

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



Interim Report
2020

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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.*



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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. Pang Wai Ching

AUTHORISED REPRESENTATIVES

Mr. Zhou Yang
Mr. Pang Wai Ching

COMPLIANCE ADVISER

Frontpage Capital Limited
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Wan Chai
Hong Kong

AUDITOR

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Certified Public Accountants

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Yixing City
Jiangsu Province
The People's Republic of China



PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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George Town
Grand Cayman KY1-1106
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

Jiangsu Yixing Rural Commercial Bank Co., Ltd.
China Construction Bank (Asia) Corporation Limited
Industrial and Commercial Bank of China Limited

COMPANY'S WEBSITE

www.otch.com.cn

STOCK CODE

8627

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2020

The unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2020, together with the unaudited comparative figures for the corresponding periods in 2019, are as follows:

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	3	3,280	14,850	5,289	19,120
Other income	3	53	19	95	40
Project costs		(1,120)	(5,736)	(1,922)	(7,264)
Depreciation		(30)	(53)	(104)	(152)
Employee benefits expense		(2,334)	(1,990)	(4,847)	(3,857)
Reversal/(provision) for expected credit loss on trade receivables, net		282	(194)	710	(38)
Other operating expenses		(484)	(946)	(1,618)	(1,521)
Listing expenses		-	(144)	-	(286)
Finance costs	4	(1)	(2)	(3)	(5)
(Loss)/profit before income tax	5	(354)	5,804	(2,400)	6,037
Income tax (expense)/credit	6	(10)	(1,610)	275	(1,767)
(Loss)/profit for the period attributable to the owners of the Company		(364)	4,194	(2,125)	4,270
Other comprehensive income <i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation		101	232	48	77
Total comprehensive (loss)/ income attributable to the owners of the Company		(263)	4,426	(2,077)	4,347
(Loss)/earnings per share attributable to the owners of the Company					
- Basic and diluted (RMB cents)	8	(0.05)	0.70	(0.27)	0.71

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	650	556
Deferred tax assets		275	–
		925	556
Current assets			
Trade and other receivables	10	15,393	43,787
Tax recoverable		1,582	–
Time deposit		35,000	30,000
Bank balances and cash		46,270	37,466
		98,245	111,253
Current liabilities			
Trade and other payables	11	8,647	15,556
Tax payable		–	3,596
Lease liabilities		57	114
		8,704	19,266
Net current assets		89,541	91,987
Net assets		90,466	92,543
CAPITAL AND RESERVES			
Share capital	12	5,616	5,616
Reserves		84,850	86,927
Total equity		90,466	92,543

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital <i>RMB'000</i> (Note (11))	Share premium <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at 1 January 2019 (audited)	6	-	3,780	(384)	26,412	14,253	44,067
Profit for the period	-	-	-	-	-	4,270	4,270
Exchange differences arising on translation	-	-	-	77	-	-	77
Total comprehensive income for the period	-	-	-	77	-	4,270	4,347
Transfer to statutory reserves	-	-	530	-	-	(530)	-
Balance at 30 June 2019 (unaudited)	6	-	4,310	(307)	26,412	17,993	48,414
Balance at 1 January 2020 (audited)	5,616	34,420	5,629	(817)	26,412	21,283	92,543
Loss for the period	-	-	-	-	-	(2,125)	(2,125)
Exchange difference arising on transaction	-	-	-	48	-	-	48
Total comprehensive loss for the period	-	-	-	48	-	(2,125)	(2,077)
Balance at 30 June 2020 (unaudited)	5,616	34,420	5,629	(769)	26,412	19,158	90,466

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Unaudited	
	Six months ended	
	30 June 2020 RMB'000	30 June 2019 RMB'000
Operating activities		
Cash generated from operation	18,908	6,004
Income tax paid	(5,177)	(2,861)
Net cash generated from operating activities	13,731	3,143
Investing activities		
Interest received	95	40
Repayment from shareholders	–	469
Acquisition of property, plant and equipment	(4)	(7)
Increase in time deposit	(5,000)	–
Net cash (used in)/generated from investing activities	(4,909)	502
Financing activities		
Prepayment for listing expenses	–	(20)
Payment of lease liabilities	(60)	(60)
Net cash used in financing activities	(60)	(80)
Net increase in cash and cash equivalents	8,762	3,565
Cash and cash equivalents at 1 January	37,466	26,886
Effect of foreign exchange rate changes	42	73
Cash and cash equivalents at end of the year	46,270	30,524
Analysis of cash and cash equivalents		
Bank balances and cash	46,270	30,524



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION


The Company is a limited liability company incorporated in the Cayman Islands on 13 April 2018. The registered address of the Company is Sertus Chambers, Governors Square, Suite 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is Composite Building, Xiazhang Village, Yicheng Subdistrict, Yixing City, Wuxi City, Jiangsu Province, the People's Republic of China (the "**PRC**"). The Company's shares are listed on GEM of the Stock Exchange (the "**Listing**") since 14 November 2019 (the "**Listing Date**").

The Company is an investment holding company. The Group is principally engaged in the provision of event management services and design and production services.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2020 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the six months ended 30 June 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 ("**HK\$**"), the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 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, OTHER INCOME AND SEGMENT INFORMATION

All revenue are recognised at a point in time. An analysis of the Group's revenue for the three months and six months ended 30 June 2020 are as follows:

Revenue and other income

	Three months ended 30 June		Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
By types of services				
Event management services	1,780	10,003	2,786	12,837
Design and production services	1,500	4,847	2,503	6,283
	3,280	14,850	5,289	19,120
Other income				
Interest income	53	19	95	40

Operating segment

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, who are the chief operating decision makers, in order to allocate resources and assess performance of the segment. During the period, 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 period which is provision of event management services and design and production services.

4. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Interest expense for lease arrangements	1	2	3	5

5. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (unaudited)
Expense relating to short-term lease	42	–	84	–
Project costs	1,120	5,736	1,922	7,264
Employee benefits expense (including directors' emoluments)				
– Salaries, allowances and benefits in kind	1,868	1,439	4,140	3,005
– Retirement benefit scheme contributions	466	551	707	852
	2,334	1,990	4,847	3,857

6. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 June		Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Current tax:				
The PRC Enterprise Income Tax	–	1,610	–	1,767
Deferred taxation expense/(credit)	10	–	(275)	–
	10	1,610	(275)	1,767

The Company and its subsidiary incorporated in the Cayman Islands and the 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 for the six months ended 30 June 2020 and 2019.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2020 and 2019 as the Group did not have any assessable profits arising in Hong Kong.

As at 30 June 2020, deductible temporary differences in respect of tax losses were approximately RMB1,596,000 of the Group. Deferred tax assets of approximately RMB275,000 have been recognised in respect of the deductible temporary difference of approximately RMB1,100,000 in these unaudited condensed consolidated financial statements. All the tax losses which can only be carried forward for a maximum period of five years.

7. DIVIDEND

The board of Directors (the "Board") does not recommend the payment of any dividend for the six months ended 30 June 2020 (2019: Nil).

8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
(Loss)/earnings:				
(Loss)/profit for the period attributable to ordinary equity holders of the Company (RMB'000)	(364)	4,194	(2,125)	4,270
Number of shares:				
Weighted average number of ordinary shares for purpose of calculating basic earnings per share ('000)	800,000	600,000	800,000	600,000

The weighted average number of ordinary shares for the six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2020 and 2019.

9. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2020, the Group acquired property, plant and equipment of approximately RMB197,000 (2019: approximately RMB7,000).

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Trade receivables, at cost	11,423	40,967
Less: Provision for expected credit loss	(432)	(1,142)
Trade receivables, net	10,991	39,825
Prepayments	3,943	3,666
Deposit and other receivables	459	296
	15,393	43,787

The credit period for trade receivables is up to 90 days (2019: 90 days) from the invoice date for the year.

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

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Within 1 month	955	12,512
Over 1 month but within 3 months	1,075	11,772
Over 3 months but within 6 months	7,267	10,776
Over 6 months but within 1 year	1,694	4,629
Over 1 year	–	136
	10,991	39,825


11. TRADE AND OTHER PAYABLES

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Trade payables	418	2,819
Accruals and other payable	8,210	9,094
Other tax payables	19	2,910
Contract liabilities	–	733
	8,647	15,556

The credit period granted by suppliers of the Group is ranging from 30 to 120 days (2019: 30 to 120 days) for the year. The ageing analysis of the trade payables based on invoice date is as follows:

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Within 1 month	108	1,879
Over 1 month but less than 3 months	102	811
Over 3 months but less than 1 year	151	62
Over 1 year	57	67
	418	2,819

12. SHARE CAPITAL



	Number of ordinary shares during the period/year	Amount <i>RMB'000</i>
The Company		
Authorised		
As at 1 January 2019, ordinary shares of US\$0.001 each	50,000,000	315
Increase in authorised share capital on 21 October 2019 (<i>Note (a)</i>)	1,950,000,000	13,843
As at 31 December 2019 and 30 June 2020	2,000,000,000	14,158
Issued and fully paid:		
As 1 January 2019, ordinary shares of US\$0.001 each	1,000,000	6
Capitalisation issue of shares (<i>Note (b)</i>)	599,000,000	4,206
Issue of shares upon share offering (<i>Note (c)</i>)	200,000,000	1,404
As at 31 December 2019 and 30 June 2020	800,000,000	5,616



Notes:

- (a) Pursuant to a written resolution of the shareholders passed on 21 October 2019, the authorised share capital of the Company was increased from US\$50,000 divided into 50,000,000 shares of US\$0.001 each to US\$2,000,000 divided into 2,000,000,000 shares of US\$0.001 each by the creation of an additional of 1,950,000,000 shares of US\$0.001 each.
- (b) Pursuant to a written resolution of the shareholders passed on 21 October 2019, conditional on the share premium account of the Company being credited as a result of the Listing, US\$599,000 (equivalent to approximately RMB4,206,000) of such amount was directed to be capitalised and applied in paying up in full at par 599,000,000 shares for allotment and issue to shareholders of the Company the (“**Capitalisation**”). Upon the Capitalisation, the based share capital of the Company would become US\$600,000 divided into 600,000,000 shares of US\$0.001 each.
- (c) Pursuant to the share offering on 14 November 2019, 200,000,000 ordinary shares of US\$0.001 each were issued at a price of HK\$0.275 per share for a total consideration (before listing expenses) of HK\$55,000,000. Accordingly, the Company’s share capital increased by RMB1,404,000 and the balance of the proceeds of approximately RMB38,626,000, after deducting the listing expenses that are eligible to be charged in equity of approximately RMB9,296,000, was credited to the share premium account.




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 six months ended 30 June 2020, the Group recorded a net loss of approximately RMB2.1 million as compared with a net profit of approximately RMB4.3 million for the six months ended 30 June 2019. Such decrease was mainly due to the decrease in the Group's revenue from approximately RMB19.1 million for the six months ended 30 June 2019 to approximately RMB5.3 million for the six months ended 30 June 2020 as a result of the decrease in number of projects undertaken for both of event management services and design and production services under the outbreak of the novel coronavirus epidemic (the "**Epidemic**").

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.



Since January 2020, the general economy and the business environment of marketing industry in the PRC is severely affected by the outbreak of the Epidemic in the PRC. Due to the spread of the Epidemic, many events and marketing activities have been cancelled or on hold in the PRC. As the number of the projects available in the market decreased substantially, the market competition thus intensified and the Group has faced the challenges in acquiring new projects from its customers. Looking forward, the management expects that the business environment of the Group in 2020 would be tough and challenging and the Group's business and financial performance will continue to be adversely affected as the Epidemic may persist for some time. The Board is closely monitoring the current situation and will seek appropriate measures to minimise the impact of the Epidemic on the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RMB13.8 million, or 72.3%, from approximately RMB19.1 million for the six months ended 30 June 2019 to approximately RMB5.3 million for the six months ended 30 June 2020. Such decrease was mainly due to the decrease in number of projects undertaken for both of event management services and design and production services during the period of comparison as a result of the delays and cancellation of projects under the outbreak of the Epidemic.

Project costs

The Group's project costs decreased by approximately RMB5.3 million, or 73.5%, from approximately RMB7.3 million for the six months ended 30 June 2019 to approximately RMB1.9 million for the six months ended 30 June 2020, which was in line with the decrease in revenue for the respective period.



Employee benefits expense

The Group's employee benefit expenses increased by approximately RMB0.9 million from approximately RMB3.9 million for the six months ended 30 June 2019 to approximately RMB4.8 million for the six months ended 30 June 2020. Such increase was primarily due to the increase in the number of headcounts according to Group's expansion plan.

Other operating expenses

The Group's other operating expenses increased from approximately RMB1.5 million for the six months ended 30 June 2019 to approximately RMB1.6 million for the six months ended 30 June 2020, which was due to the increase in compliance costs incurred after the Listing.

Expected credit loss on trade receivables

The Group recorded a reversal for expected credit loss on trade receivable of approximately RMB710,000 for the six months ended 30 June 2020 as compared with a provision for expected credit loss on trade receivable of approximately RMB38,000 for the six months ended 30 June 2019, which was mainly due to the decrease in the balance of trade receivables over the periods.

Listing expenses

A total of approximately RMB0.3 million of listing expenses for six months ended 30 June 2019 was incurred for the Listing. No further listing expenses will be recognised for the whole financial year of 2020.

Finance costs

Finance costs represents the interest expense recognised in respect of the lease liabilities in relation to the lease of the office premises. The finance costs remained relatively stable at approximately RMB5,000 and RMB3,000 for the six months ended 30 June 2019 and 2020, respectively.

Loss for the period

As a result of the foregoing, the Group recorded a net loss of approximately RMB2.1 million for the six months ended 30 June 2020 as compared with a net profit of approximately RMB4.3 million for the six months ended 30 June 2019.



SEGMENT INFORMATION

Segment information is presented for the Group as disclosed on Note 3 to the consolidated financial statements.

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 30 June 2020, the Group had cash and cash equivalents of approximately RMB46.3 million (31 December 2019: RMB37.5 million). As at 30 June 2020, the Group's total equity attributable to owners of the Company amounted to approximately RMB90.5 million (31 December 2019: RMB92.5 million). As of the same date, the Group did not have any interest bearing debt (31 December 2019: Nil).

On 14 November 2019, the Company was listed on GEM of the Stock Exchange by way of share offer and completed the share offer of 200,000,000 shares by offer price of HK\$0.275 per share. The net proceeds from the Listing amounted to approximately HK\$27.2 million. The Directors believe that with the new capital from the share offer, the Group is in a healthy financial position to expand its business and achieve its business objectives.

PLEDGE OF ASSETS

As at 30 June 2020, none of the Group's assets was pledged (31 December 2019: 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 0.1% as at 30 June 2020 (31 December 2019: 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 30 June 2020, 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 (31 December 2019: 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.

CAPITAL STRUCTURE

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 30 June 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.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

With reference to the announcement dated 29 November 2019, the Directors is still 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. Save for the establishment of the new headquarters, the Group did not have other plans for material investments or capital assets as of 30 June 2020.



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 the six months ended 30 June 2020.

CAPITAL COMMITMENTS

The Group did not have any capital commitment as at 30 June 2020 (31 December 2019: Nil).

INFORMATION ON EMPLOYEES

As at 30 June 2020, the Group had 60 employees (30 June 2019: 49 employees). The total staff costs (including remuneration of Directors) amounted to approximately RMB4.8 million (30 June 2019: RMB3.9 million). 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.

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2020 (2019: Nil).

COMPARISON OF BUSINESS OBJECTIVE WITH ACTUAL BUSINESS PROGRESS

As analysis comparing the business objectives as set in the Company's prospectus dated 30 October 2019 (the "**Prospectus**") with the Group's actual business progress for the period from the Listing Date to 30 June 2020 is set out below:

Business and strategy as stated in the Prospectus	Business objectives up to 30 June 2020 as stated in the Prospectus	Actual business progress up to 30 June 2020
Establishment of new branch offices in Wuxi and Beijing	<ul style="list-style-type: none"> - Recruitment of one general manager for setting up our branch office in Wuxi and Beijing 	<p>For the new branch office in Wuxi, the Group has completed the renovation works for the new office rented and new fixtures, furniture and office equipment have been acquired. A general manger has been recruited but longer time is required for the Group to recruit suitable staff under the outbreak of the Epidemic.</p>
	<ul style="list-style-type: none"> - 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 our branch office in Wuxi 	
	<ul style="list-style-type: none"> - Payment of renovation costs for our new branch office in Wuxi and Beijing 	<p>For the new branch office in Beijing, the Group is in the progress of identifying suitable premises for the new office. The management has been cautious for the timing of the expansion of its business in Beijing under the Epidemic and has been continuously assessing the development of the market conditions.</p>
	<ul style="list-style-type: none"> - Payment of rental expenses for our new branch office in Wuxi and Beijing 	
	<ul style="list-style-type: none"> - Purchase of fixtures, furniture and office equipment for our new branch office in Wuxi 	
<ul style="list-style-type: none"> - Payment of staff cost of the additional staff recruited 		



Business and strategy as stated in the Prospectus

Setting up a sales and marketing team and the enhancement of marketing efforts

Setting up an in-house multimedia production and design team

Business objectives up to 30 June 2020 as stated in the Prospectus

- Recruitment of eight additional staff for setting up our sales and marketing team
- Carrying out marketing and promotional activities in different cities and regions in the PRC
- Payment of staff costs of the additional staff recruited

- Recruitment of one general manager for setting up our multimedia production and design team
- 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 our multimedia production and design team
- Payment of staff costs of the additional staff to be recruited
- Purchase of audiovisual equipment and hardware

Actual business progress up to 30 June 2020

Eight additional staff has been recruited for the Group's sales and marketing team. However, many marketing activities in the PRC have been postponed or cancelled under the outbreak of the Epidemic and the Group has to take more time to identify other suitable marketing activities.

The Group has carefully evaluated the current market conditions and decided to slow down the recruitment plan for its multimedia production and design team due to the low business sentiment for the marketing services as a result of the outbreak of the Epidemic.

USE OF NET PROCEEDS FROM THE LISTING

The Company successfully listed its shares on GEM of the Stock Exchange on 14 November 2019 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 in total	Planned use of net proceeds up to 30 June 2020	Actual use of net proceeds up to 30 June 2020	Unutilised net proceeds as at 30 June 2020	Expected timeline for utilising remaining unused net proceeds (Note)
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Business objective and strategy					
Establishment of new branch offices in Wuxi and Beijing	12.6	3.0	0.7	11.9	Expected to be fully utilised by 31 December 2021
Setting up a sales and marketing team and the enhancement of marketing efforts	6.6	2.4	1.1	5.5	Expected to be fully utilised by 31 December 2021
Setting up an in-house multimedia production and design team	5.4	2.1	-	5.4	Expected to be fully utilised by 31 December 2021
General working capital	2.6	2.6	2.6	-	N/A

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.

In light of the outbreak of the Epidemic, the marketing service sector has been adversely affected in the PRC. 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 Epidemic. 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 Hong Kong and the PRC.



OTHER INFORMATION

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

As at 30 June 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 30 June 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 30 June 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


Name of Shareholder	Capacity/Nature of Interest	Number of shares held/ interested	Approximate percentage of shareholding
QY	Beneficial owner	420,000,000	52.5%
SRU Investment Limited ("SRU") <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%



Name of Shareholder	Capacity/Nature of Interest	Number of shares held/ interested	Approximate percentage of shareholding
Ms. Zhou Jianyuan ("Ms. Zhou") <i>(Note 2)</i>	Spouse interest	120,000,000	15.0%
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 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.



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 interim condensed consolidated financial statements have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the interim condensed consolidated financial statements of the Group for the six months ended 30 June 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, 14 August 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.