

# 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



**First Quarterly Report  
2020**

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

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*This report, for which the directors (the “**Directors**”) of Orange Tour Cultural Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2020

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2020, together with the unaudited comparative figures for the corresponding periods in 2019, are as follows:

	NOTES	For the three months ended 31 March	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	3	2,009	4,270
Other income	3	42	21
Project costs		(802)	(1,528)
Depreciation		(74)	(99)
Employee benefits expense		(2,513)	(1,867)
Other operating expenses		(706)	(419)
Listing expenses		–	(142)
Finance costs		(2)	(3)
<b>(Loss)/profit before income tax</b>	4	<b>(2,046)</b>	233
Income tax credit/(expense)	5	285	(157)
<b>(Loss)/profit for the period attributable to the owners of the Company</b>		<b>(1,761)</b>	76
<b>Other comprehensive loss</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		(53)	(155)
<b>Other comprehensive loss for the year</b>		<b>(53)</b>	(155)
<b>Total comprehensive loss attributable to the owners of the Company</b>		<b>(1,814)</b>	(79)
<b>(Loss)/earnings per share attributable to the owners of the Company</b>			
Basic and diluted (RMB cents)	7	<b>(0.22)</b>	0.01

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Share capital	Share premium	Statutory reserve	Translation reserve	Other reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019 (audited)	6	-	3,780	(384)	26,412	14,253	44,067
Profit for the period	-	-	-	-	-	76	76
Exchange differences arising on translation	-	-	-	(155)	-	-	(155)
Total comprehensive loss for the period	-	-	-	(155)	-	76	(79)
Balance at 31 March 2019 (unaudited)	6	-	3,780	(539)	26,412	14,329	43,988
Balance at 1 January 2020 (audited)	5,616	34,420	5,629	(817)	26,412	21,283	92,543
Loss for the period	-	-	-	-	-	(1,761)	(1,761)
Exchange differences arising on translation	-	-	-	(53)	-	-	(53)
Total comprehensive loss for the period	-	-	-	(53)	-	(1,761)	(1,814)
Balance at 31 March 2020 (unaudited)	5,616	34,420	5,629	(870)	26,412	19,522	90,729



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Orange Tour Cultural Holding Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 13 April 2018 under the Companies Law of the Caymans Islands. The registered office of the Company is located at Sertus Chambers, Governors Square, Suite 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. The shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 14 November 2019 (the “**Listing date**”). The Group’s principal place of business is located at Composite Building, Xiazhang Village, Yicheng Subdistrict, Yixing City, Jiangsu Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company. The principal activities of the Group are provision of event management services and design and production services.

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated financial statements for the three months ended 31 March 2020 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.



The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 31 March 2020 are consistent with those adopted in the Group's 2019 audited annual report dated 26 March 2020, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "**New and Revised HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 31 March 2020 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 31 March 2020.

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

The unaudited condensed consolidated financial statements has been prepared on historical cost basis. The unaudited condensed consolidated financial statements is presented in Renminbi ("**RMB**"), which is different from Hong Kong dollars ("**HKS**"), the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

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

### 3. REVENUE AND OTHER INCOME

All revenue are recognised at a point in time. An analysis of the Group's revenue by services and other income for the three months ended 31 March 2020 are as follows:

Revenue	Three months ended 31 March	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
<b><i>By types of services</i></b>		
Event management services	1,006	2,834
Design and production services	1,003	1,436
	<b>2,009</b>	<b>4,270</b>
<b>Other income</b>		
Interest income	42	21

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

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

	Three months ended 31 March	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Interest expenses for lease arrangements	2	3
Project costs	802	1,528
Employee benefits expenses (including directors' emoluments)		
– Salaries, allowances and benefits in kind	2,272	1,566
– Retirement benefit scheme contributions	241	301
	<b>2,513</b>	<b>1,867</b>

## 5. INCOME TAX CREDIT/(EXPENSE)

	Three months ended 31 March	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Current tax:		
The PRC Enterprise Income Tax	–	157
Deferred taxation credit	(285)	–
	(285)	157

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

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits of the Company's subsidiaries established in the PRC during the three months ended 31 December 2020 and 2019.

No provision for Hong Kong Profits Tax has been made for the three months ended 31 December 2020 and 2019 as the Group did not have any assessable profits arising in Hong Kong.

As at 31 March 2020, deductible temporary differences in respect of tax losses were approximately RMB1,586,000 of the Group. Deferred tax assets of approximately RMB285,000 have been recognised in respect of the deductible temporary difference of approximately RMB1,141,000 in these unaudited condensed consolidated financial statements. All the tax losses which can only be carried forward for a maximum period of five year.

## 6. DIVIDEND

The board of Directors (the "Board") does not recommend the payment of any dividend for the three months ended 31 March 2020 (2019: Nil).





## 7. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 31 March	
	2020 (unaudited)	2019 (unaudited)
<b>(Loss)/Earnings:</b>		
(Loss)/Profit for the period attributable to the owners of the Company (RMB'000)	(1,761)	76
<b>Number of shares:</b>		
Weighted average number of ordinary shares (in thousand)	800,000	600,000

The weighted average number of ordinary shares for the three months ended 31 March 2020 was derived from 600,000,000 ordinary shares in issue and the effect of the share offer (200,000,000 shares issued pursuant to the share offer) by the Company.

The weighted average number of ordinary shares for the three months ended 31 March 2019 was derived from 600,000,000 ordinary shares (comprising 1,000,000 ordinary shares in issue and 599,000,000 ordinary shares to be issued under the capitalisation issue), as if these 600,000,000 ordinary shares were outstanding throughout the period.

No separate diluted (loss)/earnings per share information has been presented as there were no potential ordinary shares outstanding issued for the three months ended 31 March 2020 and 2019.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

The Group is a marketing services company headquartered in Yixing of the PRC with a principal focus on the provision of (i) event management services; and (ii) design and production services. Commenced its business under its predecessor, the Group has accumulated over 13 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 of the PRC.

For the three months ended 31 March 2020, the Group recorded a decrease in its revenue by approximately 53.0% to approximately RMB2.0 million from approximately RMB4.3 million for the three months ended 31 March 2019. This was mainly due to the decrease in number of projects undertaken for both of event management services and design and production services. Loss for the period was approximately RMB1.8 million for the three months ended 31 March 2020 (Profit of RMB76,000 for the three months ended 31 March 2019).



During the last year, the shares of the Company were successfully listed on the GEM of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 14 November 2019. The successful listing of the shares of the Company represented a significant milestone for the Group’s development. The listing of the shares of the Company will help the Group to expand its principal business. And the financial support from the proceeds will enable the Group to better implement its business expansion plans in order to demonstrate its strong competitiveness.

The general economy and the business environment of marketing industry in the PRC is severely affected by the outbreak of the novel coronavirus epidemic (the “**Epidemic**”) in the PRC since January 2020. Due to the spread of the Epidemic, many events and marketing activities have been cancelled or on hold in the PRC. The management expects that the operating environment of the Group in year 2020 would be tough and challenging. To cope with this, the management keeps monitoring the market conditions and will seek further measures to improve the financial results and position as and when necessary.



## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately RMB2.3 million, or 53.0%, from approximately RMB4.3 million for the three months ended 31 March 2019 to approximately RMB2.0 million for the three months ended 31 March 2020, which was due to by the decrease in number of projects undertaken for both of event management services and design and production services during the period of comparison. This was attributable to increase in delays and cancellation of projects due to the outbreak of the Epidemic as discussed in the section headed "BUSINESS REVIEW AND OUTLOOK".

### Project costs

The Group's project costs decreased by approximately RMB0.7 million, or 47.5%, from approximately RMB1.5 million for the three months ended 31 March 2019 to approximately RMB0.8 million, which was in line with the decrease in revenue for the respective period.

### Employee benefits expenses

The Group's employee benefits expenses increased by approximately RMB0.6 million from approximately RMB1.9 million for the three months ended 31 March 2019 to approximately RMB2.5 million for the three months ended 31 March 2020. Such increase was primarily due to increase in the number of staff for the setting up of the sales and marketing team according to Group's expansion plan.

### Other operating expenses

The Group's other operating expenses increased by approximately RMB0.3 million from approximately RMB0.4 million for the three months ended March 2019 to approximately RMB0.7 million for the three months ended 31 March 2020, which was due to increase in legal and professional fees upon Listing.

### Listing expenses

A total of approximately RMB0.1 million of listing expenses for three months ended 31 March 2019 was incurred for the Listing. It was expected no further listing expenses will be recognised for the whole financial year of 2020.



## Loss for the period

As a result of the foregoing, the Group's incurred loss for the period of approximately RMB1.8 million for the three months ended 31 March 2020 (Profit for the period of approximately RMB76,000 for the three months ended 31 March 2019).

## DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2020 (2019: Nil).

## OTHER INFORMATION

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


As at 31 March 2020, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

#### Long positions in the shares of the Company

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

*Note:*

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



Save as disclosed above, as at 31 March 2020, none of the Directors and chief executives of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2020, 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**


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



<b>Name of Shareholder</b>	<b>Capacity/Nature of Interest</b>	<b>Number of shares held/ interested</b>	<b>Approximate percentage of shareholding</b>
DHSH (BVI) Limited ("DHSH") <i>(Note 3)</i>	Beneficial owner	60,000,000	7.5%
Mr. Ho Shing Hei Dodge ("Mr. Ho") <i>(Note 3)</i>	Interest in controlled corporation	60,000,000	7.5%
Ms. Li Sze Man ("Ms. Li") <i>(Note 4)</i>	Spouse interest	60,000,000	7.5%

*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.
3. Mr. Ho beneficially owns the entire issued share capital of DHSH. Therefore, Mr. Ho is deemed, or taken to be, interested in all the shares of the Company held by DHSH for the purpose of the SFO. Mr. Ho is the sole director of DHSH.
4. Ms. Li is the spouse of Mr. Ho. Ms. Li is deemed to be or taken to be interested in all the shares of the Company in which Mr. Ho is interested under the SFO.



Save as disclosed above, as at 31 March 2020, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “Other information – Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### SHARE OPTION SCHEMES

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

For the three months ended 31 March 2020, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the “**Required Standard of Dealing**”). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealing and there was no event of non-compliance for the three months ended 31 March 2020.





## COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with Group during the three months ended 31 March 2020.

## CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules for the three months ended 31 March 2020. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The shares of the Company were successfully listed on GEM of the Stock Exchange on 14 November 2019. 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 March 2020, the Company's issued share capital was RMB5.6 million and the number of its issued ordinary shares was 800,000,000 of US\$0.001 each.



## INTERESTS OF THE COMPLIANCE ADVISER

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

## AUDIT COMMITTEE

The Audit Committee was established on 21 October 2019. The chairman of the Audit Committee is Mr. Ho Yau Kwok, 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.



The Group's unaudited condensed consolidated financial statements have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2020 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 13 May 2020

*As at the date of this report, the Board comprises Mr. Zhou Yang and Ms. Song Ruiqing as executive Directors; and Mr. Ho Yau Kwok, Mr. Wong Kin Yip and Mr. Yip Koon Shing as independent non-executive Directors.*