movement to renewable sources	
	Technology and Data	⇒	Investment in technology to reduce emissions or improve energy efficiency ratings	Medium term
		⇒	Lack of procedures and systems to obtain and store reliable data for risk assessments and disclosure	
	Regulatory Pressure	⇒	New disclosure requirement which increases the risk of misrepresentation Increased regulatory requirements may lead to potential increase of non-compliance	Short – Medium Term
		⇒	Inefficiencies resulted from different climate regulations	Short – Medium – Long Term
	Reputational	⇒	As public awareness about climate change and green and low-carbon development continues to grow, failure to meet stakeholder expectations may put the Group to reputational risk	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table 3-2: Impact of Climate-Related Risks and Opportunities

	Common Climate-Related Risks	Adverse Impacts/ Benefit	Our Response and Actions
<b>Risks</b>			
<b>Physical Risks</b>	Acute Physical Risks	Increased operating and maintenance costs	Monitoring and strengthening environmental risk prevention
	Chronic Physical Risks	Loss of revenue  Increased chance of extreme weather-related injuries which affect employees' health and safety	Implementing natural disasters emergency plan  Conducting preventive measures and flexible working arrangement  The Group is planned to net zero emissions and increase of resource efficiency
<b>Transition Risks</b>	Market risks	Failure to align with low-carbon and green operation may lead to market setbacks	Adaptation – keeping up with the global policies and progress in climate action.
	Technology & Data risks	Cost of transition to lower emissions technology	The Group can promote cross-sectoral dialogue on climate-related risks and opportunities, by analyzing the alignment between the market and policies on net-zero emission, carbon peak, green finance, etc.
	Reputational risks	Failure to meet stakeholder expectations	



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.3 Corporate Environment Policy

The Group recognises the environment is under increasing strain, and it is imperative that we do our part to address the impact of climate change. We are committed to protecting and preserving our earth by adopting sustainable practices throughout our business, identifying and assessing financial and other risks associated with climate change and integrating low-carbon solutions into our products and services.

The Group formulated relevant rules and regulations for a sound and effective management of energy consumption, GHG emission, as well as discharge of waste and sewage and other pollutants, highlighted as below.

- To assess, monitor and manage environmental risks and opportunities associated with our business;
- To comply with applicable environmental protection laws and regulations;
- To integrate environmental considerations in the operations;
- To define appropriate objectives and targets on a regular basis for our ESG management approach;
- To continuously improve the ESG management system to set and maintain rigorous standards;
- To prevent pollution and to protect the environment by conserving natural resources and minimizing waste;
- To promote environmental awareness and low carbon lifestyle among the workforce with regular communication;
- To communicate our environmental performance to stakeholders and seek their involvement wherever applicable.

During the Reporting Period, the Group complied with environmental protection laws and regulations in relation to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations of the region where we operate, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental protection.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.4 Optimising Energy Saving and Resources Consumption

The main contributors to the Group's carbon footprint are (1) indirect GHG emission generated from electricity consumption, (2) direct GHG emission generated from office administration inevitably involve consumption of fossil fuel directly or indirectly, (3) indirect GHG emission generated from paper consumption in business operation, which releases Nitrogen Oxides (NO<sub>x</sub>), Sulphur Oxides (SO<sub>x</sub>), and Carbon Dioxide (CO<sub>2</sub>) into the air. The Group is highly aware that such GHG emission is one of the major sources of global warming. Therefore, we strive to reduce our carbon and ecological footprint and adopt practices that are sustainable to the environment and minimize our impact on the environment. The sustainable measures adopted by the Group includes:

### *Reduce Energy Consumption*

- Maintaining indoor temperature at an optimal level for comfort;
- Encouraging employees to switch off machines and devices, such as computers and monitors when not in use;
- Procuring energy efficient electrical appliances with energy efficiency label to reduce indirect GHG emission whenever practical;
- Organising training session including case studies to improve energy efficiency and GHG saving awareness and engage staff to adopt the energy saving practices together.

### *Reduce Paper Consumption*

The business operation of the Group consumes certain amount of paper and the Group has adopted a series of initiatives to reduce paper consumption:

- Paperless office by developing our own internal administration system to reduce the use of paper in all level of our management;
- Paperless board meeting;
- Encourage use of electronic means of communication to manage daily process; and
- Use duplex printing and reuse single-side printed papers.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.5 Exhaust Gas and GHG Emissions

Our Group's business inevitably involves consumption of fossil fuel, which directly or indirectly, releases Nitrogen Oxides (NO<sub>x</sub>), Sulphur Oxides (SO<sub>x</sub>), and Carbon Dioxide (CO<sub>2</sub>) into the air. In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of "Emissions" during the Reporting Period is tabulated below.

**Table 3-3: Emissions**

	Unit	FY2023	FY2023 Intensity
<b>GHG Emissions</b>	CO <sub>2</sub> e (kg)	34,051	631
Scope 1	CO <sub>2</sub> e (kg)	17,558	325
Scope 2	CO <sub>2</sub> e (kg)	16,493	305
Nitrogen Oxides	g	4,931	91
Sulphur Oxides	g	97	2
Particulate Matter	g	363	7

Notes:

GHG emission data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Greenhouse Gas Inventory Guidance Direct Emissions from Mobile Combustion Sources" issued by the United States Environmental Protection Agency, the latest emission factors published by the power plant and "How to prepare an ESG Report? — Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX.

During the Reporting Period, there were no non-compliance cases reported in relation to GHG emission within the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.6 Waste Management

### Waste Management Policy

The Group recognises that waste is inevitably generated throughout our day-to-day operations. Waste reduction is the focus of our emission control efforts. The Group's principal waste management policy endeavours an adoption of the waste management hierarchy (waste prevention followed by re-use, recycling, recovery and finally disposal) in order to achieve a green and paperless operation with a minimal generation of waste wherever possible and practical. The Group implements the following measures and objectives to achieve our waste control target.

- We endorse the '4-R Principles – Reduce, Reuse, Replace and Recycle' as our key policy of waste management;
- We extend our commitment to using sustainable products into every aspect of the business;
- We encourage all employees to reduce paper usage through duplex printing, paper recycle and frequent use of electronic information systems for material sharing or internal administrative documents;
- We encourage an increased use of reusable product, such as envelopes, and better separation of waste streams for recycling;
- We strengthen our employee's awareness in environmental management, waste reduction and waste recycle; and
- We closely keep up with the latest government's initiatives and policies in relation to waste management, waste reduction and recycle campaigns in order to allocate resources and formulate strategy in a timely manner .

### Hazardous Waste

Given our business nature, the Group does not directly produce hazardous waste throughout the operation.

### Non-hazardous Waste

The non-hazardous wastes generated by the Group are mainly office waste including stationery, and paper from our operations, among which, recyclable wastes will be recycled for reuse and the non-recyclable office waste will be handled by the office building property management company. During the Reporting Period, approximately 94kg of the non-hazardous waste was generated by the Group.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Wastewater Discharge*

The Group's operations do not consume a significant amount of water.

During the Reporting Period, there were no non-compliance cases reported in relation to discharge into water and land, and generation of waste within the Group.

## 2.7 Use of Resources

As natural resources are depleted, sustainability becomes essential throughout the entire process of business, the Group is working to optimise and reduce the overall amount of natural resources we consume. In line with relevant regulations on energy conservation and emission reduction, we continuously drove energy savings and consumption reductions in daily resource use such as water, electricity, and consumables, built awareness of saving electricity and water.

## Water Consumption

The Group takes a cautious approach to water stewardship, seeking to maximise efficiency and reduce water consumption. We strive to engage all employees to develop a habit of conserving water consciously. The utility facilities are maintained regularly for service to ensure that water seepage or leaking pipelines are replaced or repaired on a timely basis.

## Packaging Material

Given our business nature, the Group does not have manufacturing facilities and does not consume significant amount of packaging materials by our operation. However, we encourage our suppliers to use less packaging material.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Environmental Performance

In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of “Energy and Resources Use” during the Reporting Period are tabulated below.

Table 3-5: Energy and Resources Use

	Unit	FY2023	FY2023 Intensity
Electricity	kWh	27,127	502
Purchased Gas	kg	0	0
Unleaded Petrol	L	6,601	122
Diesel	L	0	0
Paper	kg	94	2
Water	m <sup>3</sup>	593	11
<b>Total Energy Consumption</b>	kWh	91,100	1,687

During the Reporting Period, there were no non-compliance cases reported in relation to use of resources within the Group.

## 3 OUR PEOPLE

### 3.1 Occupational Health and Safety

We are committed to providing and maintaining a safe, healthy, and hygienic workplaces for all employees, and all other persons likely to be affected by our operations and activities. Health and safety standards are given prime consideration in our operations, and regulatory compliance is strictly upheld. The goals of our Occupational Safety and Health (“OSH”) policy are highlighted as below:

- Pursuit of a healthy, comfortable and safe working environment for our employees;
- Commitment of appropriate resources and leadership to the OSH management system;
- The OSH management system aims at identification, prevention and management of risks and hazards throughout the workplaces as well as follow-up actions for accidents or personal injuries;
- The OSH management system defines appropriate objectives and targets on a regular basis;
- Zero tolerance of accidents and injuries;
- Promotion of a safety culture among employees;



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Regular review of the performance of various OSH measures so that their effectiveness and reliability can be maintained;
- Compliance with applicable laws and regulations in relation to occupational safety and health. goals of our OSH policy, the following appropriate measures are adopted.
- Formulation of emergency response plans, risk assessment and accident investigation mechanism so as to ensure legal compliance with OSH;
- Organization of fire drills and emergency evacuation simulations to raise the employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency;
- Promotion of safety culture among employees;
- Organisation of induction programs and safety training programs to new employees such that they can be familiar with our corporate policies in relation to health and safety matters as quickly as they can;
- Provision of OSH training sessions to employees according to their roles and responsibilities to ensure awareness of job hazards and conformity to safety practices with respect to OSH;
- Provision of job-related training to existing staff-members to strengthen their professional knowledge and skills in daily operations and safety matters;
- Training courses and measures are reviewed and regularly reported to the management by the safety officer; and
- Prohibition of smoking and abuse of alcohol and drugs in workplaces.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group complied with the Occupational Safety and Health Ordinance, by ensuring that the employees are working in a safe environment in respect of health, hygiene, ventilation, fire evacuation plans, building structure and means of escape. During the Reporting Period, the Group did not record any accidents that resulted in death or serious physical injury. No material non-compliance with laws and regulations relevant to health and safety of employees were identified during the Reporting Period. Summary of work-related fatalities and injuries during the Reporting Period are shown in the table below.

Table 4-1: Health and Safety

	FY2023
<b>No. of Work-Related Fatalities</b>	0
<b>Rate of Work-Related Fatalities</b>	0
<b>No. of Injuries at Work</b>	0
<b>Lost Days due to Injury at Work</b>	0

## 3.2 Talent Attraction and Retention

The Group is committed to a people-oriented approach and regards talent as our core asset. Considering that every employee has unique talents and the potential to become a driving force for our corporate development and long-term growth, the Group supports the development of competencies of our employees while proactively managing our talent pipeline and career development for them.

The Group is determined to uphold an open, fair, just and reasonable recruitment and human resource policies, with respect to equal opportunities, diversity and anti-discrimination. We encourage differences and individuality in employees, with the philosophy that diversity can bring new ideas, dynamics and challenges to our operations. We discourage all forms of discrimination on gender, age, family status, sexual orientation, disability, race and religion. Our employment policy encourages hiring of talented people with physical or mental disabilities. We are committed to supporting our employees to maintain a family-friendly work environment because we respect their roles and responsibilities in their families. We strive to make sure employees and business partners comply with laws and regulations, follow ethical business practices and respect equal opportunity in employment. We bring in new recruits and equip them with necessary skill sets to develop a long-term rewarding career with us.

In order to attract and retain our employees, the Group offers competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees. The Group decides the remunerations payable to its staff based on their duties, work experience and the prevailing market practices. Apart from basic remuneration, share options may be granted to eligible employees by reference to the performance of the Group and individual employees. We are committed to nurturing skills and capabilities in order to unlock the best in our employees, and therefore drive creativity and innovation that will contribute to our long-term sustainable growth.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, we strictly observed the applicable laws and regulations and follow our employment policies relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, by providing competitive remuneration package, including internal promotion opportunities and performance-based bonus, so as to recruit and retain experienced employees.

## 3.3 Talent Development

The Group envisions that empowering its people through development and training is the cornerstone of our success in the long-run. The Group listens and responds to our people, striving to create an environment of continuous learning, to facilitate development of careers and to provide knowledge and skills for better fulfilment of roles and responsibilities. Our training programmes are designed not only to enhance the sustainable development of the Group and to provide skillset required for the operation, but also for the benefit of society as a whole wherever possible.

During the Reporting Period, the Group organised a variety of development and training sessions for employees including induction training, technical skills training, thematic courses such as anti-corruption, and pre-post training as summarised in the table below. On average, each employee received 75.3 hours of development and training.

Table 4-2: Employee Development and Training

	Unit	FY2023
<b>Average hours of training received per employee</b>	hours	75.3
<b>Average hours of training per employee by employment level</b>		
<b>Senior Staff</b>	hours	58.2
<b>General Staff</b>	hours	79.2
<b>Average hours of training per employee by gender</b>		
<b>Male</b>	hours	66.8
<b>Female</b>	hours	81.1
<b>Percentage of employees trained by employment level</b>		
<b>Senior Staff</b>	%	100
<b>General Staff</b>	%	97.7
<b>Percentage of employees trained by gender</b>		
<b>Male</b>	%	95.5
<b>Female</b>	%	100

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group pays full attention to the relevant regulatory changes and work closely with different departments to determine the continuous professional training required for relevant employees and directors to update their knowledge and skills to maintain their professional competence. Latest applicable laws, rules and regulations are circulated with employees and directors from time to time. Implementation of safety training and comprehensive risk assessments are also one of the most important tasks in the Group. Details of the development and training programs are summarized as below.

**Table 4-3: Development and Training Programs**

<b>Orientation Programs</b>	Orientation programs are organised for new joiners by introducing the history and corporate culture of the Group, as well as functions of respective departments, aiming at helping them adapt to the new work environment affirmatively and quickly.
<b>Continuous Professional Training</b>	Continuous training is committed in different ways including internal training programs, comprehensive training for specific skill development, and courses for continuous professional development for relevant employees so as to ensure that they possess the appropriate qualities and skill-sets.
<b>Thematic Training</b>	<p>Directors and senior management are encouraged to take part in professional thematic training and seminars including occupational safety, corporate governance, business development and strategy.</p> <p>Employees from respective departments are encouraged to take part in thematic courses to strengthen and refresh their knowledge, management skills, including various topics stipulated in different ordinances, rules and guidelines.</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.4 Our Workforce

### Hong Kong

In Hong Kong, the Group complied with the Labour Law of Hong Kong and relevant employment laws and regulations during the Reporting Period, including the Mandatory Provident Fund Schemes Ordinance by participating in the Mandatory Provident Fund retirement benefit scheme for our eligible employees, Minimum Wage Ordinance, Employment Ordinance and Employees' Compensation Ordinance by offering competitive wages, medical insurance, maternity leave and other compensation to our employees.

### Mainland China

In Mainland China, we participated, during the Reporting Period, in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the local regulations including the Regulations on the Administration of Housing Provident Funds, Social Insurance Law and Labour Law of Mainland China.

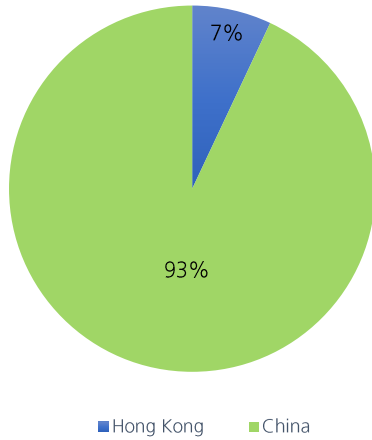
As at December 31, 2023, the Group had 54 full-time employees, of which 7% was based in Hong Kong and 93% was based in Mainland China. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of human resources. We strictly prohibit discrimination, harassment and bullying at all workplaces. In accordance with the ESG Reporting Guide set out by the HKEX, details of the Group's workforce during the Reporting Period are tabulated as well as presented in charts below.

**Table 4-4: Our Workforce**

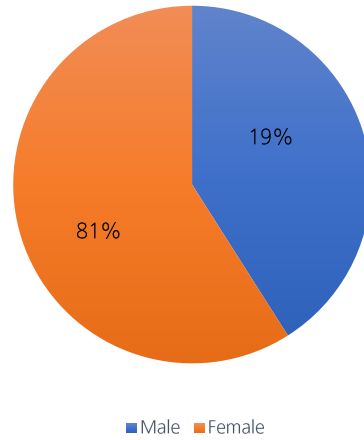
	<b>FY2023</b>
<b>Total Number of Full-Time Employees</b>	54
<b>Total Number of Part-Time Employees</b>	0
<b>Turnover Rate by Gender</b>	
<b>Male</b>	43.6%
<b>Female</b>	38.5%
<b>Turnover Rate by Age</b>	
<b>Under 30 years old</b>	66.7%
<b>30 – 50 years old</b>	29.8%
<b>Over 50 years old</b>	0%

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

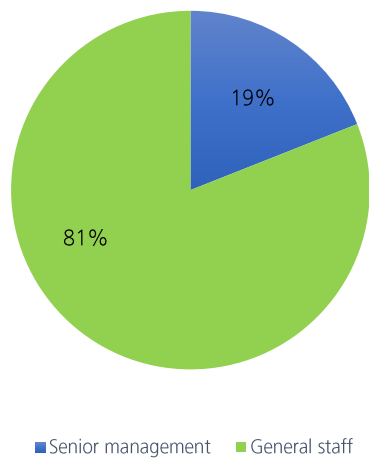
Total Workforce by Region as of 31 December 2023



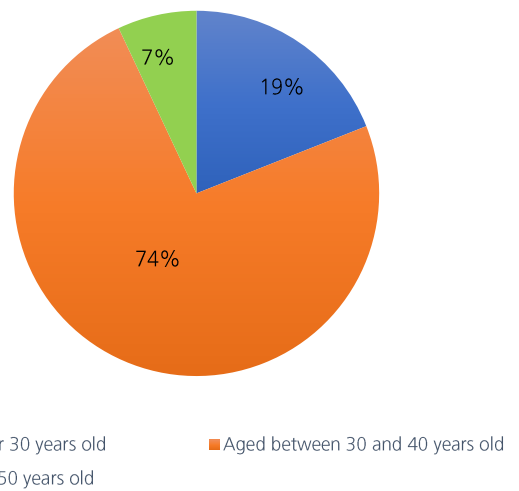
Total Workforce by Gender as of 31 December 2023



Total Workforce by Employment Level as of 31 December 2023



Total Workforce by Age Group as of 31 December 2023





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.5 Labour Standards

The Group strictly prohibits the employment of any child labour and forced labour in any form, being fully aware that exploitation of child and forced labour violates human rights and international labour conventions. All candidates applying to a position in the Group are required to present their identity documents for inspection and ascertaining their identities, ages and validity of employment status. Recruiters strictly review the entry documents including identity cards, academic certificates and medical examination certificates (whenever feasible).

During the Reporting Period, the Group strictly complied with the relevant laws and regulations, including the Labour Law and Employment Ordinance of Hong Kong, the "Labour Law of the PRC", the "Labour Contract Law of the PRC", "Law of the People's Republic of China on Employment Promotion", "Regulations on the Administration of Housing Provident Funds" and the "Social Insurance Law, Prohibition of Child Labour, Prohibition of Forced Labour and Prisoners Labour Policy and Procedures of the PRC. In the event that any irregularities in ages, identities and/or validities of employment status is subsequently found, employment with all such concerned candidates will be immediately terminated, and the Group will report such incident to the relevant authorities as soon as practicable. No non-compliance case was reported in relation to labour laws and regulations during the Reporting Period.

## 4 OPERATING RESPONSIBLY

We are aware that managing our business responsibly is the core to delivering sustainable financial performance as well as value to our investors, clients, employees and communities in the long run. Our goal is to be a leading responsible corporate in the Asia-Pacific region. We have an unwavering commitment to sound corporate governance, a strong culture of ethics and integrity and responsible operation.

### 4.1 Supply Chain Management

The Group understands that the supply chain management is always one of the key aspects of the Group's operation. Our supply chain management team not only considers economic and commercial benefits during the tendering processes, but also evaluates the suppliers' and contractors' track record with respect to legal and regulatory compliance which include environmental, social and governance aspects.

We developed a vendor and supplier selection mechanism based on potential vendors' compliance with all applicable laws and regulations in relation to the safety, environment, forced labour, child labour and other social aspects. Products and services with environmentally friendly and socially responsible features will be given a higher technical score during our assessment process. Green procurement is one of our main strategies in supply chain management. We look for suppliers with outstanding environmental performance.

We believe that, through the above review process, we can minimise the potential environmental and social risks associated with the supply chain management. During the Reporting Period, suppliers of the Group were all located in the region where we operated. No complaint was received from the suppliers and there was no disputed debts or unsettled debts and all the debts are settled on or before due dates or a latest date as mutually agreed.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4.2 Product Responsibility

We are committed to the highest standards of services we deliver, maintaining continuous communication with our clients to ensure that we understand and fulfil their needs and expectations. Furthermore, we keep track of emerging trends and continue to develop and optimise services that offer the best plans to our clients.

During the Reporting Period, our operation in Hong Kong complied with relevant laws and regulations, for instances, the Trade Description Ordinance and in Mainland China such as the Consumer Protection Law, Advertising Law and Product Quality Law, by ensuring that there are no false and misleading message in our advertisements and promotion activities. During the Reporting Period, the Group did not identify any material non-compliance of the laws and regulations related to the quality of products and services.

## 4.3 Privacy Protection

The Group emphasises the importance of protecting our clients' personal data against unauthorised access, use or loss and we adhere to the Personal Data (Privacy) Ordinance when collecting, processing and using clients' personal data. To safeguard clients' privacy, the Group takes practicable steps to ensure the clients' data are securely stored and the use of data is limited to or related to the original collection purpose. The Group respects privacy rights of its stakeholders with utmost importance.

The Group sets out data privacy requirements in our corporate policies, under which client and supplier data would be used exclusively for matters relating to the Group's operation only. We strive to ensure all collected data kept is free of unauthorised or accidental access, processing, erasure or other use.

There were no non-compliance cases noted in relation to our data privacy and no material complaints received regarding our services that would have significant impact during the Reporting Period.

## 4.4 Anti-Corruption

The Group is committed to upholding a high standard of business ethics and prohibition of any forms of bribery and corrupt practices. The Group has developed a series of policies and compiled code-of-conduct with respect to anti-fraud and anti-bribery, which apply to all staff-members. In general, we require our employees to declare any conflict of interest, to avoid any possible such conflict with sub-contractors or suppliers, organizing seminars in relation to anti-corruption and avoidance of conflict of interest for our employees. We also encourage our business-related parties, including suppliers to observe those principles of the policies and to proactively report any suspected misconduct issues to the Group. Meanwhile, employees are encouraged to report any concern in relation to accounting controls and audit matters to the Audit Committee which will review each complaint and decide how the investigation should be conducted.

During the Reporting Period, the Group observed with related laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the Prevention of Bribery Ordinance of Hong Kong an Criminal Law and the Regulation for Suppression of Corruption of Mainland China.No cases of anti-corruption were concluded whereas the Audit Committee identified no complaint from employees during the Reporting Period.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4.5 Whistle-Blowing

In order to encourage our employees to report illegality, irregularity, malpractice, unethical acts or behaviors, inappropriate conducts or actions, which may damage the Group's interests, we established whistle-blowing policy and implement procedures for our employees to report improprieties via a confidential reporting channel to the extent that is made possible to all employees. The policy aims to encourage our employees to report behaviour that is not in line with the principles of ethics and the Group's policy such as events that are non-compliant with the Group's policy, laws, rules, regulations, general practice of financial reporting and internal control.

The Group is committed to addressing the "whistle-blowers" concerns in a fair and reasonable manner and to handling the reports with due care and conducting a comprehensive and independent investigation for each reasonably established report. All "whistle-blowers" who report in good faith are reasonably protected from retaliation or adverse consequence of their employment regardless of whether the allegation is substantiated.

The whistle-blowing policy and its procedures, which apply to all levels of the members of the Group, have been documented in the employee handbook and have been circulated among employees for their reference.

## 4.6 Protection of Intellectual Property Rights

The Group is committed to compliance with relevant laws and regulations in relation to intellectual property right ("IP rights") by valuing and protecting its intellectual properties through patent fees and periodic trademark renewals. In order to prevent infringement and enhance copyright protection, a copyright compliance policy is in place covering the area of installation of computer software, making copies of copyright works or publication and use of internet information.

## 4.7 Customer Relationship Management

Realising that our client needs and expectations should be well addressed, the Group highly values the level of satisfaction of clients and their feedback. Regular communication channels and feedback systems, such as telephone hotline, emails and websites, are in place to collect information on satisfaction and suggestions for improvement from our diverse portfolio of clients.

The Group consolidated and comprehensively analysed the clients' feedback in order to identify the issues. Follow-up actions, including internal evaluation and modification of training programs for employees, will be taken to address the issues identified and to continuously improve our service delivered. Feedback will additionally be provided to the clients in a timely manner.

There were no cases of product recall nor complaints received against our services due to health and safety issues during the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Table 5-1: Product Recalls and Complaints**

	<b>FY2023</b>
<b>Percentage of complaints received about the products related to health and safety issues</b>	n/a

## **5 COMMUNITY INVESTMENTS**

The Group believes that participating in social engagement and contributing to society are forms of showing corporate citizenship. We also see the potential to nurture corporate culture and inspire our employees towards social concerns in the daily work life. The Group actively encourages employees to contribute their time and skills to community volunteer works to benefit local communities by giving them opportunities to learn more about social and environmental issues and enhance the Group's corporate value. We would embrace human capital into the social management strategies to sustain the corporate social responsibility as a part of the strategic development of the Group.

In line with our commitment to business in community, the Group continued to demonstrate our love and care to the community. During the Reporting Period, with the support of the local government, the Group has organized a reading festival which aimed to support the orphans, disabled children and students in rural areas for learnings, demonstrating the spirit of corporate public welfare with practical actions. Going forward, the Group will continue to foster the culture of active support to our community, encouraging our staff members to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.



# DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Group for FY2023.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are providing the event management services and design and production services in the PRC. Details of the principal activities of its subsidiaries are set out in Note 24 to the consolidated financial statements.

## BUSINESS REVIEW AND OUTLOOK

The business review and outlook of the Group for the year are set out in the section headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

## RESULTS AND DIVIDEND

The results of the Group for FY2023 are set out in the consolidated statement of comprehensive income. The state of affairs of the Group and the Company as at 31 December 2023 are set out in the consolidated statement of financial position and Note 31 to the consolidated financial statements respectively. The Directors do not recommend the payment of a final dividend for FY2023.

## CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Monday, 27 May 2024 (the "2024 AGM"). For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 21 May 2024 to Monday, 27 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2024 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 20 May 2024.

## FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out in the section headed "Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons thereof, are set out in Note 22 to the consolidated financial statements.

## RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity and Note 31 to the consolidated financial statements respectively.

## DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's reserves available for distribution to equity shareholders in accordance with its memorandum and articles of association amounted to approximately RMB3.4 million.

## 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.

As at 31 December 2023, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the memorandum and articles of association of the Company or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## DONATION

During FY2023, the Group did not make any charitable donations.

## RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group for FY2023 are set out in Note 25 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the GEM Listing Rules.



## DIRECTORS' REPORT

### MAJOR CUSTOMERS AND SUPPLIERS

During FY2023, the percentage of the Group's revenue amount attributable to the Group's largest customer was approximately 12.1% of the Group's total revenue, while the percentage of the Group's total revenue attributable to the five largest customers in aggregate was approximately 41.7%. During FY2023, the percentage of the Group's project costs attributable to the Group's largest supplier was approximately 15.9% of the Group's total project costs, while the percentage of the Group's total project costs attributable to the five largest suppliers in aggregate was approximately 48.9%.

None of the Directors of the Company, or any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers.

### BOARD OF DIRECTORS

The Board during the year and up to date of this report were as follows.

#### Executive Directors

Mr. Zhou Yang (*Chairman*)

Ms. Song Ruiqing (*Chief Executive Officer*)

#### Independent Non-executive Directors

Mr. Ho Yau Kwok

Mr. Yip Koon Shing

Mr. Wong Kin Yip

In accordance with the memorandum and articles of association of the Company, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting.

## PERMITTED INDEMNITY PROVISION

Pursuant to the memorandum and articles of association of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices.

Such provision was in force during FY2023 and remained in force as of the date of this annual report. The Company has taken out and maintained Directors' and officers' liabilities insurance throughout the year, which provides appropriate cover for the Directors.

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 16 to 19 of this annual report.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the related party transactions disclosed in Note 25 to the consolidated financial statements, no Director or a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party for FY2023.

## CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the section "Directors' Report – Related Party Transaction and Connected Transactions" above and in the section headed "Relationship with our Controlling Shareholders" to the Prospectus, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's Controlling Shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's Controlling Shareholders or their subsidiaries, during the year.

## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and the "Share Option Schemes" disclosures, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.



## DIRECTORS' REPORT

### NON-COMPETITION UNDERTAKINGS

In order to avoid any possible future competition between the Group and the Controlling Shareholders (each a “**Covenantor**” and collectively the “**Covenantors**”) have entered into the deed of non-competition (the “**Deed of Non-competition**”) with the Company (for itself and for the benefit of each other member of the Group) on 21 October 2019. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in the core business that is in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors further undertakes that if any of he/she/it or his/its associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete directly or indirectly with the core Business of the Group, he/she/it shall (and he/she/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal of take up such business opportunity. The Group shall, within six months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not. The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity) and approval by the Board/or shareholders as required under relevant laws and regulations and in accordance with the articles of association of the Company in effect at the relevant time. The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal. During the year, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each Controlling Shareholder of the Company in respect of him/her/it or his/her/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders of the Company had complied with the Deed of Non-competition.

### COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or the Controlling Shareholders of the Company or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group for FY2023.



## EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

Details of the emoluments of the Directors and five highest paid individuals and senior management are set out in Note 10 to the consolidated financial statements. The emolument of the number of the highest paid individuals who are not the Directors of the Company for FY2023 are set out in Note 10(b) to the consolidated financial statements.

The emoluments of the senior management (excluding the Directors) of the Group for FY2023 falls within the following band:

Emolument Band	Number of Senior Management
Nil to HK\$1,000,000	4

## EMOLUMENT POLICY

A remuneration committee of the Company (the “**Remuneration Committee**”) is set up for reviewing the Group’s emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group’s operating results, individual performance and comparable market practices.

The Remuneration Committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the emolument policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual Directors and senior management.

## RETIREMENT BENEFITS PLANS

Details of retirement benefits plans are set out in Note 4.6 to the consolidated financial statements.

## MANAGEMENT CONTRACTS

Save for the service agreements, no other contracts concerning the management and/or administration of the whole and any substantial part of the business of the Company were entered into or existed for FY2023.

# DIRECTORS' REPORT

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

As at 31 December 2023, the interests or short positions of each 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 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 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 shares of the Company

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

Note: Mr. Zhou and Ms. Song 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 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 December 2023, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 which they were taken or deemed to have under such provisions of 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 December 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 the shares of the Company

Name	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") <sup>(Note 1)</sup>	Beneficial owner	120,000,000	15.0%
Mr. Fan Yajun ("Mr. Fan") <sup>(Note 1)</sup>	Interest in controlled corporation	120,000,000	15.0%
Ms. Zhou Jianyuan ("Ms. Zhou") <sup>(Note 2)</sup>	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 December 2023, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interest or short positions in the shares or underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

## 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 FY2023.

## CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this annual report.

## EQUITY-LINKED AGREEMENTS

There was no equity-linked agreement entered into by the Company for FY2023.



## DIRECTORS' REPORT

### SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company's issued capital were held by public as at the date of this annual report.

### INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

### INDEPENDENT AUDITOR

The consolidated financial statements of the Group for FY2022 and FY2023 were audited by Moore CPA Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Moore CPA Limited as auditor of the Company.

ON BEHALF OF THE BOARD  
**Orange Tour Cultural Holding Limited**  
**Zhou Yang**  
*Chairman and Executive Director*

Hong Kong, 28 March 2024



# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders.

## CORPORATE GOVERNANCE PRACTICE

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

## 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 FY2023.

## DIRECTORS' RESPONSIBILITIES AND DELEGATION

The Board is responsible for leading and controlling the business operations of the Group. It formulates strategic directions, oversees the operations and monitors the financial performance of the Group. The management is delegated power and authority given by the Board for the day-to-day management and operations of the Group. The management is accountable to the Board for the Company's overall operation.

## BOARD COMPOSITION

The Board currently comprises two executive Directors and three independent non-executive Directors and the Board is accountable to shareholders of the Company. The management and control of the business of the Company is vested in its Board. It is the duty of the Board to create value to the shareholders of the Company.

## EXECUTIVE DIRECTORS

Mr. Zhou (*Chairman*)

Ms. Song (*Chief Executive Officer*)



# CORPORATE GOVERNANCE REPORT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Yau Kwok  
Mr. Yip Koon Shing  
Mr. Wong Kin Yip

Biographical details of the Directors are set out in section headed “Biographical Details of the Directors and Senior Management” of this annual report.

The proportion of which is higher than what is required by Rule 5.05A, 5.05(1) and (2) of the GEM Listing Rules whereby independent non-executive Directors of a listed issuer represent at least one-third of the board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group’s business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company’s strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules.

## BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “*Board Diversity Policy*”) for FY2023 and up to the date of this corporate governance report, which sets out the basis to achieve diversity on the Board. Details of this Board Diversity Policy is disclosed as below.

### Purpose

This Board Diversity Policy aims to set out the approach to achieve diversity on the Board.

### Policy Statement

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria.

### Selection Criteria

Selection of candidates will be based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board’s composition will be disclosed in the annual report of the Company.



# CORPORATE GOVERNANCE REPORT

## MONITORING AND REVIEW OF THE BOARD DIVERSITY POLICY

- The Nomination Committee will monitor the implementation of the Board Diversity Policy.
- The Nomination Committee will from time to time review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the policy.

## NOMINATION POLICY

The Board has adopted a nomination policy (the “**Nomination Policy**”) for FY2023 and up to the date of this corporate governance report, which sets out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors. Details of the Nomination Policy is disclosed as below.

### PURPOSE

- This Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors.
- This Nomination Policy aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company’s business.

### CRITERIA

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the “**Criteria**”):

- Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;
- Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;
- Qualifications, including accomplishment and experience in the relevant industries the Company’s business is involved in;
- Independence;
- Reputation for integrity;
- Potential contributions that the individual(s) can bring to the Board; and
- Commitment to enhance and maximise shareholders’ value.



# CORPORATE GOVERNANCE REPORT

## RE-ELECTION OF DIRECTOR AT GENERAL MEETING

- The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the criteria including but not limited to:
  - (a) the overall contribution and service to the Company of the retiring director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and
  - (b) whether the retiring Director(s) continue(s) to satisfy the Criteria in section 2.
- The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

## NOMINATION PROCESS

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;
- (c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and
- (f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

## DIVIDEND POLICY

The Company has a dividend policy, the objective of which is to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves to sustain the Group's future growth. The declaration, form, frequency and amount of dividend paid by the Company must be in accordance with relevant laws and regulations and subject to the Articles. In deciding whether to declare any dividend, the Board will take into account a number of factors, including the financial results, the distributable reserves, the operations and liquidity requirements, and the current and future development plans of the Company. The Board will review the dividend policy of the Company as appropriate from time to time.





# CORPORATE GOVERNANCE REPORT

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Director and independent non-executive Director has entered into a service contract with the Company on 21 October 2019. The service contracts with the executive Directors and independent non-executive Directors are for an initial fixed term of three years commencing from the Listing Date. The service contracts are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable GEM Listing Rules.

According to the Article 108 of the memorandum and articles of association of the Company, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Article 112 of the memorandum and articles of association of the Company provides that any Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by shareholders of the Company.

Mr. Zhou Yang, Ms. Song Ruiqing and Mr. Ho Yau Kwok will retire from office at the forthcoming annual general meeting of the Company to be held on 27 May 2024. Mr. Zhou Yang, Ms. Song Ruiqing and Mr. Ho Yau Kwok, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Mr. Zhou Yang, Ms. Song Ruiqing and Mr. Ho Yau Kwok.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The role of Chairman remains separate from that of the chief executive officer to enhance their respective independence, accountability and responsibility. Mr. Zhou Yang is the Chairman of the Board. Ms. Song Ruiqing is the chief executive officer.

## DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During FY2023, the Company has provided and all Directors have attended training courses on the updates of the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.



# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

The Board has established three Board committees, namely, the audit committee of the Company (the “**Audit Committee**”), the Remuneration Committee and the nomination committee of the Company (the “**Nomination Committee**”), for overseeing particular aspects of the Company’s affairs. All Board committees have been established with defined written terms of reference, which are posted on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.otch.com.cn](http://www.otch.com.cn). All the Board committees responsibly report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company’s expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company’s policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company’s compliance with the code provision in the CG Code and disclosures in this annual report.

## 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.

During the year, the Audit Committee held four meetings to review and comment on the Company’s financial results as well as the Company’s internal control procedures and risk management system. The Group’s consolidated financial statements for FY2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for FY2023 comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

## REMUNERATION COMMITTEE

The Remuneration Committee was established on 21 October 2019. The chairman of the Remuneration Committee is Mr. Yip Koon Shing, the independent non-executive Director, and other members includes Mr. Wong Kin Yip, the independent non-executive Director, and Ms. Song, the executive Director. The written terms of reference of the Remuneration Committee are posted on the website of the Stock Exchange and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during FY2023. No Director or any of his or her associates is involved in deciding his or her own remuneration.

## NOMINATION COMMITTEE

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

The primary duties of the Nomination Committee are to review and assess the composition of the Board and independence of the independent non-executive Directors and makes recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

## BOARD AND GENERAL MEETING

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

# CORPORATE GOVERNANCE REPORT

## ATTENDANCE RECORD OF DIRECTORS

Details of all Directors' attendance at the Board meeting and Board Committees' meeting held during FY2023 are as follows:

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2023 Annual General Meeting
	Number of Meetings Attended/Held				
<b>Executive Directors</b>					
Mr. Zhou Yang	4/4	–	–	1/1	1/1
Ms. Song Ruiqing	4/4	–	1/1	–	1/1
	4/4				
<b>Independent non-executive Directors</b>					
	4/4				
Mr. Ho Yau Kwok	4/4	4/4	–	1/1	1/1
Mr. Yip Koon Shing	4/4	4/4	1/1	1/1	1/1
Mr. Wong Kin Yip	4/4	4/4	1/1	–	1/1

## COMPANY SECRETARY

The company secretary of the Company (the “**Company Secretary**”) assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance matters.

The Company has engaged an external service provider, Mr. Wong Tik Man (“**Mr. Wong**”), as its company secretary. The selection, appointment or dismissal of the company secretary was approved by the Board. Mr. Wong possesses the necessary qualification and experience, and is capable of performing the functions of the company secretary. Mr. Zhou, the executive Director, is the primary contact person who Mr. Wong contacts.

For FY2023, Mr. Wong undertook no less than 15 hours of relevant professional training to update his skill and knowledge. The biography of Mr. Wong is set out in the section headed “Biographical Details of the Directors and Senior Management” of this annual report.

# CORPORATE GOVERNANCE REPORT

## INDEPENDENT AUDITORS' REMUNERATION

During FY2023, the remuneration paid or payable to the external auditor of the Company, Moore CPA Limited, in respect of the audit service was as follows:

Services rendered	Remuneration paid/payable HK\$'000
Audit service – Statutory audit service	650

## SHAREHOLDERS' RIGHT

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the website of the Stock Exchange and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to Article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in the PRC. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in the PRC.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in the PRC.



# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedure which comprised the following steps:

- identify risks: identify major and significant risks that could affect the achievement of goals of the Group;
- risk assessment: assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence; and
- risk mitigation: develop effective control activities to mitigate the risks.

Risk identification and assessment is performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the risk registry to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of FY2023 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.



# CORPORATE GOVERNANCE REPORT

Under Code Provision C.2.5, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the Audit Committee and the Board. In addition, the Audit Committee has communicated with external auditor of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

## INSIDE INFORMATION POLICY

The Group has in place a policy on Disclosure of Inside Information which sets out the procedures and internal controls for handling and dissemination of inside information. The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- Define the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- Controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;
- Procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the GEM Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.



# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company adopted shareholders communication policy with objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

- (i) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on the respective website of the Stock Exchange and the Company;
- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company's website;
- (iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and
- (v) the Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During FY2023, the Company approved and adopted the second amended and restated the memorandum and articles of association of the Company after the close of AGM on 25 May 2023 in the manner as set out in the circular of the Company dated 26 April 2023.



# INDEPENDENT AUDITOR'S REPORT



## Moore CPA Limited

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Independent Auditor's Report to the Shareholders of  
Orange Tour Cultural Holding Limited  
(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Orange Tour Cultural Holding Limited (the "Company") and its subsidiaries (together with the Company, referred to as the "Group") set out on pages 74 to 111, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Expected credit loss assessment of trade receivables

*Refer to the Notes 4.3, 5 and 16 to the consolidated financial statements*

#### Key audit matter

As at 31 December 2023, the Group had trade receivables net of expected credit loss ("ECL") amounting to approximately RMB3,784,000. The Group had recognised ECL on trade receivables amounting to approximately RMB676,000 as at 31 December 2023.

The ECL assessment on trade receivables is considered to be a matter of most significance as it requires the application of significant judgement and use of subjective assumptions by the Group's management. The management of the Group believes that the methodologies and inputs used in estimating ECL are in accordance with the applicable accounting standards. These models and assumptions relate to the future macroeconomic conditions and debtors' creditworthiness. The Group has applied judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as parameters for measuring ECL and forward-looking information.

#### How our audit addressed the key audit matter

Our key procedures to address the matter included:

- Understanding and evaluating the methodologies, inputs and assumptions used by the Group in calculating the ECL, by reference to internal historical data and externally available economic data;
- Obtaining an ageing analysis of the trade receivables from the management of the Company the accuracy of ageing of trade receivables at the reporting date to the underlying invoices on a sample basis;
- Challenging management's assessment of the recoverability of long outstanding and overdue trade receivables;
- Inspecting, on a sample basis, underlying documents in respect of key inputs adopted, including the historical settlement details and observable external data; and
- Assessing the appropriateness of the provisioning methodology and challenging the management's basis and judgement in determining impairment loss on trade receivables as at 31 December 2023, including the reasonableness of grouping in the provision matrix, the basis of estimation of historical default rates and expected credit loss rates for customers and forward-looking information, including the GDP, based on our understanding of the client's industry and with reference to external data sources.



# INDEPENDENT AUDITOR'S REPORT

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report for the year ended 31 December 2023 of the Group, other than the consolidated financial statements and our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the audit committee of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.



# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee of the Company, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Moore CPA Limited**  
*Certified Public Accountants*

**Leung Yu Ngong**  
Practising Certificate Number: P06734

Hong Kong, 28 March 2024

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB' 000	2022 RMB' 000
<b>Revenue</b>	7	30,904	20,535
Other income and gains	7	586	322
Project costs	8	(13,021)	(7,970)
Depreciation of property, plant and equipment	14	(453)	(600)
Employee benefits expenses	8	(11,148)	(13,684)
(Provision for)/reversal of expected credit loss on trade receivables, net	8	(373)	560
Other operating expenses		(2,914)	(2,629)
Finance costs	9	(77)	(5)
<b>Profit/(loss) before income tax</b>	8	3,504	(3,471)
Income tax expense	11	(1,618)	(234)
<b>Profit/(loss) for the year attributable to the owners of the Company</b>		1,886	(3,705)
<b>Other comprehensive loss</b>			
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising on translation from functional currency to presentation currency		(186)	(459)
<b>Other comprehensive loss for the year, net of income tax</b>		(186)	(459)
<b>Total comprehensive income/(loss) for the year attributable to the owners of the Company</b>		1,700	(4,164)
<b>Earnings/(loss) per share attributable to the owners of the Company</b>			
Basic and diluted	13	RMB0.24 cents	RMB(0.46) cents

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 RMB' 000	2022 RMB' 000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	745	420
Interest in an associate	15	-	-
Deferred tax assets	19	168	74
		<b>913</b>	<b>494</b>
<b>Current assets</b>			
Trade and other receivables	16	5,060	3,986
Tax recoverable		138	1,301
Bank balances and cash	17	99,519	96,347
		<b>104,717</b>	<b>101,634</b>
<b>Current liabilities</b>			
Trade and other payables	18	12,986	13,556
Lease liability	20	-	119
Amount due to a shareholder	21	5,196	2,705
		<b>18,182</b>	<b>16,380</b>
<b>Net current assets</b>		<b>86,535</b>	<b>85,254</b>
<b>Net assets</b>		<b>87,448</b>	<b>85,748</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	22	5,616	5,616
Reserves	23	81,832	80,132
<b>Total equity</b>		<b>87,448</b>	<b>85,748</b>

The consolidated financial statements on the pages from 74 to 111 were approved and authorised for issue by the Board of Directors on 28 March 2024 and are signed on its behalf by:

Zhou Yang  
Executive Director

Song Ruiqing  
Executive Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital RMB'000 (Note 22)	Share premium RMB'000 (Note 23)	Statutory reserve RMB'000 (Note 23)	Translation reserve RMB'000 (Note 23)	Other reserve RMB'000 (Note 23)	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2022	5,616	34,420	6,303	(868)	26,412	18,029	89,912
Loss for the year	-	-	-	-	-	(3,705)	(3,705)
Other comprehensive loss: Exchange differences arising on translation	-	-	-	(459)	-	-	(459)
Total comprehensive loss for the year	-	-	-	(459)	-	(3,705)	(4,164)
Balance at 31 December 2022 and 1 January 2023	5,616	34,420	6,303	(1,327)	26,412	14,324	85,748
Profit for the year	-	-	-	-	-	1,886	1,886
Other comprehensive loss: Exchange differences arising on translation	-	-	-	(186)	-	-	(186)
Total comprehensive income for the year	-	-	-	(186)	-	1,886	1,700
Transfer to statutory reserve	-	-	498	-	-	(498)	-
<b>Balance at 31 December 2023</b>	<b>5,616</b>	<b>34,420</b>	<b>6,801</b>	<b>(1,513)</b>	<b>26,412</b>	<b>15,712</b>	<b>87,448</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		3,504	(3,471)
Adjustments for:			
Depreciation of property, plant and equipment	14	453	600
Gain on disposal of property, plant and equipment		(198)	-
Provision for/(reversal of) expected credit loss on trade receivables, net	8	373	(560)
Interest income	7	(212)	(270)
Interest expense for bank borrowing	9	76	-
Interest expenses for lease liability	9	1	5
<b>Operating cash flows before working capital changes</b>		<b>3,997</b>	<b>(3,696)</b>
(Increase)/decrease in trade and other receivables		(1,590)	6,781
Decrease in trade and other payables		(616)	(1,678)
<b>Cash generated from operations</b>		<b>1,791</b>	<b>1,407</b>
Income tax paid		(548)	(766)
<b>Net cash generated from operating activities</b>		<b>1,243</b>	<b>641</b>
<b>Cash flows from investing activities</b>			
Interest received		212	270
Acquisition of property, plant and equipment		(778)	(36)
Proceeds from disposal of property, plant and equipment	14	198	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(368)</b>	<b>234</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>Cash flows from financing activities</b>			
Advanced from a shareholder	26	2,491	2,705
New bank borrowing raised	26	5,000	-
Repayments of bank borrowing	26	(5,000)	-
Payment of capital element of lease liability	26	(119)	(119)
Payment of interest element of lease liability	26	(1)	(5)
Payment of interest of bank borrowing	26	(76)	-
<b>Net cash generated from financing activities</b>		<b>2,295</b>	<b>2,581</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,170</b>	<b>3,456</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>96,347</b>	<b>92,874</b>
Effect of foreign exchange rate changes		2	17
<b>Cash and cash equivalents at end of the year</b>		<b>99,519</b>	<b>96,347</b>
<b>Analysis of cash and cash equivalents</b>			
Bank balances and cash		99,519	96,347

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 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 Act 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 include the applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“**the functional currency**”). 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in Note 5 “Significant accounting judgements and estimates”.

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The HKICPA has issued a number of new and amendments to HKFRSs and had become effective during the year. In preparing the consolidated financial statements, the Group has applied all applicable new and amendments to HKFRSs issued by the HKICPA, which are effective for the Group’s consolidated financial statements for the accounting period beginning on 1 January 2023.

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Continued)

Except for the amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies, which are shown below, 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.

### *Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in this Note 4.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Continued)

At the date when these consolidated financial statements are authorised for issue, certain amendments to 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	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5	1 January 2024
Amendments to HKAS 1	Non-Current liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

The Group has already commenced an assessment of the related impact of adopting the above amendments to 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

### 4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries comprising the Group for the year.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

### 4.2 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual asset, as follows:

Right-of-use assets - office premises	Over the lease term
Leasehold improvements	3 years
Motor vehicles	4 years
Computer and office equipment	3 years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 4.3 Financial instruments

#### *Financial assets*

The Group's financial assets include trade and other receivables and bank balances and cash, all of which are classified and accounted for as debt instruments. Financial assets are recognised on the trade date.

Financial assets are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS15.

All recognised financial assets of the Group are measured at amortised cost on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets that meet the following condition are subsequently measured at amortised cost: the financial asset is held within a business model whose objective is to collect contractual cashflows.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire.

#### *Impairment of financial assets*

The Group recognises loss allowances for expected credit loss ("ECL") on the financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECL as all its financial assets carried at amortised cost are current assets. For trade receivables, the Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which requires the use of the lifetime expected losses provision for all trade receivables.

When estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 4.3 Financial instruments (Continued)

#### *Impairment of financial assets (Continued)*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls which is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At each reporting date, the Group assesses on a forward looking basis whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- (a) significant financial difficulty of the borrower or issuer;
- (b) a breach of contract such as a default or past due event; and
- (c) it is becoming probable that the debtor will enter bankruptcy.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

The gross carrying amount of a financial assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### *Financial liabilities*

The Group's financial liabilities include trade and other payables. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 4.4 Revenue recognition

The principal activities of the Group are provision of event management services and design and production services. In respect of both of these principal activities, the Group recognises revenue at a point in time.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

#### *Provision of event management services*

The types of events that event management services relate to include a variety of cultural, artistic, recreational and corporate promotional events.

The services provided by the Group cover scopes of design, planning, promotion, coordination and management of an event for customers. Based on the customers' objectives, the Group forms the theme of the event for customers and visualise concepts with a detailed implementation plan. The Group will continue to modify the preliminary plans until the customers are satisfied with the plans and have no further comments.

Revenue is recognised at a point in time at the end of contract period or when the acknowledgement is signed by the customer after it is satisfied with the services, where appropriate. At that stage, the Group has enforceable right to payment for the whole transaction price and the collection of the consideration is considered probable.

#### *Provision of design and production services*

Design and production services include design and production of various sketches graphics and other marketing materials.

The Group offers design, writing and editorial as well as animated media work services to the customers. The Group uses expertise and knowledge to transform and express customers' ideas in different forms. The Group also designs and edits contents of webpages and various social media platforms to meet customers' marketing objectives. The Group will continue to modify the design until the customers are satisfied with the design and have no further comment.

Revenue is recognised at a point in time at the end of contract period or when the acknowledgement is signed by the customer after it is satisfied with the services, where appropriate. At that stage, the Group has enforceable right to payment for the whole transaction price and the collection of the consideration is considered probable.

#### *Interest income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 4.5 Income taxes

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 4.6 Employee benefit

#### *Short-term employee benefits*

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

#### *Defined contribution retirement plan obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the subsidiaries within the Group which operate in the PRC are required to participate in the central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

There were no forfeited contributions utilised by or available for the Group to reduce existing level of contributions for each of the years.

### 4.7 Foreign currency

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items or on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the group entities are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

For the purpose of the consolidated statement of cash flows, the cash flows of the group entities are translated into RMB by using the exchange rates approximating the foreign exchange rate ruling at the dates of the cash flows.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Judgements

In the process of applying the Group's accounting policies, the directors of the Company have made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### *Revenue recognition*

The principal activities of the Group are provision of event management and design and production services. The services encompass a wide spectrum of coverage, including design and planning, project management, on-site supervision, writing and editorial works and animated media works.

The end products created by the services or the services provided are unique, specified to each customer and involved high personal preference. Therefore, before the acceptance of the end products/services by the customer, it is uncertain that the Group would have the right to receive consideration from the customers. As such, the management considers that revenue cannot be recognised over time as none of the criteria for recognising revenue over time is met. In the light of the relatively short duration of each project, the directors of the Company have determined that it is appropriate that recognition of revenue takes place at the end of contract or upon the acknowledgement of the customers that they are satisfied with the end products/services, where appropriate, at which point in time the control of the end products are delivered to the customers. At that stage, the Group has enforceable right to payment for the whole transaction price and the collection of the consideration is considered probable.

#### *Estimation uncertainty*

The following items are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *Provision for ECL on trade receivables*

The Group determines the provision for ECL on trade receivables resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the receivable balance and historical write-off and settlement experience, and taking into account forward-looking information that is reasonable and supportable available without undue costs or effort. If the financial conditions of customers/debtors deteriorate, additional allowance for expected credit loss may be required.

Further details are disclosed in Note 16.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### Provision for income taxes

The Group is subject to income taxes in jurisdictions in which the Group operates. Significant judgement is required in determining the tax liabilities to be recognised. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. The Group believes that its provision for tax is adequate for the reporting period based on its assessment of many factors including past experience and interpretations of tax law. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

## 6. 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 2023 and 2022, 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 major customers

For the year ended 31 December 2023, revenue from major customers who contributed more than 10% of the total revenue of the Group is as follow:

	2023 RMB'000	2022 RMB'000
Customer A	3,729	2,881
Customer B	3,335	N/A (Note)

Note: Revenue from customer B for the year ended 31 December 2022 contributed less than 10% of the total revenue of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 7. 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:

	2023 RMB'000	2022 RMB'000
<b>Revenue</b>		
<i>By type of services</i>		
Event management services	14,366	9,148
Design and production services	16,538	11,387
	<b>30,904</b>	<b>20,535</b>
<b>Other income and gains</b>		
Exchange gain, net	-	32
Interest income	212	270
Gain on disposal of property, plant and equipment	198	-
Other	176	-
Government subsidies (Note)	-	20
	<b>586</b>	<b>322</b>

Note: The government subsidies recognised for the year ended 31 December 2022 were the approved subsidies from the Government of the Hong Kong which aims to retain employment.

There are no unfulfilled conditions or other contingencies attached to these subsidies for the year ended 31 December 2022.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 8. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2023 RMB'000	2022 RMB'000
Auditor's remuneration	583	545
Provision for/(reversal of) ECL on trade receivables, net	373	(560)
Expense relating to short-term leases	231	228
Project costs		
- Advertising and promotional expenses	3,825	3,019
- Event and marketing materials expenses	3,099	1,401
- Stage services and venue decoration expenses	2,232	1,600
- Video and animation production costs	2,019	849
- Applications and software development expenses	1,698	690
- Printing charges	148	411
	13,021	7,970
Employee benefits expenses (including directors' emoluments) (Note 10(a))		
- Salaries, allowances and benefits in kind	9,007	11,306
- Discretionary bonus	693	1,194
- Retirement benefit scheme contributions	1,448	1,184
	11,148	13,684

## 9. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest expense for:		
- lease liability	1	5
- bank borrowing (Note)	76	-
	77	5

Note: During the year, there was a bank borrowing of RMB5,000,000, which was unsecured, bearing interest rate of 3.55% per annum and repayable in 6-month period. Such bank borrowing was fully repaid in December 2023. As at 31 December 2023, there was no bank borrowing outstanding (2022: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

### (a) Directors and chief executive emoluments

Pursuant to the GEM Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of emoluments paid by the Group to the directors of the Company are as follows:

	Directors' fees RMB'000	Salaries and allowances RMB'000 (Note(i))	Retirement benefit scheme contributions RMB'000	Total RMB'000
<b>Year ended 31 December 2023</b>				
Executive directors				
Ms. Song Ruiqing ("Ms. Song") (Note (ii))	-	520	46	566
Mr. Zhou Yang ("Mr. Zhou") (Note (iii))	-	448	46	494
Independent non-executive directors				
Mr. Ho Yau Kwok	109	-	-	109
Mr. Yip Koon Shing	109	-	-	109
Mr. Wong Kin Yip	109	-	-	109
	<b>327</b>	<b>968</b>	<b>92</b>	<b>1,387</b>
<b>Year ended 31 December 2022</b>				
Executive directors				
Ms. Song Ruiqing ("Ms. Song") (Note (ii))	-	891	42	933
Mr. Zhou Yang ("Mr. Zhou") (Note (iii))	-	747	42	789
Independent non-executive directors				
Mr. Ho Yau Kwok	123	-	-	123
Mr. Yip Koon Shing	123	-	-	123
Mr. Wong Kin Yip	123	-	-	123
	<b>369</b>	<b>1,638</b>	<b>84</b>	<b>2,091</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT (Continued)

### (a) Directors and chief executive emoluments (Continued)

Notes:

- (i) Salaries and allowances of the executive directors of the Company are generally emoluments paid in respect of the directors' other services in connection with the management of the affairs of the subsidiaries of the Company. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.
- (ii) Ms. Song is the chief executive officer of the Company.
- (iii) Mr. Zhou is the chairman of the Board of Directors of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2022: Nil).

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office (2022: Nil).

### (b) Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, two (2022: two) were directors of the Company. The emolument of the remaining three (2022: three) non-director individuals, in the salary band of Nil to HK\$1,000,000, was as follows:

	2023 RMB'000	2022 RMB'000
Salaries and allowances	1,145	1,537
Discretionary bonus	100	110
Retirement benefit scheme contributions	138	99
	<b>1,383</b>	<b>1,746</b>

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2022: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT (Continued)

### (c) Senior management emolument

The number of senior management (excluding the directors of the Company) whose remuneration fell within the following bands is as follows:

	2023	2022
Nil to HK\$1,000,000	4	3

## 11. INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000
Income tax expense comprise:		
Current tax - The PRC Enterprise Income Tax ("EIT")		
- current year	1,712	54
- under-provision in respect of prior years	-	40
	1,712	94
Deferred tax (Note 19)	(94)	140
Income tax expense	1,618	234

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 (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 year in the consolidated financial statements as the Group has no assessable profits derived in Hong Kong during the year (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 during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 11. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the profit/(loss) before income tax per the consolidated statement of comprehensive income as follows:

	2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax	3,504	(3,471)
Tax calculated at the domestic rate at 25% (2022: 25%)	876	(868)
Effect of different tax rates of entities in other jurisdictions	216	240
Tax effect of non-deductible expenses	526	720
Tax effect of temporary difference not recognised	-	102
Under-provision in respect of prior year	-	40
Income tax expense	1,618	234

## 12. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2022: Nil). The directors of the Company do not recommend the payment of a final dividend for the year (2022: Nil).

## 13. EARNINGS/(LOSS) PER SHARE

	2023	2022
Profit/(loss) for the year attributable to the owners of the Company (RMB'000)	1,886	(3,705)
Weighted average number of ordinary shares (in thousand)	800,000	800,000

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use asset – office premises RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Computer and office equipment RMB'000	Total RMB'000
<b>Cost</b>					
As at 1 January 2022	-	952	1,115	1,031	3,098
Additions	238	30	-	6	274
As at 31 December 2022 and 1 January 2023	238	982	1,115	1,037	3,372
Additions	-	-	778	-	778
Disposals	-	-	(1,115)	-	(1,115)
As at 31 December 2023	238	982	778	1,037	3,035
<b>Accumulated depreciation</b>					
As at 1 January 2022	-	466	1,115	771	2,352
Charge for the year	89	339	-	172	600
As at 31 December 2022 and 1 January 2023	89	805	1,115	943	2,952
Charge for the year	129	166	67	91	453
Disposal	-	-	(1,115)	-	(1,115)
As at 31 December 2023	218	971	67	1,034	2,290
<b>Net carrying amount</b>					
As at 31 December 2022	149	177	-	94	420
As at 31 December 2023	20	11	711	3	745

During the year ended 31 December 2022, the Group had entered into one lease for office premises for a term of 2 years, which was recognised as a right-of-use asset. The lease did not contain any variable lease payments, extension options and termination option.

	2023 RMB'000	2022 RMB'000
Expense relating to short-term leases	231	228
Payment of principal portion of lease liability	119	119
Payment of interest portion of lease liability	1	5
Total cash outflow for leases (Note)	351	352

Note: These amounts were presented in operating and financing cash flows.

In January 2024, the Group, via its wholly-owned subsidiary, entered into a rental agreement for office premises, located in WuXi, the PRC, with a monthly rental approximately RMB10,000, for lease term 3 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 15. INTEREST IN AN ASSOCIATE

	2023 RMB'000	2022 RMB'000
Cost of interest in an associate	3	3
Less: Accumulative share of post-acquisition losses	(3)	(3)
	-	-

Particulars of the associate is as follows:

Name	Particulars of issued shares held	Place of incorporation/operation	Percentage of ownership interest attributable to the Group		Principal activity
			2023	2022	
Lionheart Media (Asia) Limited (Formerly known as OTC International Limited) ("Lionheart HK")	Ordinary shares	Hong Kong	30%	30%	Provision of media production and artiste services

The associate is accounted for using the equity method in these consolidated financial statements. Since the year ended 31 December 2021, the Group's interest in the associate has been reduced to zero.

Since the year ended 31 December 2021, the Group has discontinued the recognition of its share of losses because the share of losses of the associate exceeded the Group's interest in the associate and the Group has not obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this associate for the current year amounted to approximately RMB300 (2022: RMB1,000) and the cumulative unrecognised share of losses amounted to approximately RMB45,300 (2022: RMB45,000).

Subsequently, on 24 February 2024, Lionheart HK was de-registered. No material gain or loss resulting from the de-registration.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 16. TRADE AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables, gross	4,460	4,084
Less: Provision for ECL	(676)	(303)
Trade receivables, net	3,784	3,781
Prepayments	1	9
Trade prepayments	597	8
Deposit and other receivables (Note)	678	188
	<b>5,060</b>	<b>3,986</b>

Note: Included in deposit and other receivables, the gross amount due from an associate of RMB337,000 (2022: RMB337,000) is unsecured, interest-free and repayable on demand.

At 31 December 2021, in respect of the unsatisfactory performance of the associate, the management considered the amount due from the associate was not recoverable, hence full impairment of approximately RMB337,000 was recognised. As at 31 December 2023 and 2022, such balance remains fully impaired.

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB8,750,000.

The credit period for trade receivables is normally 90 days (2022: 90 days) from the invoice date for the year.

The ageing analysis of the trade receivables, based on due date, is as follows:

	Current RMB'000	Past due within 1 month RMB'000	Past due over 1 month but within 3 months RMB'000	Past due over 3 months but within 6 months RMB'000	Past due over 6 months but within 1 year RMB'000	Past due over 1 year RMB'000	Total RMB'000
<b>As at 31 December 2023</b>							
Weighted average ECL rate	6%	-	7%	30%	11%	69%	
Gross carrying amount	3,694	-	67	44	9	646	4,460
Provision for ECL	(211)	-	(5)	(13)	(1)	(446)	(676)
	<b>3,483</b>	<b>-</b>	<b>62</b>	<b>31</b>	<b>8</b>	<b>200</b>	<b>3,784</b>
<b>As at 31 December 2022</b>							
Weighted average ECL rate	2%	-	-	-	38%	100%	
Gross carrying amount	3,438	-	-	-	640	6	4,084
Provision for ECL	(52)	-	-	-	(245)	(6)	(303)
	<b>3,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>395</b>	<b>-</b>	<b>3,781</b>

Changes in the loss allowance for trade receivables are mainly due to the historical settlement pattern and expected subsequent settlement of the balance.

The trade receivables related to a wide range of customers. The Group does not hold any collateral over these balances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 16. TRADE AND OTHER RECEIVABLES (Continued)

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

	2023 RMB'000	2022 RMB'000
Within 1 month	2,901	2,789
Over 1 month but within 3 months	581	597
Over 3 months but within 6 months	62	-
Over 6 months but within 1 year	39	395
Over 1 year	200	-
	<b>3,784</b>	<b>3,781</b>

Movements in the provision for ECL on trade receivables are as follows:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	303	863
Provision for/(reversal of) ECL on trade receivables, net	373	(560)
<b>At the end of the year</b>	<b>676</b>	<b>303</b>

The Group carries out impairment reviews of its trade receivables using a lifetime ECL model. To measure the ECL, trade receivables have been grouped based on share credit risk characteristics. The estimated ECL loss rates are estimated based on the ageing of the receivable balance and historical write-off and settlement experience, and taking into account forward-looking information that is reasonable and supportable available without undue costs or effort. The grouping is regularly reviewed by the management of the Company to ensure relevant information about specific debtors is updated. The Group has identified the gross domestic product and unemployment rate in the PRC to be the most relevant factors, and accordingly, adjusts the historical loss rates based on expected changes in these factors.

As at 31 December 2023, the Group determined there is provision for ECL on trade receivables of approximately RMB676,000 (2022: RMB303,000).

Provision for ECL on trade receivables amounting to approximately RMB373,000 (2022: Reversal of ECL of approximately RMB560,000) have been recognised under “(provision for)/reversal of expected credit loss on trade receivables, net” in the consolidated statement of comprehensive income for the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 17. BANK BALANCES AND CASH

Bank balances and cash represent cash in banks and on hand.

The Group's bank balances carry interest at prevailing market rates ranging from 0.001% to 0.2% per annum for the year (2022: 0.001% to 0.25% per annum).

As at 31 December 2023, bank balances of the Group with an aggregate balance of RMB99,361,000 (2022: RMB96,144,000) denominated in RMB and deposited with banks in the PRC. RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

The bank balances are deposited with creditworthy banks with no recent history of default.

## 18. TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables	245	483
Accruals and other payable	12,103	12,767
Other tax payables	638	306
	<b>12,986</b>	<b>13,556</b>

The credit period granted by suppliers of the Group is ranging from 30 to 120 days (2022: 30 to 120 days) for the year. The ageing analysis of the trade payables based on invoice date is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 month	<b>77</b>	21
Over 1 month but within 3 months	<b>50</b>	24
Over 3 months but within 1 year	<b>60</b>	393
Over 1 year	<b>58</b>	45
	<b>245</b>	<b>483</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 19. DEFERRED TAX ASSETS

Movement in deferred tax assets during the year is as follows:

	ECL on trade receivables RMB'000
As at 1 January 2022	214
Credited to profit or loss ( <i>Note 11</i> )	(140)
As at 31 December 2022 and 1 January 2023	74
Charged to profit or loss ( <i>Note 11</i> )	94
<b>As at 31 December 2023</b>	<b>168</b>

Pursuant to the EIT Law, 10% withholding tax is imposed on dividends declared in respect of profits earned to non-PRC tax resident investors for the companies established in the PRC. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applicable. No deferred tax liability has been recorded on certain temporary differences of approximately RMB46,352,000 (2022: RMB42,427,000) relating to the undistributed earnings of foreign subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 20. LEASE LIABILITY

Lease liability is presented in the consolidated statement of financial position as follows:

	2023 RMB'000	2022 RMB'000
Minimum lease payments due		
– Within 1 year	-	120
Less: future finance charges	-	(1)
	-	119
Present value of a lease liability		
– Current	-	119

The Group has leases for office premises. These leases are reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 14).

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. Leases can only be cancelled with mutual agreement between the Group and lessor. The leases do not contain any variable lease payment, extension options and termination option among the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised as property, plant and equipment on consolidated statements of financial position:

Type of right-of-use asset	No. of lease	Remaining lease term month
Office premises	1	2

The lease liability of the Group was measured at the present value of the lease payments that are not yet paid using its incremental borrowing rate at 1 January 2023. The weighted average rate applied is 5% per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 21. AMOUNT DUE TO A SHAREHOLDER

	2023 RMB'000	2022 RMB'000
Mr. Zhou	5,196	2,705

The balance is non-trade in nature, unsecured, interest-free and repayable on demand.

## 22. SHARE CAPITAL

	Number of ordinary shares	Amount RMB'000
Ordinary shares of United States dollar ("US\$") 0.001 each		
Authorised		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	2,000,000,000	14,158
Issued and fully paid:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	800,000,000	5,616

## 23. RESERVES

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity.

### Share premium

The share premium account of the Group includes the premium arising from the issue of shares pursuant to the share offering net of listing expenses and the Capitalisation Issue.

### Statutory reserve

As stipulated by the relevant laws in the PRC, the PRC subsidiaries are required to maintain a statutory reserve fund. The minimum transfer to statutory reserve is 10% of profit after tax of the PRC subsidiaries according to the PRC subsidiaries' statutory financial statements. No appropriation is required if the balance of the statutory reserve has reached 50 % of the registered capital of the PRC subsidiaries. The statutory reserves can be used to make up losses or for conversion into capital.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 23. RESERVES (Continued)

### Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain subsidiaries whose functional currencies are different from that of the presentation currency.

### Other reserve

The other reserve comprises:

- (a) the deemed contribution from the Controlling Shareholders (as defined in Note 31) upon acquisition of the non-controlling interest;
- (b) the excess contribution consideration paid by a pre-IPO investor for the subscription of the additional registered capital over the nominal amount of the registered capital; and
- (c) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganisation to rationalise the structure of the Group, over the nominal value of the shares of the Company issued in exchange for the subsidiaries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 24. INTERESTS IN SUBSIDIARIES

As at the date when these consolidated financial statements are authorised for issue, the Company has direct and indirect interests in the following subsidiaries, all of which are companies with limited liability. The particulars of which are set out as follows:

Name of the subsidiary	Place and date of incorporation/ establishment	Particulars of issued and fully paid-up capital/ share capital/ registered capital	Attributable equity interest to the Group		Principal activities and place of operation
			As at 31 December 2023	2022	
<b>Directly held:</b>					
Orange Tour (BVI) Limited	The BVI 6 April 2018	US\$1,000 (2022: US\$1,000)	100%	100%	Investment holding
OTC Investment	The BVI 14 October 2021	US\$1,000 (2022: US\$1,000)	100%	100%	Investment holding
<b>Indirectly held:</b>					
Orange Tour HK Company Limited	Hong Kong 5 February 2018	HK\$1,000 (2022: HK\$1,000)	100%	100%	Investment holding
Yixing Tianxi Cultural Media Co. Ltd.* (宜興天熙文化傳媒有限公司)	The PRC 20 June 2018	HK\$20,500,000 (2022: HK\$20,500,000)	100%	100%	Investment holding
Wuxi Orange Tour Cultural and Creative Co., Ltd.* (無錫旅橙文化創意有限公司)	The PRC 30 May 2014	RMB40,000,000 (2022: RMB40,000,000)	100%	100%	Provision of event management services and design and production services in the PRC
Yixing Orange Tour Cultural and Creative Co., Ltd.* (宜興旅橙文化創意有限公司)	The PRC 13 November 2014	RMB2,000,000 (2022: RMB2,000,000)	100%	100%	Provision of event management services and design and production services in the PRC

\*The English name of the subsidiaries established in the PRC represent management's best effort at translating the Chinese name of such subsidiaries as no English name has been registered.

None of the subsidiaries had issued any debt securities at the end of the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 25. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed in elsewhere in the consolidated financial statements, the Group enter into the following related party transactions:

### (a) Balances with a related party

	2023 RMB'000	2022 RMB'000
Amount due from an associate (included in trade and other receivables) (Note 16)	337	337
Less: Impairment loss	(337)	(337)
	-	-

### (b) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the directors of the Company. Key management personnel remuneration are as follows:

	2023 RMB'000	2022 RMB'000
Directors' fee	327	369
Salaries and allowances	1,900	3,109
Discretionary bonus	120	100
Retirement benefit scheme contributions	194	183
	2,541	3,761

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 26. CASH FLOW INFORMATION

### Reconciliation of liabilities from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Bank borrowing RMB'000	Amount due to a shareholder RMB'000	Lease liability RMB'000
As at 1 January 2022 and 1 January 2023	-	-	-
<b>Changes from financing cash flows during the year ended 31 December 2022:</b>			
Advance from a shareholder	-	2,705	-
Payment of capital element of lease liability	-	-	(119)
Payment of interest element of lease liability	-	-	(5)
<b>Total changes from financing cash flows</b>	-	2,705	(124)
<b>Other changes:</b>			
Interest expense for lease liability (Note 9)	-	-	5
Addition of lease (Note 14)	-	-	238
As at 31 December 2023	-	2,705	119

### Changes from financing cash flows during the year ended 31 December 2023:

Advance from a shareholder	-	2,491	-
New bankborrowing raised	5,000	-	-
Repayment of bankborrowing	(5,000)	-	-
Payment of capital element of lease liability	-	-	(119)
Payment of interest element of lease liability	-	-	(1)
Payment of interest of bank borrowing	(76)	-	-
<b>Total changes from financing cash flows</b>	(76)	2,491	(120)
<b>Other changes:</b>			
Interest expense for bank borrowing (Note 9)	76	-	-
Interest expense for lease liability (Note 9)	-	-	1
As at 31 December 2023	-	5,196	-



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group is exposed to a variety of risks including credit risk and liquidity risk through its use of financial instruments in its ordinary course of operations.

The Group does not have any written risk management policies and guidelines. The directors of the Company monitor the financial risk management and take such measures as considered necessary from time to time to minimise such financial risks. There has been no change to the Group's exposure or the manner in which it manages and measures the risk.

### (a) Currency risk

At 31 December 2023 and 2022, the Group entities had no significant assets and liabilities denominated in currency other than respective functional currencies.

### (b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, approximately 68% (2022: 68%) and approximately 32 % (2022: 32%) of the total bank balances were placed in two financial institutions respectively with good standing in the PRC.

The carrying amount of trade and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. No other financial assets carry a significant exposure to credit risk.

The Group's exposure to credit risk is influenced mainly by the historical settlement pattern of the customers.

As at 31 December 2023, the Group has a certain concentration of credit risk as 24% of gross trade receivables was due from the Group's five largest customers. As at 31 December 2022, the Group has a certain concentration of credit risk as 28% of gross trade receivables was due from the Group's five largest customers.

### (c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was matured either within one year or on demand.

### (d) Fair values of financial instruments

All financial assets and liabilities are carried at amount not materially different from their fair values as at 31 December 2023 and 2022.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 28. FINANCIAL INSTRUMENTS BY CATEGORY

	2023 RMB'000	2022 RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost		
- Trade and other receivables	4,462	3,969
- Bank balances and cash	99,519	96,347
	<b>103,981</b>	<b>100,316</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
- Trade and other payables	12,268	12,779
- Amount due to a shareholder	5,196	2,705
	<b>17,464</b>	<b>15,484</b>
Other financial liability		
- Lease liability	-	119

## 29. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts. No changes in the objectives, policies or processes for managing capital were made during the year.

The capital structure of the Group consists of equity of the Company, comprising share capital and reserves disclosed in the consolidated statement of changes in equity.

## 30. THE IMMEDIATE HOLDING COMPANY, ULTIMATE HOLDING COMPANY AND ULTIMATE CONTROLLING PARTIES

In the opinion of the directors of the Company, the immediate holding company and ultimate holding company of the Company is QY Investment Holding Limited, a company incorporated in the BVI. Mr. Zhou and Ms. Song, being the controlling shareholders of QY Investment Holdings Limited (the "Controlling Shareholders"), are the ultimate controlling parties of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 RMB'000	2022 RMB'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current asset</b>		
Investment in subsidiaries	12	12
<b>Current assets</b>		
Amount due from a subsidiary	11,366	13,629
Bank balances and cash	2	3
	<b>11,368</b>	13,632
<b>Current liabilities</b>		
Accruals and other payables	2,108	2,062
Amounts due to subsidiaries	303	297
	<b>2,411</b>	2,359
<b>Net current assets</b>	<b>8,957</b>	11,273
<b>Net assets</b>	<b>8,969</b>	11,285
<b>CAPITAL AND RESERVES</b>		
Share capital	5,616	5,616
Reserves	3,353	5,669
<b>Total equity</b>	<b>8,969</b>	11,285

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 28 March 2024 and is signed on its behalf by:

**Zhou Yang**  
Executive Director

**Song Ruiqing**  
Executive Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Details of the changes in the Company's individual components of reserves between the beginning and the end of the year are set out below:

	Share premium RMB'000 (Note 23)	Translation reserve RMB'000 (Note 23)	Accumulated losses RMB'000	Total reserves RMB'000
Balance at 1 January 2022	34,420	(2,401)	(24,871)	7,148
Loss for the year	-	-	(2,454)	(2,454)
Other comprehensive income Exchange differences arising on translation	-	975	-	975
Total comprehensive loss for the year	-	975	(2,454)	(1,479)
Balance at 31 December 2022 and 1 January 2023	34,420	(1,426)	(27,325)	5,669
Loss for the year	-	-	(2,539)	(2,539)
Other comprehensive income Exchange differences arising on translation	-	223	-	223
Total comprehensive loss for the year	-	223	(2,539)	(2,316)
Balance at 31 December 2023	34,420	(1,203)	(29,864)	3,353