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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8627

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2023

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

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	3	7,666	6,284	15,677	10,419
Other income	3	59	71	119	140
Project costs		(3,162)	(2,744)	(6,651)	(4,296)
Depreciation		(134)	(148)	(268)	(296)
Employee benefits expense		(2,993)	(2,715)	(6,610)	(5,836)
(Provision)/reversal for expected credit loss on trade receivables, net		(305)	(395)	(261)	312
Other operating expenses		(960)	(227)	(1,625)	(857)
Finance costs		-	-	(1)	-
Profit/(loss) before income tax	4	171	126	380	(414)
Income tax expense	5	(352)	(146)	(549)	(188)
Loss for the period attributable to the owners of the Company		(181)	(20)	(169)	(602)
Other comprehensive loss					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation		(408)	(242)	(310)	(206)
Total comprehensive loss attributable to the owners of the Company		(589)	(262)	(479)	(808)
Loss per share attributable to the owners of the Company					
- Basic and diluted (RMB cents)	7	(0.02)	(0.00)	(0.02)	(0.08)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	151	420
Interest in associate		–	–
Deferred tax assets		141	74
		292	494
Current assets			
Trade and other receivables	9	14,773	3,986
Tax recoverable		736	1,301
Bank balances and cash		90,930	96,347
		106,439	101,634
Current liabilities			
Trade and other payables	10	17,781	13,556
Lease liability		–	119
Amount due to a shareholder		3,681	2,705
		21,462	16,380
Net current assets		84,977	85,254
Net assets		85,269	85,748
CAPITAL AND RESERVES			
Share capital	11	5,616	5,616
Reserves		79,653	80,132
Total equity		85,269	85,748

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	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 2022 (audited)	5,616	34,420	6,303	(868)	26,412	18,029	89,912
Loss for the period	-	-	-	-	-	(602)	(602)
Exchange difference arising on transaction	-	-	-	(206)	-	-	(206)
Total comprehensive loss for the period	-	-	-	(206)	-	(602)	(808)
Balance at 30 June 2022 (unaudited)	5,616	34,420	6,303	(1,074)	26,412	17,427	89,104
Balance at 1 January 2023 (audited)	5,616	34,420	6,303	(1,327)	26,412	14,324	85,748
Loss for the period	-	-	-	-	-	(169)	(169)
Exchange differences arising on translation	-	-	-	(310)	-	-	(310)
Total comprehensive loss for the period	-	-	-	(310)	-	(169)	(479)
Balance at 30 June 2023 (unaudited)	5,616	34,420	6,303	(1,637)	26,412	14,155	85,269

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Unaudited	
	Six months ended	
	30 June 2023 RMB'000	30 June 2022 RMB'000
Operating activities		
Cash (used in)/generated from operation	(6,353)	1,335
Income tax paid	(51)	(767)
Net cash (used in)/generated from operating activities	(6,404)	568
Investing activity		
Interest received	119	140
Net cash generated from investing activity	119	140
Financing activities		
Advanced from a shareholder	976	–
Payment of lease liability	(119)	–
Net cash generated from financing activities	857	–
Net increase in cash and cash equivalents	(5,428)	708
Cash and cash equivalents at 1 January	96,347	92,874
Effect of foreign exchange rate changes	11	9
Cash and cash equivalents at end of the year	90,930	93,591
Analysis of cash and cash equivalents		
Bank balances and cash	90,930	93,591



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, 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 2023 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 are consistent with those adopted in the Group's 2022 audited annual report dated 27 March 2023, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "**New and Revised HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.



The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the six months ended 30 June 2023 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 2023.

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

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

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

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

3. REVENUE, 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 2023 are as follows:

Revenue and other income

<i>By types of services</i>	Three months ended 30 June		Six months ended 30 June	
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)
Event management services	2,579	2,882	6,336	4,626
Design and production services	5,087	3,402	9,341	5,793
	7,666	6,284	15,677	10,419
Other income				
Interest income	59	71	119	140

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. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)
Expense relating to short-term lease	47	30	124	94
Project costs	3,162	2,744	6,651	4,296
Employee benefits expense (including directors' emoluments)				
– Salaries, allowances and benefits in kind	2,303	1,922	5,194	4,345
– Retirement benefit scheme contributions	200	793	1,416	1,491
	2,993	2,715	6,610	5,836

5. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)
Current tax:				
The PRC Enterprise Income Tax	430	111	616	111
Deferred tax expense/(credit)	(78)	35	(67)	77
	352	146	549	188

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “**BVI**”), the Group is not subject to any income tax under these jurisdictions for the six months ended 30 June 2023 (2022: Nil).

Hong Kong corporates are mainly subject to Hong Kong Profits Tax rate of 16.5% (2022: 16.5%). No Hong Kong Profits Tax has been provided for the six months ended 30 June 2023 in the unaudited condensed consolidated financial statements as the Group has no assessable profits derived in Hong Kong for the six months ended 30 June 2023 (2022: Nil).

The Group is subject to income tax on an entity basis on profits arising in or derived from the PRC in which members of the Group are domiciled and operated. Except for two PRC subsidiaries that are qualified for the simplified tax rate of 2.5% (2022: 2.5%) on the taxable profits, the PRC EIT has been provided at the rate of 25% (2022: 25%) on the taxable profits of the Group’s PRC subsidiaries for the six months ended 30 June 2023.

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 six months ended 30 June 2023 (2022: Nil).

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Loss:				
Loss for the period attributable to ordinary equity holders of the Company (RMB'000)	(181)	(20)	(169)	(602)
Number of shares:				
Weighted average number of ordinary shares for purpose of calculating basic loss per share ('000)	800,000	800,000	800,000	800,000

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 June 2023 and 2022 was derived from the number of ordinary shares in issue during the period.

No separate diluted loss per share information has been presented as there were no potential ordinary shares outstanding issued for the six months ended 30 June 2023 and 2022.

8. PROPERTY, PLANT AND EQUIPMENT

The Group did not acquired any property, plant and equipment during the six months ended 30 June 2023 and 2022.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Trade receivables, at cost	6,740	4,084
Less: Provision for expected credit loss	(563)	(303)
Trade receivables, net	6,177	3,781
Prepayments	3,993	17
Deposit and other receivables <i>(Note)</i>	4,603	188
	14,773	3,986

The credit period for trade receivables is up to 90 days (2022: 90 days) from the invoice date for the relevant period.

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

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Within 1 month	3,616	2,789
Over 1 month but within 3 months	1,174	597
Over 3 months but within 6 months	795	–
Over 6 months but within 1 year	592	395
	6,177	3,781

Note: Deposit of RMB4,000,000 paid to a social media service provider for securing the co-operation. Such deposit will be refunded upon termination of the co-operation.

10. TRADE AND OTHER PAYABLES

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Trade payables	2,988	483
Accruals and other payable	14,340	12,767
Other tax payables	453	306
	17,781	13,556

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

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Within 1 month	2,356	21
Over 1 month but less than 3 months	242	24
Over 3 months but less than 1 year	336	393
Over 1 year	54	45
	2,988	483

11. SHARE CAPITAL



	Number of ordinary shares during the period/year	Amount <i>RMB'000</i>
Ordinary shares of US\$0.001 each		
Authorised:		
As at 31 December 2022 and 30 June 2023	2,000,000,000	14,158
Issued and fully paid:		
As at 31 December 2022 and 30 June 2023	800,000,000	5,616



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. Having commenced its business under its predecessor, the Group has accumulated over 16 years of experience in the provision of marketing services. Over the years, the Group has developed well-established relationships with customers from governmental and commercial sectors in the PRC.

The Group recorded a net loss of approximately RMB0.2 million for the six months ended 30 June 2023 as compared with the net loss of approximately RMB0.6 million for the six months ended 30 June 2022. The decrease in the net loss was primarily attributable to the increase in revenue for the six months ended 30 June 2023 as comparing with the same period in 2022.

At the end of 2022, the Chinese government had adjusted the management of the coronavirus epidemic as a Class B infectious disease. This led to the reopening of national travels as well as international trips and interactions. The great news had immensely boosted the morale of national citizens, moreover, it had also greatly encouraged the cultural tourism industry of where we situate. As a result, the number of projects undertaken by the Group increased during the six months ended 30 June 2023. Following by the relaxation of the control measures, the Group believes that the worst of Epidemic is over and is entering into a new page. The Group believes that the market demand will bounce back and business activities will be gradually recovery. Since the Epidemic had been weakening the general economy for a long period, the Group's customers might remain to impose pressure on the spending on the marketing business. Therefore, the Group will continue to assess the market conditions so as to grasp the opportunities from the recovering market in order to strive to convert those benefits into driving forces to facilitate the performance growth and to create long-term development of the Group.



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

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately RMB5.3 million, or 50.5%, from approximately RMB10.4 million for the six months ended 30 June 2022 to approximately RMB15.7 million for the six months ended 30 June 2023, which was due to an increase in number of projects undertaken for the event management services and design and production services during the period of comparison.

Project costs

The Group's project costs increased by approximately RMB2.4 million, or 54.8%, from approximately RMB4.3 million for the six months ended 30 June 2022 to approximately RMB6.7 million for the six months ended 30 June 2023, which was in line with the increase in revenue for the respective period.

Employee benefits expenses

It mainly represents the salaries for the Group's employee. Such expenses increased by approximately RMB0.8 million, or 13.3%, from approximately RMB5.8 million for the six months ended 30 June 2022 to approximately RMB6.6 million for the six months ended 30 June 2023. Such increase was primarily due to the increase in the number of staff for the period.



Other operating expenses

It mainly represents the general office expenses, marketing and promotional fee and legal and professional fee. Such expenses increased by approximately RMB0.8 million, or 89.6% from approximately RMB0.9 million for the six months ended 30 June 2022 to approximately RMB1.6 million for the six months ended 30 June 2023, which was in line with the increase in revenue for the respective period.

Expected credit loss on trade receivables

The Group recorded a provision for expected credit loss on trade receivable of approximately RMB261,000 and a reversal for expected credit loss on trade receivable of approximately RMB312,000 for the six months ended 30 June 2023 and 2022, which was mainly due to the decrease in the collection on certain outstanding balance of trade receivables during the period of comparison.

Loss for the period

As a result of the foregoing, the Group recorded a net loss of approximately RMB0.2 million for the six months ended 30 June 2023 as compared with the net loss of approximately RMB0.6 million for the six months ended 30 June 2022.



SEGMENT INFORMATION

Segment information is presented for the Group as disclosed on Note 3 to the unaudited condensed 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 2023, the Group had cash and cash equivalents of approximately RMB90.9 million (31 December 2022: RMB96.3 million). As of the same date, the Group did not have any bank borrowings (31 December 2022: Nil).

As at 30 June 2023, the Group did not have any lease liability (31 December 2022: RMB119,000).

As at 30 June 2023, the Group's total equity attributable to owners of the Company amounted to approximately RMB85.3 million (31 December 2022: RMB85.7 million).

PLEDGE OF ASSETS

As at 30 June 2023, none of the Group's assets was pledged (31 December 2022: Nil).

GEARING RATIO

Gearing ratio is calculated as total interest-bearing debt divided by total equity and multiplied by 100%. The Group's gearing ratio was nil as at 30 June 2023 (31 December 2022: 0.1%).

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.



CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that is likely to have a material and adverse effect on the Group's business, financial condition or results of operations (31 December 2022: Nil).

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations of the Group were mainly transacted in RMB which is the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange. 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 2023, the Company's issued share capital was RMB5.6 million and the number of its issued ordinary shares was 800,000,000 of US\$0.001 each.



CAPITAL COMMITMENTS

The Group did not have any capital commitment as at 30 June 2023 (31 December 2022: Nil).

INFORMATION ON EMPLOYEES

As at 30 June 2023, the Group had 76 employees (30 June 2022: 74 employees). The total staff costs (including remuneration of Directors) amounted to approximately RMB6.6 million (30 June 2022: RMB5.8 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 2023 (2022: Nil).

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 2023.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures for the six months ended 30 June 2023.



COMPARISON OF BUSINESS OBJECTIVE WITH ACTUAL BUSINESS PROGRESS

An 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 2023 is set out below:

Business and strategy as stated in the Prospectus	Business objectives up to 30 June 2023 as stated in the Prospectus	Actual business progress up to 30 June 2023
Establishment of new branch offices in Wuxi and Beijing	<ul style="list-style-type: none"> <li data-bbox="384 560 717 639">– Recruitment of one general manager for setting up our branch office in Wuxi and Beijing <li data-bbox="384 667 717 852">– 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 <li data-bbox="384 879 717 1064">– Recruitment of 11 additional staff, including two operation managers, seven staff for event management and/or design and two accounting and administration staff to support the business operation for the branch office in Beijing <li data-bbox="384 1091 717 1171">– Purchase of fixtures, furniture and office equipment for the new branch offices in Wuxi and Beijing <li data-bbox="384 1198 717 1279">– Payment of renovation costs for the new branch offices in Wuxi and Beijing 	<p data-bbox="740 560 1003 772">All the proceeds for the establishment of Wuxi office has been used up. The Group believes such expansion of the business network and service capacity would create a long term enduring benefits of the Group.</p> <p data-bbox="740 799 1003 960">Following by the relaxation of the restriction measures in the last year, the Group resume in the progress of identifying the suitable premises for the new branch office in Beijing.</p>



Business and strategy as stated in the Prospectus

Business objectives up to 30 June 2023 as stated in the Prospectus

Actual business progress up to 30 June 2023

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

- Payment of staff costs of the additional staff recruited for the branch offices in Wuxi and Beijing
- Payment of rental expenses for the new branch offices in Wuxi and Beijing
- 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

Eight additional staff has been recruited for the Group's sales and marketing team. The Group will continue to carry out some marketing and promotional activities in order to capture the potential customers and increase of enhancement of brand awareness.



Business and strategy as stated in the Prospectus

Setting up an in-house multimedia production and design team

Business objectives up to 30 June 2023 as stated in the Prospectus

- 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 2023

The Group is in a progress of identifying for a suitable venue to establish project exhibition centers, online marketing platform bases and to expand the study on online cultural and tourism products, including live broadcasting rooms, offline experience centers, filming and production bases. Therefore, it is expected to commence to utilise such proceeds once the venue is confirmed.

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 HK\$ million	Actual use of net proceeds up to 30 June 2023 HK\$ million	Unutilised net proceeds as at 30 June 2023 HK\$ million	Expected timeline for utilising remaining unused net proceeds (Note)
Business objective and strategy				
Establishment of new branch offices in Wuxi and Beijing	12.6	7.0	5.6	Expected to be fully utilised by 31 December 2023
Setting up a sales and marketing team and the enhancement of marketing efforts	6.6	5.5	1.1	Expected to be fully utilised by 31 December 2023
Setting up an in-house multimedia production and design team	5.4	-	5.4	Expected to be fully utilised by 31 December 2023
General working capital	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 in the past few years the marketing service sector had been adversely affected in the PRC. Since the recovery of China economy expected in a gradual way after the outbreak of Epidemic, 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 the PRC.



OTHER INFORMATION

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

As at 30 June 2023, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long positions in the shares of the Company

Name of Director/ chief executive	Capacity/Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding
Mr. Zhou Yang ("Mr. Zhou") <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 2023, none of the Directors and chief executives of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2023, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in the shares of the Company

Name 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%



Name of Shareholder	Capacity/Nature of Interest	Number of shares held/ interested	Approximate percentage of shareholding
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%

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 June 2023, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “Other information – Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION 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 2023, 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 2023.



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 2023.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules for the six months ended 30 June 2023. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.



AUDIT COMMITTEE

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

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

The primary duties of the Audit Committee are 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 for the six months ended 30 June 2023 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 six months ended 30 June 2023 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 2023

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