

# 旅橙文化控股有限公司

Orange Tour Cultural Holding Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8627



**Third Quarterly Report**  
**2022**

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

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2022

The unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2022, together with the unaudited comparative figures for the corresponding periods in 2021, are as follows:

	NOTES	For the three months ended 30 September		For the nine months ended 30 September	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	3	2,246	6,381	12,665	21,568
Other income	3	39	68	179	243
Project costs		(1,127)	(2,765)	(5,423)	(8,735)
Depreciation		(148)	(62)	(444)	(213)
Employee benefits expenses		(3,290)	(2,973)	(9,126)	(7,907)
Reversal/(provision) for expected credit loss on trade receivables, net		64	(112)	376	120
Other operating expenses		(1,030)	(815)	(1,887)	(2,268)
<b>(Loss)/profit before income tax</b>	4	<b>(3,246)</b>	<b>(278)</b>	<b>(3,660)</b>	2,808
Income tax credit/(expense)	5	78	(191)	(110)	(1,416)
<b>(Loss)/profit for the period attributable to the owners of the Company</b>		<b>(3,168)</b>	<b>(469)</b>	<b>(3,770)</b>	1,392
<b>Other comprehensive (loss)/ income</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation		(308)	23	(514)	42
<b>Total comprehensive (loss)/ income attributable to the owners of the Company</b>		<b>(3,476)</b>	<b>(446)</b>	<b>(4,284)</b>	1,434
<b>(Loss)/earnings per share attributable to the owners of the Company</b>					
– Basic and diluted (RMB cents)	7	<b>(0.40)</b>	(0.06)	<b>(0.47)</b>	0.17

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	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 2021 (audited)	5,616	34,420	5,921	(919)	26,412	19,179	90,629
Profit for the period	-	-	-	-	-	1,392	1,392
Exchange differences arising on translation	-	-	-	42	-	-	42
Total comprehensive income for the period	-	-	-	42	-	1,392	1,434
Balance at 30 September 2021 (unaudited)	5,616	34,420	5,921	(877)	26,412	20,571	92,063
Balance at 1 January 2022 (audited)	<b>5,616</b>	<b>34,420</b>	<b>6,303</b>	<b>(868)</b>	<b>26,412</b>	<b>18,029</b>	<b>89,912</b>
Loss for the period	-	-	-	-	-	(3,770)	(3,770)
Exchange differences arising on translation	-	-	-	(514)	-	-	(514)
Total comprehensive loss for the period	-	-	-	(514)	-	(3,770)	(4,284)
Balance at 30 September 2022 (unaudited)	<b>5,616</b>	<b>34,420</b>	<b>6,303</b>	<b>(1,382)</b>	<b>26,412</b>	<b>14,259</b>	<b>85,628</b>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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

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



## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2022 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 30 September 2022 are consistent with those adopted in the Group's 2021 audited annual report dated 25 March 2022, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "**New and Revised HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the nine months ended 30 September 2022 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the nine months ended 30 September 2022.

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

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

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

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

### 3. REVENUE AND OTHER INCOME

All revenue are recognised at a point in time. An analysis of the Group’s revenue and other income for the three months and nine months ended 30 September 2022 are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)
<b><i>By types of services</i></b>				
Event management services	1,729	3,895	6,355	8,741
Design and production services	517	2,486	6,310	12,827
	<b>2,246</b>	6,381	<b>12,665</b>	21,568
<b>Other income</b>				
Interest income	39	68	179	243

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)
Expenses related to short-term lease	124	69	218	69
Project costs	1,127	2,765	5,423	8,735
Employee benefits expenses (including directors' emoluments)				
– Salaries, allowances and benefits in kind	2,569	2,372	6,914	6,427
– Retirement benefit scheme contributions	721	601	2,212	1,480
	3,290	2,973	9,126	7,907



## 5. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)
Current tax:				
The PRC Enterprise Income Tax	–	219	–	1,386
Over-provision in prior period	(111)	–	–	–
Deferred taxation	33	(28)	110	30
	<b>(78)</b>	191	<b>110</b>	1,416

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 nine months ended 30 September 2022 and 2021.

No provision for Hong Kong Profits Tax has been made for the nine months ended 30 September 2022 and 2021 as the Group did not have any assessable profits arising in Hong Kong.

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

## 6. DIVIDEND

The board of Directors (the "**Board**") does not recommend the payment of any dividend for the nine months ended 30 September 2022 (2021: Nil).

## 7. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
<b>(Loss)/earnings:</b>				
(Loss)/earnings for the period attributable to ordinary equity holders of the Company (RMB'000)	(3,168)	(469)	(3,770)	1,392
<b>Number of shares:</b>				
Weighted average number of ordinary shares for purpose of calculating basic earnings per share ('000)	800,000	800,000	800,000	800,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the nine months ended 30 September 2021 and 2022 was derived from the number of ordinary shares in issue during the period.

No separate diluted (loss)/earnings per share information has been presented as there were no potential ordinary shares outstanding issued for the three months and nine months ended 30 September 2021 and 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS


### BUSINESS REVIEW AND OUTLOOK

The Group is a marketing services company headquartered in Yixing of the PRC with a principal focus on the provision of (i) event management services; and (ii) design and production services. Commenced its business under its predecessor, the Group has accumulated over 15 years of experience in the provision of marketing services. Over the years, the Group has developed well-established relationships with customers from governmental and commercial sectors in the PRC.

The Group recorded a net loss of approximately RMB4.3 million for the nine months ended 30 September 2022 as compared with a net profit of approximately RMB1.4 million for the nine months ended 30 September 2021. The turnaround from net profit to net loss was primarily attributable to the decrease in revenue for the nine months ended 30 September 2022 as comparing with the same period in 2021, which resulted from the delayed and cancelled event managements projects during the period as negatively affected brought by the continued outbreak of the novel coronavirus (COVID-19) epidemic (the “**Epidemic**”) and strict disease control measures in the PRC.

The core business of the Group continued to be severely negatively affected since the initial outbreak of the Epidemic in 2020. The market conditions continued to be very challenging due to the prolonged and volatile Epidemic situation especially in Yangtze River Delta such as Shanghai, Nanjing, Suzhou, Wuxi and Yixing since the outbreak in Shanghai as brought by Omicron variant in the first quarter of this year.

The ongoing Epidemic crisis continued impose a great challenge to the business environment which resulted in substantial economic and social disruption across Yangtze River Delta and slowing down the economic recovery with waves of the Epidemic.



Most importantly, the Epidemic related restrictions discourage our client to spend their budgets in the marketing and promotion activities. Even though the quarantine policy seems to be eased recently, different kind of unpredictable restrictions might continue affect our clients to execute their business plans. As our clients continued to remain cautious in managing under such situation and operate with a reduced budget and spending, the demand of the marketing services has been decreased throughout the year. One of the Group's business strategies was focused on marketing and promotion activities related to arts, cultural, festivals, tourism. However, the implementation was negatively affected by strict disease control measures, leading to a significant decrease in revenue as generated from these marketing and promotion activities. Moreover, the various level of community and travel quarantine in Wuxi and Yixing affect our key client such as government authorities, state-owned enterprises, real estate corporations and other corporate customers to delay or even cancel their marketing plans and reduce their marketing spendings under such situation. The declining number of event management projects undertaken and city-wide lockdown COVID-19 control measures with the decision to maintain a strict policy by the government authorities inevitably posed pressure on the revenue and results of the Group during the period.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue decreased by approximately RMB8.9 million, or 41.3%, from approximately RMB21.6 million for the nine months ended 30 September 2021 to approximately RMB12.7 million for the nine months ended 30 September 2022. Such decrease was mainly due to the decrease in number of projects undertaken for the event management services and design and production services during the period of comparison.

### **Project costs**

The Group's project costs decreased by approximately RMB3.3 million, or 37.9%, from approximately RMB8.7 million for the nine months ended 30 September 2021 to approximately RMB5.4 million for the nine months ended 30 September 2022, 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 RMB1.2 million from approximately RMB7.9 million for the nine months ended 30 September 2021 to approximately RMB9.1 million for the nine months ended 30 September 2022 as a result of the increase in the number of headcounts during the period of comparison.

## **Other operating expenses**

It mainly represents the general office expenses, marketing and promotional fee and legal and professional fee. The Group's other operating expenses remained relatively stable at approximately RMB2.3 million and RMB1.9 million for the nine months ended 30 September 2021 and 2022, respectively.

## **(Loss)/profit for the period**

As a result of the foregoing, the Group recorded a net loss of approximately RMB4.3 million for the nine months ended 30 September 2022 as compared with a net profit of approximately RMB1.4 million for the nine months ended 30 September 2021.

## **Dividend**

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2022 (2021: Nil).



## OTHER INFORMATION

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

As at 30 September 2022, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

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

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

*Note:*

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



Save as disclosed above, as at 30 September 2022, none of the Directors and chief executives of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2022, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

## Long positions in ordinary shares of the Company

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

### Notes:

1. Mr. Fan beneficially owns the entire issued share capital of SRU. Therefore, Mr. Fan is deemed, or taken to be, interested in all the shares of the Company held by SRU for the purpose of the SFO. Mr. Fan is the sole director of SRU.
2. Ms. Zhou is the spouse of Mr. Fan. Ms. Zhou is deemed to be or taken to be interested in all the shares of the Company in which Mr. Fan is interested under the SFO.

Save as disclosed above, as at 30 September 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Other information – Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.





## SHARE OPTION SCHEME

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

For the nine months ended 30 September 2022, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the nine months ended 30 September 2022.

## COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with Group during the nine months ended 30 September 2022.



## **CORPORATE GOVERNANCE PRACTICES**

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules for the nine months ended 30 September 2022. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2022.



## AUDIT COMMITTEE

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

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee has reviewed with management of the Company on the accounting principles and practices adopted by the Group, this report and the third quarterly results announcement of the Group for the nine months ended 30 September 2022. The consolidated financial results for the nine months ended 30 September 2022 are unaudited, but have been reviewed by the Audit Committee. Such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 14 November 2022

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