



DOWWAY HOLDINGS LIMITED

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

SHARE OFFER

Sole Sponsor



Joint Bookrunners and
Joint Lead Managers



Pacific
Foundation

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



Dowway Holdings Limited 天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares : 500,000,000 Shares
Number of Public Offer Shares : 50,000,000 Shares (subject to reallocation)
Number of Placing Shares : 450,000,000 Shares (subject to reallocation)
**Offer Price : Not more than HK\$0.16 per Offer Share and
not less than HK\$0.12 per Offer Share
(payable in full on application in Hong
Kong dollars) plus brokerage fee of 1%,
SFC transaction levy of 0.0027% and
Stock Exchange trading fee of 0.005%,
subject to refund**
Nominal value : US\$0.0001 per Share
Stock code : 8403

Sole Sponsor



Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement among our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Friday, 1 June 2018 or such later date as may be agreed among our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters). The Offer Price will not be more than HK\$0.16 per Offer Share and is currently expected to be not less than HK\$0.12 per Offer Share. If our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by Sunday, 10 June 2018, the Share Offer will not become unconditional and will lapse.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the Offer Price range and/or the number of Offer Shares below to that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. If this occurs, notice of reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the Stock Exchange's website at www.hkexnews.hk and the website of our Company at www.dowway-exh.com.

Please refer to the section headed "Risk factors" for a discussion of certain risks that you should consider in connection with an investment in the Shares.

The obligations of the Underwriters under the Underwriting Agreement in respect of the Offer Shares, are subject to termination by the Joint Bookrunners (for themselves and on behalf of the Underwriters) if certain circumstances arise prior to 8:00 a.m. on the Listing Date. Such circumstances are set out in the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" in this prospectus. It is important that you carefully read that section for further details.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares will be offered and sold only outside the United States in reliance on Regulation S.

29 May 2018

CHARACTERISTICS OF GEM

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

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement in Hong Kong to be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.dowway-exh.com.

2018^(Note 1)

Latest time to complete electronic applications under HK eIPO White Form service through the designated website www.hkeipo.hk ^(Note 2)	11:30 a.m. on Friday, 1 June
Application lists of the Public Offer open ^(Note 3)	11:45 a.m. on Friday, 1 June
Latest time for lodging WHITE and YELLOW Application Forms	12:00 noon on Friday, 1 June
Latest time for giving electronic application instructions to HKSCC ^(Note 4)	12:00 noon on Friday, 1 June
Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer	12:00 noon on Friday, 1 June
Application lists of the Public Offer close ^(Note 3)	12:00 noon on Friday, 1 June
Expected Price Determination Date ^(Note 5)	Friday, 1 June
Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares to be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.dowway-exh.com ^(Note 5) from	Monday, 11 June

EXPECTED TIMETABLE

Results of allocations in the Public Offer (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Public Offer Shares — 11. Publication of results" from Monday, 11 June

Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID Number" function from..... Monday, 11 June

Despatch/Collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before^(Notes 6 and 7) Monday, 11 June

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer on or before^(Notes 7 and 8) Monday, 11 June

Dealings in the Shares on GEM expected to commence at 9:00 a.m. on Tuesday, 12 June

Notes:

1. All times and dates refer to Hong Kong local time and date. If there is any change of the above expected timetable, a separate announcement will be made by our Company on the Stock Exchange's website and our Company's website accordingly.
2. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 1 June 2018, the application lists will not open or close on that day. See "How to apply for Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.
4. Applicants who apply for Public Offer Shares by giving electronic application instructions to HKSCC via CCASS should refer to "How to Apply for Public Offer Shares — 5. Applying through HK eIPO White Form Service".
5. The Offer Price is expected to be determined by agreement among our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or around Friday, 1 June 2018. The Offer Price will be not more than HK\$0.16 and is currently expected to be not less than HK\$0.12, unless otherwise announced. Investors for the Public Offer Shares are required to pay, on subscription, the maximum Offer Price of HK\$0.16 per Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to any refund if the Offer Price is lower than HK\$0.16 per Offer Share.

EXPECTED TIMETABLE

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below to that stated in this prospectus at any time prior to the morning of the last date for lodging applications under the Public Offer. In such case, a notice of such reduction of the number of Offer Shares and/or the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.dowway-exh.com as soon as practicable but in any event not later than the morning of the last date for lodging applications under the Public offer.

If, for any reason, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to agree on the Offer Price on the Price Determination Date or such later date or time may be agreed among our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

- Share certificates will only become valid at 8:00 a.m. on Tuesday, 12 June 2018 provided that the Share Offer has become unconditional in all respects and none of the Underwriting Agreements has been terminated in accordance with their respective terms. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk. If the Share Offer does not become unconditional or the Underwriting Agreements are terminated in accordance with their respective terms, we will make an announcement as soon as possible.
- Applicants who have applied on **WHITE** Application Forms for 1,000,000 Public Offer Shares or more and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates (where applicable) in person from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, on Monday, 11 June 2018. Applicants being individuals who are eligible for personal collection must not authorise any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the company's chop. Both individuals and authorised representatives of corporations must produce evidence of identity acceptable to the Hong Kong Branch Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more and have provided all information required by the Application Form may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to their or the designated CCASS Participant's stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who apply through the **HK eIPO White Form** service and paid their application monies through the single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

Uncollected Share certificates (if applicable) and/or refund cheques, will be despatched by ordinary post, at the applicants' own risk, to the addresses specified in the relevant applications shortly after the expiry of the time for collection at the date of despatch of refund cheque as described in the sections headed "How to Apply for Public Offer Shares — 13. Refund of application monies" and "How to Apply for Public Offer Shares — 14. Despatch/ collection of Share certificates and refund monies" in this prospectus.

- Refund cheques/e-Auto Refund payment instructions will be despatched in respect of wholly or partially unsuccessful application and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK\$0.16 for each Offer Share.

EXPECTED TIMETABLE

The above expected timetable is a summary only. You should refer to “Structure and Conditions of the Share Offer” and “How to Apply for Public Offer Shares” in this prospectus for details of the structure of the Share Offer, including the conditions of the Share Offer, and the procedures for application for the Public Offer Shares.

CONTENTS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision.

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not made or contained in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective directors, officers, employees, advisers, agents, representatives or affiliates of any of them or any other persons or parties involved in the Share Offer.

The contents of our Company's website at www.dowway-exh.com, which is the official website of our Group, do not form part of this prospectus.

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SUMMARY

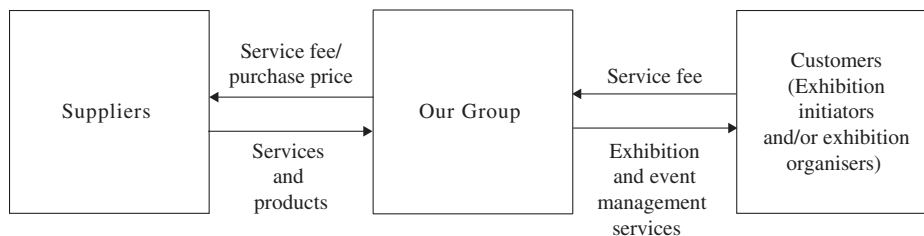
This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole prospectus including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Our Group is an integrated exhibition and event management services provider that principally engages in design, planning, coordination and management of exhibitions and events in the PRC, covering over 40 cities such as Beijing, Shanghai, Guangzhou, Tianjin, Chengdu, Harbin, Shenyang, Kunming, Nanning, and Chongqing. In the course of provision of our exhibition and event management services, our customers are responsible for providing the venues of the exhibitions and events and bear the relevant leasing costs. Our exhibitions and events mainly facilitate the showcase, promotion and/or sales of branded automobiles by different internationally renowned automobile companies. The automobile companies accounted for over 80% of all the exhibitions and events coordinated and managed by us in terms of revenue for each financial year during the Track Record Period. Besides, during the Track Record Period, some of the projects commissioned by non-automobile companies are also related to automobile exhibitions and events. For the years ended 31 December 2015, 2016 and 2017, revenue derived from automobile related exhibitions and events represented approximately 93.1%, 97.7% and 89.1% of the Group’s total revenue, respectively. Our Group has over 8 years of experience in providing exhibition and event management services and has developed well-established relationships with internationally renowned automobile brands such as Lamborghini, Volkswagen and other German and Italian automobile brands. In addition, we also provide our services for various promotional, commercial and private events.

Our business model

As an integrated exhibition and event management services provider, we undertake exhibition and event projects as a project manager. The following diagram illustrates the overall business model of our Group as the project manager for coordination and management of different types of exhibitions and events:



Main services provided by the suppliers:

- Supply of construction and installation manpower and services
- Supply of construction materials and equipment for setting up venues of the exhibitions and events
- Leasing and installation of audio, visual and lighting equipment and facilities
- Logistics and transportation services

Main services provided by our Group:

- Overall strategic planning
- Theme, stage and venue design
- Feasibility study
- Project management
- Coordination with suppliers
- On-site supervision

SUMMARY

Our services

We take lead in the design, planning, coordination and management of the exhibitions and events covering theme, stage, venue design and overall planning, feasibility study, procurement of construction materials and equipment, project management, coordination with suppliers and/or personnel for construction of backdrop, stage and exhibition booth as well as installation of audio, visual and lighting facilities and on-site supervision. Based on the types and objectives of the exhibitions and events, we design a specific theme for the exhibitions and events, and coordinate with different suppliers to implement and execute our design and layout plans.

Our exhibition and event management services generally include:

- Design:** Based on our customers' requirements and/or the objectives of the exhibitions and events, our in-house designers prepare a tailor-made design proposal, usually in the form of 2D and/or 3D drawings, consisting of rendering and/or design and layout plan with details of the construction materials and multi-media equipment proposed to be used.
- Project management:** We undertake exhibition and event projects as a project manager and are responsible for the overall planning, feasibility study, and general management of the exhibitions and events. To ensure the implementation of our projects according to the agreed schedule, we closely supervise and monitor the work progress and work quality of each project on a regular basis.
- On-site supervision:** We are responsible for supervising the services provided by our suppliers on-site and inspect the quality of the products provided by our suppliers. As part of our supervision, we normally assign a site supervisor to oversee the installation and construction works at the venue of the exhibitions or events.

During the Track Record Period, most of our revenue was derived from automobile related exhibitions and events. The following table sets forth a breakdown of our service revenue from automobile related exhibitions and events and non-automobile related exhibitions and events:

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Revenue from automobile related exhibitions and events	83,538	93.1	86,280	97.7	86,449	89.1
Revenue from non-automobile related exhibitions and events	<u>6,230</u>	<u>6.9</u>	<u>2,024</u>	<u>2.3</u>	<u>10,551</u>	<u>10.9</u>
Total	<u><u>89,768</u></u>	<u><u>100</u></u>	<u><u>88,304</u></u>	<u><u>100</u></u>	<u><u>97,000</u></u>	<u><u>100</u></u>

SUMMARY

The following table sets forth a breakdown of our revenue by major geographic regions in the PRC.

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
East China	24,509	27.3	32,262	36.5	24,301	25.0
North China	14,063	15.7	10,282	11.7	29,984	30.9
South China	13,285	14.8	10,606	12.0	12,473	12.9
Southwest China	11,469	12.8	11,904	13.5	7,076	7.3
Central China	8,359	9.3	7,449	8.4	8,355	8.6
Northeast China	6,748	7.5	7,747	8.8	6,771	7.0
Northwest China	5,046	5.6	6,633	7.5	5,138	5.3
Others ^(note)	<u>6,289</u>	<u>7.0</u>	<u>1,421</u>	<u>1.6</u>	<u>2,902</u>	<u>3.0</u>
Total	<u><u>89,768</u></u>	<u><u>100</u></u>	<u><u>88,304</u></u>	<u><u>100</u></u>	<u><u>97,000</u></u>	<u><u>100</u></u>

Note: Others mainly include the provision of certain exhibition display materials which could not be categorised by geographic regions.

During the Track Record Period, most of our exhibition and event projects were secured by tenders or quotations competitively. For the years ended 31 December 2015, 2016 and 2017, we submitted 94, 91 and 94 tenders and quotations and were awarded 60, 46 and 62 projects, respectively. Our overall success rate for the tenders and quotations submitted was approximately 64%, 51% and 66% for the years ended 31 December 2015, 2016 and 2017, respectively. Our success rate for the tenders and quotations submitted to non-automobile companies was approximately 89%, 47% and 52% for the years ended 31 December 2015, 2016 and 2017, respectively. The decrease in our tender and quotation success rate with respect to non-automobile companies was primarily due to our active engagement in the submission of tenders and quotations to such companies, which is part of our effort to diversify our customer base with an aim to capture a larger market share in the exhibitions and events in other industries. The increase in numbers of tenders and quotations submitted led to a decrease in the overall success rate.

In respect of our tender strategy, we normally take into account a number of factors, including (i) the size and scale of the exhibitions or events; (ii) the use of the construction materials, multi-media equipment and other related on-site facilities; (iii) the relevant fee quotes and costs from the suppliers which we may consider engaging to assist in the exhibitions and events; (iv) our budget and cashflow during and after the contract term; (v) the prevailing market price and market trends; (vi) the need for provision of additional services; and (vii) the specific requirements under the tender invitations or requests for fee quotations.

SUMMARY

The following table sets out the progress of our projects during the Track Record Period and up to the Latest Practicable Date:

	For the year ended/ As at 31 December			Up to the Latest Practicable Date
	2015	2016	2017	
Number of projects brought forward	3	10	4	9
Number of new projects obtained	<u>60</u>	<u>46</u>	<u>62</u>	<u>16</u>
Total number of projects	63	56	66	25
Number of projects completed	<u>53</u>	<u>52</u>	<u>57</u>	<u>13</u>
Number of projects carried forward	<u><u>10</u></u>	<u><u>4</u></u>	<u><u>9</u></u>	<u><u>12</u></u>

Up to the Latest Practicable Date, we are engaged in a total of 25 exhibition and event projects, for which approximately RMB64.1 million and RMB3.4 million are expected to be recognised for the years ending 31 December 2018 and 2019, respectively, subject to the actual progress of the relevant projects.

Major customers

Our major customers were automobile companies, marketing and public relations companies and entertainment companies during the Track Record Period. We normally enter into framework or master service agreements or one-off service agreements with our customers.

For the years ended 31 December 2015, 2016 and 2017, the aggregate revenue attributable to our five largest customers amounted to approximately RMB76.9 million, RMB79.8 million and RMB85.1 million, respectively, representing approximately 85.7%, 90.3% and 87.7% of our total revenue, respectively. For the same periods, the aggregate revenue attributable to our largest customer amounted to approximately RMB30.0 million, RMB27.8 million and RMB34.8 million, respectively, representing approximately 33.4%, 31.5% and 35.9% of our total revenue, respectively.

Major suppliers

Our major suppliers were service providers for stage and booth construction, equipment leasing companies and logistics and transportation companies. We do not enter into long-term contracts with our suppliers, but we maintain an internal list of approved suppliers for provision of different types of products and/or services.

SUMMARY

For the years ended 31 December 2015, 2016 and 2017, the aggregate cost of service attributable to our five largest suppliers amounted to approximately RMB42.7 million, RMB39.0 million and RMB34.6 million, respectively, representing approximately 61.7%, 59.2% and 47.7% of our total cost of service, respectively. For the same periods, the aggregate cost of service attributable to our largest supplier amounted to approximately RMB15.5 million, RMB14.3 million and RMB11.4 million, respectively, representing approximately 22.3%, 21.7% and 15.7% of our total cost of service, respectively.

Pricing policy

The pricing of our tender or quotation is based on cost-plus-margin pricing model in general with markup ranging from 25% to 65% on top of the cost of exhibition and event related services quoted by the relevant suppliers and determined on a project-by-project basis. We assess such cost with reference to various factors including but not limited to (i) the nature, scale, scope and complexity of the project; (ii) estimated labour costs of suppliers; (iii) estimated type and number of equipment required; (iv) estimated type and amount of materials needed; (v) expected project timetable provided by customer; and (vi) prevailing market condition.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success:

- proven business track record of integrated exhibition and event management services;
- well-established relationships with internationally renowned automobile companies;
- experienced management team with industry knowledge;
- stringent quality control and high service standard; and
- established network and track record of cooperation with a variety of suppliers.

BUSINESS STRATEGIES

We intend to implement the following strategies to further strengthen our market position in the exhibition and event management industry in the PRC:

- expand our exhibition and event management services;
- further diversify our customer base;
- promote our brand, improve our brand recognition and strengthen our marketing efforts;
- selectively pursue and explore strategic acquisition opportunities; and
- set up branch and/or representative offices to capture opportunities in different cities and regions in the PRC.

SUMMARY

INDUSTRY DEVELOPMENTS

The exhibition industry in the PRC is highly fragmented with a large number of small-and-medium sized participants scattered over tier 1, tier 2, tier 3 and lower tier cities and towns. Automobile is the top among the 120 sectors organising exhibitions in China in 2016, in terms of total revenue, which accounted for around 7.0%. Our Group was the fourth largest player in the automobile exhibition services market in China with a market share of approximately 1.3% in terms of total revenue in 2017. For further details, please refer to the section headed “Industry Overview” in this prospectus.

The exhibition services market in China is expected to continue to grow during the period from 2017 to 2022, driven by growing economic environment, development of different industries, favourable government policies such as “Opinions for Further Promotion of The Reformation and Development of Exhibition Industry” (《關於進一步促進展覽業改革發展的若干意見》) and the improvement of infrastructure in China. According to Frost & Sullivan, the total revenue of the exhibition services market in China is expected to grow at a CAGR of approximately 16.8% from RMB89.0 billion in 2017 to RMB193.3 billion in 2022.

SUMMARY OF FINANCIAL INFORMATION

The following tables set out the summary of our financial information for the periods indicated and should be read together with the consolidated financial information in Appendix I to this prospectus, including the accompanying notes, and the information set out in the section headed “Financial Information” in this prospectus.

Summary of consolidated statement of comprehensive income information

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	89,768	88,304	97,000
Cost of service	(69,220)	(65,991)	(72,697)
Gross profit	20,548	22,313	24,303
Selling expenses	(1,117)	(1,182)	(3,251)
Administrative expenses	(4,516)	(6,399)	(19,240)
Other income	—	24	69
Other gains/(losses) — net	—	182	(144)
Operating profit	14,915	14,938	1,737
Finance income	21	26	21
Finance expenses	(262)	(237)	(114)
Profit before income tax	14,674	14,727	1,644
Income tax expense	(4,185)	(3,737)	(2,428)
Profit/(loss) for the year	10,489	10,990	(784)

SUMMARY

Our revenue slightly decreased from approximately RMB89.8 million for the year ended 31 December 2015 to approximately RMB88.3 million for the year ended 31 December 2016, representing a slight decrease of approximately 1.6% or approximately RMB1.5 million. Such decrease was primarily due to the decrease in the number of exhibition and event projects managed by us leading to a decrease in service fees received from our customers.

Our revenue increased from approximately RMB88.3 million for the year ended 31 December 2016 to approximately RMB97.0 million for the year ended 31 December 2017, representing an increase of approximately 9.8% or RMB8.7 million. Such increase was primarily due to (i) the increase in revenue of approximately RMB7.0 million contributed by Customer B for the year ended 31 December 2017 as compared with the year ended 31 December 2016; and (ii) the increase in number of exhibition and event projects undertaken by us from 56 in 2016 to 62 in 2017.

Our gross profit increased from approximately RMB20.5 million for the year ended 31 December 2015 to approximately RMB22.3 million for the year ended 31 December 2016, representing an increase of approximately 8.6% or approximately RMB1.8 million. Our gross profit margin increased from 22.9% for the year ended 31 December 2015 to 25.3% for the year ended 31 December 2016. Our Group showed an increase in gross profit margin in 2016 as we maintained stable business relationships with our major suppliers and our cumulative experience in cooperating with various suppliers in our approved supplier list enabled us to understand their pricing strategies and our bargaining power. This allowed us to procure at a more cost effective way as a result of our effective procurement cost control.

Our gross profit increased from approximately RMB22.3 million for the year ended 31 December 2016 to approximately RMB24.3 million for the year ended 31 December 2017, representing an increase of approximately 8.9% or approximately RMB2.0 million. Our gross profit margin remained relatively stable despite a slight decrease from 25.3% for the year ended 31 December 2016 to 25.1% for the year ended 31 December 2017, which was primarily due to our stable procurement cost control measures by consolidating our procurement and by engaging suppliers with more competitive pricing, thereby leading to a similar average cost of service for our projects during the periods.

Summary of selected items from the consolidated balance sheets

	As of 31 December		
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
Total non-current assets	<u>1,672</u>	<u>3,148</u>	<u>2,837</u>
Total current assets	<u>56,172</u>	<u>48,720</u>	<u>64,890</u>
Total assets	<u><u>57,844</u></u>	<u><u>51,868</u></u>	<u><u>67,727</u></u>
Total liabilities	<u><u>40,973</u></u>	<u><u>24,007</u></u>	<u><u>41,065</u></u>
Net current assets	<u><u>15,199</u></u>	<u><u>24,713</u></u>	<u><u>23,825</u></u>

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Our net current assets position improved by approximately RMB9.5 million, from approximately RMB15.2 million as of 31 December 2015 to approximately RMB24.7 million as of 31 December 2016. Our net current assets position decreased by approximately RMB0.9 million, from approximately RMB24.7 million as of 31 December 2016 to approximately RMB23.8 million as of 31 December 2017.

Summary of consolidated statements of cash flows information

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from/(used in) operating activities	10,717	(2,773)	4,334
Net cash generated from/(used in) investing activities	7,517	(5,612)	8,305
Net cash (used in)/generated from financing activities	(259)	266	(5,522)
Net increase/(decrease) in cash and cash equivalents	17,975	(8,119)	7,117
Cash and cash equivalents at the end of the year	21,356	13,237	20,163

The net cash used in operating activities for the year ended 31 December 2016 of approximately RMB2.8 million reflected approximately RMB14.7 million of profit before income tax, adjusted mainly by (i) depreciation of RMB0.6 million; (ii) impairment provision of trade and other receivables amounting to approximately RMB1.2 million; (iii) gain from disposals of property, plant and equipment amounting to approximately RMB0.2 million; (iv) net finance expenses of approximately RMB0.2 million; (v) decrease in trade and other payables amounting to approximately RMB19.1 million; (vi) decrease in trade and other receivables amounting to approximately RMB2.2 million; and (vii) income tax paid amounting to approximately RMB2.4 million. The decrease in net cash generated from operating activities for the year ended 31 December 2016 as compared to that for the year ended 31 December 2015 was mainly attributable to (i) the increase in income tax paid of approximately RMB2.2 million; and (ii) the settlement of a large portion of our trade payables as at 31 December 2016, which decreased by approximately RMB17.5 million as compared with that of 2015 and consisted of payables incurred as a result of the increase in our services rendered in the last quarter of 2015 that were not settled until early 2016. For instance, we settled more than RMB19.0 million trade payables in the first two months of 2016. For details of our settlement pattern of the trade payables during the Track Record Period, please refer to the section headed “Financial Information — Trade and other payables”. Such net cash in operating activities position had improved and we recorded net cash generated from operating activities of approximately RMB4.3 million for the year ended 31 December 2017, which was mainly attributable to the increase in trade payables by approximately RMB17.3 million due to an increase in cost of service as a result of an increase in number of exhibition and event projects undertaken by us in 2017, leading to the overall increase in the cost of exhibition and event related services provided by suppliers.

For the years ended 31 December 2015, 2016 and 2017, our Group recorded cash generated from operations before changes in working capital and income tax paid of RMB15.0 million, RMB16.5 million and RMB3.0 million, respectively. In preparation for the Listing, we incurred Listing expenses of approximately RMB11.3 million charged to our consolidated statement of comprehensive income for the year ended 31 December 2017. As these are one-off expenses

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outside the ordinary and usual course of our business, they should be added back to the profit before income tax for the purposes of satisfying the minimum cash flow requirement under GEM Listing Rule 11.12A(1). Taking into account the above, the cash generated from operations before changes in working capital and income tax paid for the year ended 31 December 2017 would amount to approximately RMB14.3 million.

Key Financial Ratios

	Year ended 31 December		
	2015	2016	2017
Net profit/(loss) margin ⁽¹⁾	11.7%	12.4%	(0.8)%
Return on equity ^{(2) (4)}	62.2%	39.4%	N/A
Return on total assets ^{(3) (4)}	18.1%	21.2%	N/A
Interest coverage (times) ⁽⁵⁾	61.9	70.8	18.7
	As of 31 December		
	2015	2016	2017
Current ratio ⁽⁶⁾	1.4	2.0	1.6
Quick ratio ⁽⁷⁾	1.4	2.0	1.6
Gearing ratio ⁽⁸⁾	26.7%	17.9%	N/A

- (1) Net profit/(loss) margin is calculated by dividing profit/(loss) for the year by revenue and multiplying the resulting value by 100%.
- (2) Return on equity is calculated by dividing profit for the year by total equity as of the end of year and multiplying the resulting value by 100%.
- (3) Return on total assets is calculated by dividing profit for the year by total assets as of the end of year and multiplying the resulting value by 100%.
- (4) The ratio as at 31 December 2017 is not applicable as the Group recorded a net loss for the year.
- (5) Interest coverage is calculated by dividing operating profit by net finance expenses for the year.
- (6) Current ratio is calculated by dividing total current assets by total current liabilities.
- (7) Quick ratio is calculated by dividing total current assets (excluding inventories) by total current liabilities.
- (8) Gearing ratio is calculated by dividing total interest-bearing borrowings by total equity.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to 31 December 2017 (being the date of our latest audited consolidated balance sheet as set out in the Accountant's Report in Appendix I to this prospectus) and as at the Latest Practicable Date, our business continued to record relatively stable performance.

Our Directors confirmed that there has been no material adverse change in our business or financial condition since 31 December 2017 and up to the date of this prospectus.

Our Group recorded a net loss of approximately RMB0.8 million for the year ended 31 December 2017 as compared to the net profit of approximately RMB11.0 million for the year ended 31 December 2016, which was mainly due to the one-off Listing expenses of approximately RMB11.3 million charged to our consolidated statement of comprehensive income.

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In the same regard, we expect to record net losses for the year ending 31 December 2018 primarily as a result of (i) the Listing expenses to be charged to our consolidated statement of comprehensive income; (ii) the maintenance and compliance costs after the Listing including but not limited to the annual listing fee, the professional advisory fee and the expenses to be incurred in relation to publication of disclosure announcements and periodic financial information in compliance with the GEM Listing Rules; and (iii) the increase in operating expenses following the implementation of our business objectives, such as the anticipated increase in employee benefit expenses resulting from the recruitment of staff members as detailed in the paragraphs below, which is expected to be incurred after the Listing. We estimate Listing expenses of approximately RMB9.9 million to be recorded for the year ending 31 December 2018 among which RMB7.3 million will be charged to our consolidated statement of comprehensive income. The majority of the above is expected to constitute cash outflows used in operating activities and consequently have a negative impact on our cash flows generated from operating activities for the year ending 31 December 2018.

In addition, the Group recorded an increase in full-time employees by 34 staff members, including technical director, managers at construction site and other technical personnel, or by 68% to 84 staff members as at 31 December 2017 as compared with 50 staff members as at 31 December 2016 mainly for the expansion of our exhibition and event management services including but not limited to undertaking exhibition showroom services and meeting the personnel requirements for obtaining the Grade II Qualification for building decoration. For further details of the personnel requirements, please refer to the section headed “Regulatory Overview — Laws and Regulations relating to Building Decoration — Qualifications for Building Decoration” in this prospectus.

Further, our Group’s business belongs to a labour intensive industry where each exhibition and event project (if including building decoration work) would require a minimum of 16 staff members, including 3 to 5 designers, 6 to 10 managerial and execution staff and at least 7 staff (with no upper limit) for building decoration work which may vary according to the scale of the project, according to Frost and Sullivan. The Directors expect to undertake around 6 to 8 exhibition showroom service projects annually under its current expansion plan, subject to the then potential customers’ demand and market conditions. To capitalise the market opportunities and future growth of demand for the exhibition and event management services and to further increase the market share of the Group, we are required to expand our manpower capacity and reserve. We expect to recruit 45 to 65 additional staff members up to 30 June 2020 for (i) undertaking exhibition showroom services and handling the management and quality control of our exhibition and event projects; (ii) strengthening our design capabilities; (iii) executing our marketing plans; and (iv) providing administration services to support our business operations, the details of which are set out in the sections headed “Future Plans and Use of Proceeds” and “Financial Information — Recent Developments” in this prospectus.

Taking into account the effect of full-time employees recruited as at the Latest Practicable Date for the expansion of our exhibition and event management services as mentioned above and the additional staff members for the expansion of our manpower capacity to support our future business expansion, the Directors estimate that the staff costs for the year ending 31 December 2018 to be almost doubled when compared with that in 2017 the figure of which, however, is subject to uncertainty and the actual figure may differ significantly from such estimate due to the

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eventual implementation of our business strategies and the then market conditions. Furthermore, subject to the successful implementation of our business plans, we may record a decrease in our gross profit margin and/or net profit margin for the years ending 31 December 2018 and 2019 as compared to that for the year ended 31 December 2017, primarily due to the anticipated increase in employee benefit expenses resulting from the increase in staff members as mentioned above.

Based on the unaudited financial information of our Group, our revenue decreased for the three months ended 31 March 2018 when compared with the corresponding period in 2017, mainly attributable to the decrease in revenue generated from Customer B as a result of its marketing plans, which resulted in a drop in revenue contributed by such customer for the first quarter of 2018 as compared to the same period in 2017.

SHAREHOLDER INFORMATION

Immediately following completion of the Capitalisation Issue and the Share Offer, A&B, which is wholly and beneficially owned by Mr. Huang, will hold 1,272,900,000 Shares, representing approximately 63.65% of the issued share capital of our Company. As A&B and Mr. Huang are directly or indirectly entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of our Company immediately following the Listing, each of them will be regarded as our Controlling Shareholder under the GEM Listing Rules. Please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus for further details.

PRE-IPO INVESTMENTS

On 15 and 16 June 2017, Beijing Dowway and Mr. Huang entered into Pre-IPO Investment Agreement (Mr. Shao) and Pre-IPO Investment Agreement (Longling Capital) with Mr. Shao and Longling Capital respectively, pursuant to which Mr. Huang undertook to procure our Company to allot and issue Shares equivalent to 2.1% and 6.65%, respectively, of the enlarged issued share capital of our Company upon completion of the Reorganisation to Mr. Shao and Longling Capital at a consideration of RMB3,000,000 and RMB9,500,000. The consideration under each of the Pre-IPO Investment Agreements were fully settled and, upon completion of the Capitalisation Issue and the Share Offer, Mr. Shao and Longling Capital would in aggregate be interested in approximately 6.56% of the total issued share capital of our Company.

Mr. Shao is an individual investor. He is currently the director of Yiu Cheong Construction Material Company Limited (耀昌建材有限公司), Yiu Hang Construction Material Company Limited (耀恒建材有限公司), Yiu Ming Construction Material Company Limited (耀明建材有限公司) and Guangdong Guofu Runben Entrepreneurship Investments Company Limited* (廣東國富潤本創業投資有限公司) and the chief executive of Guangdong Hefu Investments Management Company Limited* (廣東合富投資管理有限公司). Whereas, Longling Capital is wholly owned by Mr. Cai Wensheng (蔡文勝) and is principally engaged in the business of capital investments in both the PRC and other countries. Each of Mr. Shao, Longling Capital and Mr. Cai Wensheng (蔡文勝) is an Independent Third Party as at the Latest Practicable Date. For further details, please refer to the section headed “History and Development” in this prospectus.

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SHARE OFFER STATISTICS

The statistics below are based on the assumption that 500,000,000 Offer Shares are to be issued under the Share Offer.

	Based on the low end of the indicative Offer Price range of HK\$0.12 per Share	Based on the high-end of the indicative Offer Price range of HK\$0.16 per Share
Market capitalisation of our Shares ⁽¹⁾	HK\$240 million	HK\$320 million
Unaudited pro forma adjusted net tangible assets per Share ⁽²⁾	HK\$0.04	HK\$0.05

Notes:

- (1) The calculation of market capitalisation is based on the assumption that 2,000,000,000 Shares will be in issue immediately following completion of the Capitalisation Issue and the Share Offer.
- (2) The unaudited pro forma adjusted net tangible assets per Share is calculated after the adjustments referred to in the section headed “Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets” in this prospectus and on the basis of 2,000,000,000 Shares to be in issue immediately following completion of the Capitalisation Issue and the Share Offer.

DIVIDENDS

We do not have a fixed dividend policy. On 28 August 2017, Beijing Dowway resolved to distribute a dividend of RMB10.0 million to Mr. Huang, Mr. Zhao and Mr. Shao. Approximately RMB5.3 million of the dividend payable to Mr. Huang was used to set off the amount due from him, while the remaining amount was fully funded by our internal resources and settled on 15 December 2017.

FUTURE PLAN AND USE OF PROCEEDS

The net proceeds from the Share Offer, after deducting underwriting commission and estimated expenses in relation to the Share Offer, are estimated to be approximately HK\$38.9 million, assuming an Offer Price of HK\$0.14 per Share, being the mid-point of the indicative Offer Price range of HK\$0.12 to HK\$0.16 per Share. We intend to use such net proceeds for the following purposes:

- Approximately HK\$14.3 million (approximately 36.8% of our total estimated net proceeds) for expanding our workforce to support our business expansion including recruitment of additional staff for (i) providing exhibition showroom services; (ii) handling the management and quality control of our exhibition and event projects; (iii) executing our marketing plans; and (iv) supporting our business operations; and provision of training to our staff.

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- Approximately HK\$13.9 million (approximately 35.7% of our total estimated net proceeds) for expanding our exhibition and event management services including provision of exhibition showroom services, installation and/or upgrade of our information technology systems and/or computer hardware and software, and purchase of multimedia audiovisual equipment.
- Approximately HK\$3.6 million (approximately 9.2% of our total estimated net proceeds) for strengthening our marketing efforts including carrying out marketing and promotional campaigns, advertising on internet and software applications and bolstering company's website.
- Approximately HK\$3.2 million (approximately 8.3% of our total estimated net proceeds) for expanding our existing offices and/or setting up branch or representative offices in different cities and regions of the PRC.
- Approximately HK\$3.9 million (approximately 10.0% of our total estimated net proceeds) for working capital and general corporate purposes.

REASONS FOR THE LISTING

We aim to be a leading exhibition and event management services provider in China. Our Directors believe that the Listing would be instrumental in enabling us to achieve our business strategies and provide us with broader access to capital for future growth such as expanding our workforce to support our business expansion and expanding our exhibition and event management services. Our Directors also believe that a public listing status will enhance our corporate profile, brand recognition and market position which are important factors to success in the exhibition services industry. In addition, with boarder access to financial resources and enhanced corporate profile and brand recognition upon Listing, our Directors believe it is easier to expand our customer base as new customers are generally more inclined to transact with a listed company with better governance. Our Directors also believe that the Listing will strengthen our ability to attract talent and retain existing staff members for our business operations and developments.

RISK FACTORS

Our business is subject to certain risks involved in our operations, including but not limited to risks relating to our business, risks relating to conducting business in the PRC and risks relating to the Share Offer and our Shares. We believe that the following are some of the major risks that we face: (i) the entry threshold of our industry is relatively low and this industry is with keen competition; (ii) our business is heavily dependent on the provision of exhibition and event management services in the automobile industry; (iii) the majority of our customers are automobile companies and there is no assurance that we can successfully diversify our customer base; (iv) we rely on our major customers during the Track Record Period; (v) there is no assurance that the demand for the integrated exhibition and event management services we provide will stay put or increase; (vi) there may be fluctuations of our cost of service that we may not be able to pass on to our customers; (vii) we may face cash flow problems if we do not receive payments from our customers on time and in full under our current pricing policy; (viii) we may be exposed to litigation risk as a result of the engagement of our suppliers without obtaining written consent from our customers; (ix) we rely on our suppliers for provision of construction services, leasing of

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equipment and logistics and transportation services and may have to bear the consequences ourselves; (x) we rely on our senior management and other key personnel and may not be able to retain their services; and (xi) our business strategies may not materialise and future growth could be limited.

As different investors may have different interpretations and standards for determining the materiality of a risk, you should read the entire section headed “Risk Factors” in this prospectus carefully before you decide to invest in the Offer Shares.

LISTING EXPENSES

The total estimated Listing expenses in connection with the Listing are approximately RMB26.0 million (based on the mid-point of the Offer Price of HK\$0.14) per Share. During the Track Record Period, we did not incur any Listing expenses for the years ended 31 December 2015 and 2016. For the year ended 31 December 2017, we incurred approximately RMB16.1 million of Listing expenses, of which RMB11.3 million charged to our consolidated statement of comprehensive income and RMB4.8 million recorded as prepayment. Upon Listing, we expect to further incur RMB9.9 million in 2018, of which RMB7.3 million will be charged to our consolidated statement of comprehensive income and RMB2.6 million (together with the previous incurred Listing expenses recorded as prepayment) will be accounted for as a deduction from equity.

DEFINITIONS

In this prospectus, the following expressions shall have the meanings set out below unless the context requires otherwise.

“A&B”	A&B Development Holding Limited, a company incorporated in the BVI with limited liability on 26 April 2017 and wholly owned by Mr. Huang and a Controlling Shareholder;
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s), and GREEN Application Form(s) or where the context so requires, any of them to be used in connection with the Public Offer
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company adopted on 16 May 2018 and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Bafang Wuxian”	Beijing Bafang Wuxian Cultural Communication Company Limited* (北京八方無限文化傳播有限公司), a company established in the PRC with limited liability on 16 February 2015
“Baifenzhiba”	Beijing Baifenzhiba Cultural Communications Company Limited* (北京百分之八文化傳播有限公司), a company established in the PRC with limited liability on 14 June 2013
“Beijing Dowway”	Beijing Dowway International Exhibition Company Limited* (北京天平道和國際展覽有限公司), a company established in the PRC with limited liability on 3 June 2002 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Board” or “our Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate, the year-over-year average growth rate of a value over time

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“Capitalisation Issue”	the issue of 1,499,990,000 Shares to be made upon capitalisation of part of the amount standing to the credit of the share premium account of our Company as further set out in the section headed “Statutory and General Information — A. Further information about our Company — 3. Written resolutions of our Shareholders passed on 16 May 2018” in this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Central China”	the regions covering Hubei Province, Hunan Province, and Henan Province
“CIT Law”	the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》)
“Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014, as amended, supplemented or otherwise modified from time to time
Companies (Winding Up and Miscellaneous Provisions) Ordinance	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

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“Company” or “our Company”	Dowway Holdings Limited (天平道合控股有限公司), an exempted company incorporated in Cayman Islands with limited liability on 28 April 2017 (under the former name of “Dowway International Company (天平道合國際公司)”), the holding company of our Group upon completion of the Reorganisation and the listing vehicle for the Listing
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and, in the context of our Company for the purposes of this prospectus, unless the context otherwise requires, means the controlling shareholders of our Company, namely Mr. Huang and A&B
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“D&S”	D&S Development Holding Limited, a company incorporated in the BVI with limited liability on 26 April 2017 and wholly owned by Mr. Zhao
“Deed of Indemnity”	the deed of indemnity dated 16 May 2018 entered into by the Controlling Shareholders in favour of our Company (for ourselves and for each of our subsidiaries), as further detailed in the section headed “Statutory and General Information — E. Other Information — 1. Tax and other indemnities” in this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 16 May 2018 entered into by our Controlling Shareholders in favour of our Company (for ourselves and on behalf of our subsidiaries), as further detailed in the section headed “Relationship with Controlling Shareholders — Non-Competition Undertakings” in this prospectus
“Director(s)”	the director(s) of our Company
“Dowway Cultural”	Beijing Dowway Cultural Development Company Limited* (北京天平道和文化發展有限公司), a company established in the PRC with limited liability on 21 April 2016 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation

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“Dowway Investments”	Beijing Dowway Investments Consultancy Company Limited* (北京市天平道和投資諮詢有限公司), a company established in the PRC with limited liability on 17 October 2000 and owned as to 60% and 40% by Mr. Huang Ying, the uncle of Mr. Huang and an Independent Third Party respectively, as at the date of this prospectus
“East China”	the regions covering Jiangsu Province, Zhejiang Province, Anhui Province, Fujian Province, Jiangxi Province, Shandong Province and Shanghai
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry research consultant commissioned to prepare the Frost & Sullivan Report
“Frost & Sullivan Report”	the market research report prepared by Frost & Sullivan, an Independent Third Party market research agency
“GDP”	gross domestic product (all references to GDP growth rates are to real as opposed to nominal rates of GDP growth)
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“ GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries or, where the context requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, the present subsidiaries of our Company and the business carried on by such subsidiaries or (as the case may be) their predecessors
“HKD” or “HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“ HK eIPO White Form ”	the application for Public Offer Shares to be issued in the applicant’s own name, submitted online through the designated website of the HK eIPO White Form Service Provider at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified at www.hkeipo.hk

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“HK Dowway”	Dowway International Company Limited (天平道合國際有限公司), a company incorporated in Hong Kong with limited liability on 19 May 2017 and a direct wholly-owned subsidiary of our Company
“HKFRS”	Hong Kong Financial Reporting Standards issued by the HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Independent Third Party(ies)”	person(s) or company(ies) which is or are independent of and not connected with (within the meaning of the GEM Listing Rules) any of the connected persons and core connected persons of our Company or any of its subsidiaries or any of their respective associates and close associates
“Joint Bookrunners” or “Joint Lead Managers”	RaffAello Securities and PF Securities, being the joint bookrunners and joint lead managers of the Share Offer
“Lanse Shenyu”	Lanse Shenyu Internet Technology (Tianjin) Company Limited* (藍色神魚網絡科技(天津)有限公司), a company established in the PRC with limited liability on 13 August 2014
“Latest Practicable Date”	20 May 2018, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Listing”	the listing of our Shares on GEM
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares on GEM first commence

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“Listing Division”	the listing division of the Stock Exchange
“Longling Capital”	Longling Capital Ltd, a company incorporated in the BVI with limited liability on 15 May 2009, which is wholly owned by Mr. Cai Wensheng (蔡文勝), and a Pre-IPO Investor and a Shareholder upon completion of the Reorganisation
“Main Board”	the Main Board of the Stock Exchange
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of our Company adopted on 16 May 2018 and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“Mr. Huang”	Mr. Huang Xiaodi (黃曉迪), an executive Director, the chairman of our Board, the chief executive officer of our Company, our compliance officer and a Controlling Shareholder
“Mr. Shao”	Mr. Shao Riyao (邵日耀), a Hong Kong permanent resident and a Pre-IPO Investor and a Shareholder upon completion of the Reorganisation
“Mr. Xiao”	Mr. Xiao Yi (肖毅), an equity holder of Dowway Cultural prior to the Reorganisation, holding 19% of its then equity interest
“Mr. Yin”	Mr. Yin Lei (尹磊), a cousin of Mr. Huang
“Mr. Zhao”	Mr. Zhao Tao (趙韜), a Shareholder upon completion of the Reorganisation
“Mr. Zhou”	Mr. Zhou Wenjing (周皖京), an equity holder of Dowway Cultural prior to the Reorganisation, holding 30% of its then equity interest
“North China”	the regions covering Hebei Province, Shanxi Province, Beijing, Tianjin and Inner Mongolia autonomous region
“Northeast China”	the regions covering Liaoning Province, Jilin Province and Heilongjiang Province
“Northwest China”	the regions covering Qinghai, Shaanxi, Gansu, Ningxia autonomous region and Xinjiang autonomous region

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“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.16 per Share and currently expected to be not less than HK\$0.12 per Share at which the Offer Shares are to be offered under the Share Offer, to be determined in the manner as set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Offer Share(s)”	collectively, the Placing Shares and the Public Offer Shares
“PF Securities”	Pacific Foundation Securities Limited, being a licensed corporation to carry on type 1 (dealing in securities) and type 9 (asset management) regulated activities under the SFO
“percent” or “%”	per cent.
“Placing”	the conditional placing of the Placing Shares by the Underwriters on behalf of our Company, as further described in the section headed “Structure and Conditions of the Share Offer — Placing” in this prospectus
“Placing Shares”	the 450,000,000 new Shares being offered by our Company for subscription under the Placing subject to reallocation, as described under the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters that are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the underwriting agreement expected to be entered among, our Company, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters relating to the Placing
“PRC Government”	the central government of the PRC including all government departments (including provincial, municipal and other regional or local government entities) and organisations thereof or, as the context requires, any of them
“Pre-IPO Investment Agreements”	the Pre-IPO Investment Agreement (Mr. Shao) and the Pre-IPO Investment Agreement (Longling Capital)
“Pre-IPO Investment Agreement (Longling Capital)”	the investment agreement dated 16 June 2017 (as supplemented and amended by a supplemental agreement dated 31 August 2017) and entered into among Beijing Dowway, Mr. Huang and Longling Capital, particulars of which are set out in the section headed “History and Development — Pre-IPO Investments” in this prospectus

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“Pre-IPO Investment Agreement (Mr. Shao)”	the investment agreement dated 15 June 2017 (as supplemented and amended by a supplemental agreement dated 31 August 2017) and entered into among Beijing Dowway, Mr. Huang and Mr. Shao, particulars of which are set out in the section headed “History and Development — Pre-IPO Investments” in this prospectus
“Pre-IPO Investments”	the investments and subscriptions for Shares by the Pre-IPO Investors pursuant to the Pre-IPO Investment Agreements
“Pre-IPO Investors”	Mr. Shao and Longling Capital
“Price Determination Agreement”	the agreement expected to be entered into among our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or before the Price Determination Date to record and determine the Offer Price
“Price Determination Date”	the date, expected to be on or around Friday, 1 June 2018 or such later date as may be agreed among our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), on which the Offer Price is fixed for the purpose of the Share Offer
“Proposed PRC Listing”	The proposed listing of the equity interests in Beijing Dowway on the National Equities Exchange and Quotations in the PRC in early 2016, which was subsequently aborted in late 2016
“Public Offer”	the issue and offer of the Public Offer Shares for subscription in Hong Kong at the Offer Price on and subject to the terms and conditions described under the section headed “Structure and Conditions of the Share Offer” in this prospectus and the Application Forms
“Public Offer Shares”	the 50,000,000 Shares (subject to reallocation) initially offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer, whose names are set out under the section headed “Underwriting — Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement entered into among our Company, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters relating to the Public Offer

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“PRC” or “China”	The People’s Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Legal Advisers” or “Jingtian & Gongcheng”	Beijing Jingtian & Gongcheng Law Firm, the legal advisers to our Company as to the PRC laws
“RaffAello Capital” or “Sole Sponsor”	RaffAello Capital Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO
“RaffAello Securities”	RaffAello Securities (HK) Limited, being a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	The corporate reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed “History and Development — Reorganisation” in this prospectus
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, further details of which are contained in the section headed “Statutory and General Information — Further Information about our Company — Repurchase of our Shares by our Company” in Appendix IV to this prospectus
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC, which is the PRC government agency responsible for matters relating to foreign exchange administration
“SAFE Circular No. 37”	the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) promulgated by SAFE on 4 July 2014
“SAIC”	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	the State Administration of Taxation of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of US\$0.0001 each in the share capital of our Company
“Shareholder(s)”	holder(s) of our Share(s)
“Share Offer”	The Public Offer and the Placing
”Share Option Scheme”	the share option scheme conditionally adopted by our Company on 16 May 2018, the principal terms of which are summarised under the section headed “Statutory and General Information — Share Option Scheme” in Appendix IV to this prospectus
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“South China”	the regions covering Guangdong Province, Guangxi Province and Hainan Province
“Southwest China”	the regions covering Sichuan Province, Yunnan Province, Guizhou Province, Chongqing and Tibet autonomous region
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs as approved by the SFC, as amended, supplemented or otherwise modified from time to time
“Then Prospective Investors”	comprised 21 PRC citizens, each being an Independent Third Party and not being a party acting in concert (as defined under the Takeovers Code) with each other, TPCX and Mr. Huang at the relevant time
“Tianjin Dowway”	Tianjin Dowway International Exhibition Company Limited* (天平道和(天津)展覽展示有限公司), a company established in the PRC with limited liability on 24 June 2014 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation

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“Tianping Jiaoyang”	Beijing Tianping Jiaoyang Exhibition Company Limited* (北京天平驕陽展覽展示有限公司), a company established in the PRC with limited liability on 28 September 2012
“TPCX”	Tianjin Tianping Chuangxin Corporate Management Consultancy Centre (Limited Partnership)* (天津天平創新企業管理諮詢中心(有限合夥)), a partnership established in the PRC with limited liability on 10 March 2016 by Mr. Huang as the general partner and nine employees and the then legal adviser of Beijing Dowway as the limited partners including Mr. Yin and Ms. Li Jingyue, both being the cousins of Mr. Huang, Mr. Yan Jinghui and Mr. Ma Yong, both being our executive Directors, Mr. Bao Xianglong, Mr. Xiao and Mr. Tang Hao, all being our senior management, and subsequently deregistered on 2 April 2018
“Track Record Period”	the three financial years ended 31 December 2017
“Underwriters”	Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$”	United States dollars, the lawful currency of the United States
“ WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s/ applicants’ own name(s)
“Xingao Xinyuan”	Beijing Xingao Xinyuan International Exhibition Service Company Limited* (北京興奧鑫緣國際會展服務有限公司), a company established in the PRC with limited liability on 2 November 2011
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS

If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail. The English translations of official Chinese names which are marked with “” are for identification purpose only.*

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Unless otherwise specified, all references to any shareholding in our Company in this prospectus are disclosed on the assumption that there is no exercise of any options which may be granted under the Share Option Scheme.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain term used in this prospectus. These terms and their meanings may or may not correspond to standard industry meaning or usage of these terms.

“2D”	two dimensional
“3D”	three dimensional
“Gazette”	the gazette published by the Government
“GDP”	gross domestic product
“ISO”	an acronym for a series of quality management and quality assurance standards published by International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality system of business organisations
“ISO 9001”	a framework and systematic approach to managing business processes to produce a product/service that conforms to customer expectations. ISO 9001:2008 is a version of ISO 9001
“ISO 14001”	a standard published by ISO for an environmental management system. ISO 14001:2004 is a version of ISO 14001
“OHSAS”	Occupational Health and Safety Assessment Specification, an international assessment specification for occupational health and safety management systems
“OHSAS 18001”	the requirements for occupational health and safety management system developed for managing health and safety risks associated with a business
“variation order”	an order placed by customer during the course of project execution concerning variation to part of the works that is necessary for the completion of the project, which may include additions, omissions, substitutions, alterations, and/or changes in the quality, form, character, kind, position, dimension or other aspect of the work

FORWARD LOOKING STATEMENT

This prospectus contains forward-looking statements including, without limitation, words and expressions such as “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “plan”, “seek”, “will”, “would” or similar words or statements, in particular, in the sections headed “Summary”, “Risk Factors”, “Business”, “Future Plans and Use of Proceeds” and “Financial Information” in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on various assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions including the risk factors described in this prospectus and the following:

- our business and operating strategies and the various measures to implement such strategies;
- our dividend policy;
- our operations and business prospects, including development plans for its existing and new businesses;
- the future competitive environment for the industries in which we operate;
- the regulatory environment as well as the general industry outlook for the industries in which we operate;
- future developments in the industries in which we operate;
- the effects of the global financial markets and economic crisis; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations and the GEM Listing Rules, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors” in this prospectus. In this prospectus, unless otherwise stated, references to our intentions or those of any of the Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

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Investing in the Shares involves certain risks. You should read this prospectus in its entirety and carefully consider each of the risks described below and all of the other information contained in this prospectus before deciding to purchase the Shares. If any of the following risks materialises, our business, financial condition and results of operations could be materially and adversely affected. The trading price of the Shares could decline and you may lose all or part of your investment. You should seek professional advice from relevant advisers regarding your prospective investment in the context of your particular circumstances.

The risks related to our business and operations and the Share Offer can be categorised into four broad areas, namely (i) risks relating to our business; (ii) risks relating to conducting business in the PRC; (iii) risks relating to the Share Offer and our Shares; and (iv) risks relating to the statements made in this prospectus and from other sources.

RISKS RELATING TO OUR BUSINESS

The entry threshold of our industry is relatively low and this industry is with keen competition

There has yet to be any specific governmental or regulatory requirements for the provision of exhibition and event coordination and management services in the PRC. As a result, the threshold for participating in the industry is relatively low and it is not difficult for new players to join this industry, which will create even more competition in terms of pricing and quality of services offered. If there are more competitors within the industry, it may be more difficult for us to win tenders as new competitors may intentionally lower their quotations in order to obtain market share. New competitors may also introduce service scope that is different from ours and that is more appealing to our customers. There is no assurance that we will be able to excel over such new participants in terms of pricing and attractiveness of services offered. If we fail to perform better than them in any of these aspects, our business performance, financial conditions and revenue may be adversely affected. Further, if there is any new governmental or regulatory requirements imposed on our industry, there is no assurance that we could successfully comply with all the necessary governmental or regulatory qualification or certification and our business performance and operations may be adversely affected.

Our business is heavily dependent on the provision of exhibition and event management services in the automobile industry

During the Track Record Period, the majority of our exhibition and event management projects are related to automobile exhibitions and events. For the years ended 31 December 2015, 2016 and 2017, revenue derived from automobile related exhibitions and events represented approximately 93.1%, 97.7% and 89.1% of the Group's total revenue, respectively. Historically, we derived our profits mainly from provision of design, planning, coordination and management services for various exhibitions and events. As at the Latest Practicable Date, we have not entered into any long-term co-operation agreements with any of our Group's customers. The number of projects awarded to us depends highly on the prevailing market conditions in the automobile

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industry and the general conditions and development of the PRC economy. If there is any significant deterioration in the market conditions of the automobile industry, our operating results and financial conditions could be adversely affected.

The majority of our customers are automobile companies and there is no assurance that we can successfully diversify our customer base

Our Group has been providing exhibition and event management services mainly to automobile companies during the Track Record Period, with revenue deriving from automobile companies accounting for over 80% of our total revenue for each financial year during the Track Record Period. We have been venturing into exhibition segments other than the automobile industry, and have provided our services to some other non-automobile companies previously, but it will take time for such business segment to develop into a larger scale and another steady source of income. In addition, we cannot assure you that such income diversification will succeed. If we fail to create another steady source of income through customer diversification, our Group will continue to rely heavily on our design, planning, coordination and management services of exhibitions and events to the automobile companies in the foreseeable future. There is no assurance that our automobile company customers will in the future decide to bring in-house the design, planning, coordination and management services of exhibitions and events. In this regard, if we are not invited to submit a tender or if we could not succeed in winning and obtaining a tender bid, which would result in a decreased number of automobile related exhibitions and events to be coordinated or managed by us, our Group's revenue and profit will be significantly and adversely affected.

We rely on our major customers during the Track Record Period

During the Track Record Period, we derived a significant portion of income from our major customers in particular our five largest customers, which amounted to 85.7%, 90.3% and 87.7% of our Group's total revenue respectively for each of the years ended 31 December 2015, 2016 and 2017. In particular, revenue generated from our largest customer amounted to 33.4%, 31.5% and 35.9% of our Group's total revenue respectively for each of the years ended 31 December 2015, 2016 and 2017. If one or more of such customers cease(s) to conduct business, or do(es) not maintain its/their current level of business with us and we are unable to expand our business with other existing customers or attract new customers, we may experience slow growth, no growth or negative growth, and our business, financial performance and results of operations would be materially and adversely affected. Any change in our customers' business or financial performance including its strategies regarding the promotion of their brands, any liquidity problems, restructuring, winding up or liquidation, may also affect our business. There can be no guarantee that we will be able to diversify our customer base by obtaining a significant number of new projects from our existing and/or potential customers.

In addition, pursuant to the Guidance Catalogue of Foreign Investment Industries (《外商投資產業指導目錄》) that became effective on 28 July 2017, the manufacturing of whole automobiles is placed in the "restricted" category and foreign investors are only allowed to carry out such business through Sino-Foreign cooperation with the domestic entity holding not less than 50% equity interest. As confirmed by our PRC Legal Advisers, during the Track Record Period, two of our major customers are Sino-Foreign cooperation companies of which business is subject to the

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aforesaid “restricted” category under the Guidance Catalogue of Foreign Investment Industries, which in aggregate accounted for approximately 26.6%, 33.5% and 35.9% of our total revenue for the years ended 31 December 2015, 2016 and 2017, respectively. If any change is made to the to the Guidance Catalogue of Foreign Investment Industries, or if the PRC Government implements new rules and regulations that are applicable to our major customers, their business operations may be adversely affected, which in turn would cause adverse changes to our business operations and financial performance.

In addition, if there is any change in the cooperation model of our major customers in the PRC causing any disruption to their business, or if another Sino-Foreign cooperation company is formed to replace our major customers, there can be no assurance that we will be able to continue to secure business from such newly formed companies or at all. As a result, our business operations and financial performance may be adversely affected.

There is no assurance that the demand for the integrated exhibition and event management services we provide will stay put or increase

Since 2009, our Group has been providing our integrated exhibition and event management services. During the Track Record Period, we assisted around 120 customers in coordinating and managing over 700 stations of exhibitions and events.

There can be no assurance that the demand for the services we provide will continue to grow in the PRC. Any economic downturn or adverse economic conditions in the PRC may affect our customers’ willingness to organise exhibitions which, in turn, may reduce their invitations to submit tenders that we may receive and lead to an overall decrease in our business activities and a material adverse effect on our Group’s results of operations and financial conditions.

According to Frost & Sullivan, the growth of luxury imported automobile brands is primarily driven by the Chinese consumers’ continuously increasing purchase power. Therefore, our Group’s business performance and prospects are particularly dependent on the growth of the national economy in the PRC and the performance of sales of such automobiles in the PRC. If the economy of the PRC experiences a significant deterioration, or if the demand for their products drops, our customers may not be willing to host as many exhibitions as before, or they may reduce the scope and scale of these exhibitions. Furthermore, if there is any material downturn in the industries where our customers are situated, the number of visitors participating in such exhibitions may decrease and our Group’s business, financial conditions and results of operations could also be adversely affected.

In addition, the Ministry of Finance and the State Administration of Taxation of the PRC promulgated the “Notice on Imposing Additional Sales Tax on Super-luxury Cars” (《關於對超豪華小汽車加徵消費稅有關事項的通知》) on 30 November 2016 (effective 1 December 2016 onwards), pursuant to which an additional sales tax of 10% would be levied on passenger automobiles and light to medium commercial passenger automobiles with a retail price of RMB1.3 million (before VAT) or above, on top of the sales tax levied at the current tax rate in the production (import) process. As most of the exhibitions and events managed and coordinated by us were related to the automobile industry, and as most of our customers are internationally renowned automobile companies that market automobiles with a wide price range, there is a possibility that

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the notice would lead to an overall decrease in demand for some of the models our customers offer in the PRC market, thereby leading to a decrease in demand for our services. As a result, our Group's business, financial conditions and results of operations may be adversely affected.

In April 2018, the PRC Government announced the "Notice Relating to the Implementation of Tariff Against Certain Goods Originated from the United States of America"* (《關於對原產於美國的部分進口商品加徵關稅的公告》), pursuant to which a 25% tariff may be imposed on goods and products such as agricultural products, automobile, chemical products originating from the United States of America. To the best knowledge of the Directors with reference to certain public search results, as three of our major customers in the automobile industry, which in aggregate accounted for approximately 37.1%, 29.2% and 24.5% of our total revenue for the years ended 31 December 2015, 2016 and 2017 respectively, may import their automobile from the United States of America, they may be subject to the tariff as mentioned above. As a result, this may decrease the amount of automobiles imported to the PRC or they may even cease such import. They may also increase the retail price of automobiles which is likely to result in a decrease in both demand for and sales of such automobiles. Any of the above may lead to a decline in marketing effort within the region, thereby causing a decrease in demand for automobile exhibitions, from which a significant portion of our revenue is generated. There can be no assurance that such tariff would be lifted in the near future if implemented. There can also be no assurance that our automobile company customers would continue to sell their products in the PRC in view of such government policy. If such tariff is not lifted after the proposed implementation, or if our automobile company customers decide to lower their effort in selling automobiles in China, there is likely to be less automobile exhibitions held. In addition, such customers may also elect to mitigate the extra tariff payable by deducting our service fees. Any of the above would adversely affect our business operations and financial performance.

There may be fluctuations of our cost of service that we may not be able to pass on to our customers

In the course of preparing our tender submission, we estimate the overall cost based on prevailing market standards and apply a cost-plus-margin pricing. Our quotation included in the tenders depend on the complexity, the scope and the scale of the exhibition or event and the prices preliminarily quoted to us by our suppliers, including those for construction materials, labour, equipment or logistics and transportation. While there are a variety of suppliers we regularly engage, and that the preliminary quotations from our suppliers did not usually deviate a lot from the final cost, there may be instances where such prices increase after the tender is submitted but before a formal agreement is signed with our suppliers and we may therefore experience unexpected fluctuations in the price of these services. As the price at which we are paid by our customers is set when we win the tender bid, we will not be able to pass the increase in our cost of service to our customers if any of our suppliers significantly increase their quoted fees after we submit our tenders. If we pre-emptively increase the price quoted in our tender, our chances of winning will be hindered, which will in turn affect our revenue for the year. There is no assurance that we will always be able to accurately estimate the prices of such construction materials, labour, equipment or logistics and transportation and that we will be able to reflect it accordingly in our tender submission for each project. If we err in such estimation, we will have to bear the

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difference within. This may lead to a decrease in our profit or even a net loss in that particular project, which may have a material and adverse effect on our financial conditions and business operations.

The increase in labour cost in the PRC may adversely affect our operations and financial condition

Our business belongs to a labour intensive industry which emphasizes on the industry experience, design and creativity, coordination and management skills, execution capabilities and customer relationship management of our staff members. As at the Latest Practicable Date, the Group maintained 83 full-time employees. Under the current expansion plan, the Group expects to recruit 45 to 65 additional staff members up to 30 June 2020 for (i) undertaking exhibition showroom services and handling the management and quality control of our exhibition and event projects; (ii) strengthening our design capabilities; (iii) executing our marketing plans; and (iv) providing administration services to support our business operations, the details of which are set out in the section headed “Future Plans and Use of Proceeds” in this prospectus. According to the National Bureau of Statistics of the PRC, the average annual salary of employees in urban private enterprises in service industry in China grew from RMB31,796 in 2012 to RMB53,245 in 2017, representing a CAGR of 10.9%. Labour cost in the PRC has been on a rising trend over the years, and it is expected that the labour cost will continue to rise in the future. We may not be able to fully transfer any increase in cost of labour to our customers or offset such increase in labour cost against corresponding increases in the fee of our services. In the event that we are unable to cope with the increasing labour cost, our business and financial performance may be adversely affected.

We had negative cash flow in operating activities for the year ended 31 December 2016

For the year ended 31 December 2016, we recorded negative cash flow in operating activities of approximately RMB2.8 million. This amount reflected approximately RMB14.7 million of profit before income tax, adjusted by (i) depreciation of RMB0.6 million; (ii) impairment provision of trade and other receivables amounting to approximately RMB1.2 million; (iii) gain from disposals of property, plant and equipment amounting to approximately RMB0.2 million; (iv) net finance expenses of approximately RMB0.2 million; (v) decrease in trade and other payables amounting to approximately RMB19.1 million; (vi) decrease in trade and other receivables amounting to approximately RMB2.2 million; and (vii) income tax paid amounting to approximately RMB2.4 million. The negative cash flow in operating activities for the year ended 31 December 2016 was mainly attributable to (i) the increase in income tax paid of approximately RMB2.2 million; and (ii) the settlement of a large portion of our trade payables as at 31 December 2016. For further details, please refer to the paragraph headed “Financial information — Liquidity and capital resources — Net cash generated from/(used in) operating activities” in this prospectus. We cannot assure you that we will not record negative operating cash flow in the future. If we record net operating cash outflow in the future, our business and results of operations may be materially and adversely affected.

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We may face cash flow problems if we do not receive payments from our customers on time and in full under our current pricing policy

As disclosed in the section headed “Business — Overview — Our principal business activities” in this prospectus, we engage suppliers in the course of the provision of our services. Generally, our suppliers would require an upfront payment at the time of their engagement, while some of the service contracts we enter into with our customers do not contain similar terms. Some of our fee under such service contracts are due for payment at the end of our services. There can be no assurance that we will have sufficient cash flow to satisfy the amount due to our suppliers, or that our customers will pay us on time. For the year ended 31 December 2015, we recorded cash generated from operations of approximately RMB11.0 million while for the year ended 31 December 2016, we recorded cash used in operations of approximately RMB0.4 million. For the year ended 31 December 2017, we recorded cash generated from operations of approximately RMB9.3 million. If we are unable to generate enough cash flow to discharge our payment obligations, our suppliers may cease their provision of goods or services to us, which will materially and adversely affect our business operations and hence our business performance and financial conditions.

In addition, we usually grant our customers a credit period ranging from 30 to 180 days from the date of issue of our invoices. However, there can be no assurance that our customers will settle our invoices on time and in full. As at 31 December 2015, 2016 and 2017, our trade receivables net of allowance for impairment amounted to approximately RMB29.0 million, RMB23.1 million and RMB35.9 million, respectively. For each of the years ended 31 December 2015, 2016 and 2017, our trade receivables turnover days were 107 days, 108 days and 111 days, respectively. Any difficulty in collecting a substantial portion of our trade receivables could materially and adversely affect our cash flows and financial position. In the event that we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient funds to finance our cash flow deficit, our liquidity and financial condition may be materially and adversely affected. We cannot assure you that we will have sufficient cash from other sources to fund our operations to mitigate such cash flow deficit. If we resort to other financing activities to generate additional cash, we will incur additional financing costs, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all.

We may be exposed to litigation risk as a result of the engagement of our suppliers without obtaining written consent from our customers

As stated in the section headed “Business — Operation Workflow” in this prospectus, we either enter into framework, master service agreements or one-off service agreements with our customers for the provision of our exhibition and event management services. Some of these contracts contain provisions whereby, upon receipt of written consent from the customers, our Group is entitled to engage third party suppliers for performing ancillary services pursuant to the customer contracts. During the Track Record Period and in the course of the provision of our services, we have verbally notified our customers regarding the engagement of suppliers to, for instance, conduct installation and construction works for setting up stage, booths and/or venues of exhibitions or events, to lease and/or install audio, visual and lighting equipment and facilities, etc. albeit no written consent was obtained from these customers which, in turn, may constitute a breach of such customer contracts on our part. As a result, our customers are entitled to bring legal

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claims for damages or penalty against us. There is no assurance that our customers would interpret the contracts in a liberal way or they would not bring legal claims against us following their inspection and completion of our contracts, and that we would be able to defend or mitigate appropriately. There is also no assurance that the customers bringing such claims against us will continue to engage us in the future. If the relevant judicial authorities hold us liable for the contractual breach and payment for damages, or if we are unable to adequately defend such legal claims, our business reputation and financial results may be adversely affected.

We rely on our suppliers for provision of construction services, leasing of equipment and logistics and transportation services and may have to bear the consequences ourselves

During the course and in different stages of our business operation, we engage a range of suppliers for the provision of construction services, leasing of equipment, as well as logistics and transportation services. We enter into written contracts with these suppliers, under which the time of delivery and the penalty for late delivery is specified. We actively communicate with our suppliers from time to time to monitor their progress and our project management team is responsible for supervising the services provided by them on-site and conduct a final inspection of products or services provided by them. However, there may be instances where circumstances are out of our control, which cause our suppliers unable to timely perform their contractual obligations or at all. In this case, we may not be able to deliver our services as stipulated under the contracts entered into with our customers and this may lead to a breach of the contract entered into. As such, we may be liable for paying damages to our customers or have the whole contract cancelled or rescinded. There are provisions in the contracts we enter into with our suppliers causing them liable for any delay in the provision of their services but there is no assurance that such provisions of our suppliers would be able to indemnify us completely or at all. Under such circumstances and after setting off the possible damages we are obliged to pay our customers, our profit may be vastly reduced, or we may not receive any payment at all or need to pay extra damages to our customers. In addition, if one or more of our customers suffer or claim to have suffered harm or damage as a result of us unable to provide quality services, our brand reputation and customer loyalty could be harmed. Shall such events happen, our Group's business and results of operations will be adversely affected.

We rely on our senior management and other key personnel and may not be able to retain their services

The continuous commitment of our senior management and other key personnel, especially our executive Directors Mr. Huang Xiaodi, Mr. Ma Yong and Mr. Yan Jinghui, all of whom possess considerable professional experience in the exhibition and event management industry and are vital to our success and business development strategies. For details of the background of our executive Directors, please refer to the section headed "Directors and Senior Management — Executive Directors" in this prospectus. We believe that the industry experience, in-depth knowledge and understanding of our senior management and other key personnel and their established relationship with our customers, suppliers, our business counterparts and industrial associations, allow us to effectively understand the preferences and requirements of our current customers, as well as the current trend in the market. Their guidance also enable us to manage our projects effectively. The future success of our Group will depend on our track record and reputation, and the continuous involvement, efforts, performance and abilities of our senior

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management and other key personnel as a whole. There can be no assurance that our Group will be able to retain the services of such individuals and to capitalise on their leadership skills. If we are unable to retain talent or timely attract and engage a suitable replacement, it may result in the loss of strategic leadership, disruption or delay to business operation, which could have a material adverse effect on our Group's business, operations and financial conditions.

Our business strategies may not materialise and future growth could be limited

The business strategies as set out in the section headed “Business — Business strategies” in this prospectus represent the projected targets, objectives, and future plans of our Group. Depending on how the business of our Group performs, such targets, objectives, and plans may deviate from what is originally intended, and the business strategies set out in this prospectus may differ from our Group's actual business performance, which is to a large extent dependent on whether all the assumptions stay put and whether there will be new circumstances that will affect the decision making process of our Directors. As such, there can be no assurance that the objectives of our Group will materialise or that our business strategies will be successfully implemented. For instance and as aforementioned, we expect to tender proposals to potential new customers with lower profit margins in the short run in connection with our future expansion to new segments in the market and such expansion could exert great pressure on our resource allocation. We cannot guarantee that we will possess sufficient resources to support our future development. Our future growth could also be hindered by our prospective clients' preference and the overall market condition. Failure to execute our expansion strategy effectively may lead to increased costs, inefficient operation flow and reduced profitability, which could in turn have a material adverse effect on our business, financial conditions and results of operations.

In addition, as disclosed in the section headed “Business — Business Strategies” in this prospectus, we are building upon our existing exhibition and event coordination and management services to provide exhibition showroom services that require a longer exhibition period and we recognized revenue of approximately RMB2.6 million from an exhibition showroom project from Customer H for the year ended 31 December 2017. We have applied to the Beijing Huairou District Commission of Housing and Urban-Rural Development* (北京市懷柔區住房和城鄉建設委員會) for the Grade II qualification for building decoration under the Qualification Standards for Construction Enterprises (《建築業企業資質標準》). As at the Latest Practicable Date, such application is under review and has been escalated to Beijing Municipal Commission of Housing and Urban-Rural Development* (北京市住房和城鄉建設委員會) for final approval. We expect to obtain such qualification in May 2018. In the event that the application is unsuccessful or delayed, or if we are subsequently unable to extend such qualification granted to us, we will not be able to undertake building decoration works in the course of provision of exhibition showroom services and our business development and future prospect may be hindered, leading to an adverse impact on our business operations and financial performance.

We may not be able to sustain our profit as recorded in the Track Record Period

Our Group's profits for the years ended 31 December 2015 and 2016 were approximately RMB10.5 million and RMB11.0 million, respectively while we recorded a net loss of approximately RMB0.8 million for the year ended 31 December 2017. We cannot assure you that we will be able to achieve a better profit in the future or maintain such level of profits we

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recorded for the years ended 31 December 2015 and 2016. Our Group's profit historically was mainly derived from the design, planning, coordination and management services of exhibitions and events we provide to our customers. However, due to the (i) uncertainty of our customers' willingness to invite us to submit tenders; and (ii) uncertainty in relation to our Group's success in winning tender bids, the growth of our Group's future profit may be limited. We are seeking to expand our customer base into the area of non-automobile exhibitions and events. During the course of developing new customer relationship, we may lower our quotation in short run to secure business opportunities with these new customers which may in turn affect our profit margin. There is no assurance that our intended strategies can be achieved or will be profitable in the short run. If we are not able to implement our expansion plans effectively, our competitiveness may be adversely affected and our future revenue and profitability will be further undermined.

Our business is susceptible to seasonal fluctuations and if we cannot secure adequate purchase orders for our low season and sustain our purchase orders for the rest of the year, our results of operations may be adversely affected

Our business may be impacted by seasonality. Based on our experience during the Track Record Period, most of our customers prepare the budgeting proposals and plans for their exhibitions and events in the beginning of the year, thereby leading to a lower level of demand in the first half of the year. In general, the second half of the year is usually the high season of the demand in our services due to more exhibitions and events held. In 2015, 2016 and 2017, the revenue recorded in the second half of the year accounted for approximately 71.7%, 66.6% and 62.5% of the annual total revenue, respectively. For further details, please refer to the section headed "Business — Major Customers — Seasonality" in this prospectus. There is no assurance that we would be able to secure adequate customer demand and generate sufficient income in the first six months of each year. If we are unable to secure sufficient purchase orders for our low season and sustain our purchase orders for the rest of the year, our financials and results of operations may be adversely affected.

Our insurance may not be able to cover damages to all risks related to our business operations

We are required by our customers to maintain insurance in the course of provision of our services. During the Track Record Period, we have not maintained sufficient insurance coverage on third party liability or against personal injuries that may occur during the operation of our business but we typically require our suppliers to purchase insurances for the exhibitions or events managed and coordinated by us. There can be no assurance that no accidents or incidents, whether or not out of our control, will happen during the course of the exhibitions or events, or that no visitors will be injured as a result of such accidents. As a result, our Group may be vulnerable to tortious claims or other legal proceedings by the injured, which we may not be able to properly mediate or at all. In addition, there is no assurance that the liability insurance for damages and third party injuries purchased by us will be sufficient in covering damages that may be incurred during the course of our exhibitions or events. If any individuals are injured at the exhibition venue leading to threatened legal proceedings against our Group, we may be liable to pay the damages that is borne by our customers and be subject to damages not covered by our insurances

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for injuries sustained as assessed by the court of an unforeseeable sum and this may risk our reputation, any of which will materially and adversely affect our business performance and financial conditions.

Our non-compliance with certain laws and regulations regarding the housing provident fund in the PRC could lead to court order against us

In accordance with relevant PRC laws and regulations, we are required to contribute to certain employees' social welfare schemes, including the housing provident fund. Please refer to the section headed "Regulatory Overview" in this prospectus for more details. However, during the Track Record Period, we were not in strict compliance with the contribution requirements for some of our employees. As advised by our PRC Legal Advisers, although no penalty will be imposed on us for such non-compliance regarding the laws and regulations related to housing provident fund in the PRC, the housing provident fund administration centre may order us to pay up in a prescribed time limit. If we still fail to pay up within the prescribed time limit, the housing provident fund administration centre may apply to the court for enforcement of the unpaid amount. We estimate that the aggregate amount of underpaid housing provident fund contributions during the Track Record Period was approximately RMB0.3 million.

Personal injuries, property damages or fatal accidents may occur if safety measures are not followed

Personal injuries, property damages or fatal accidents may occur if safety measures are not followed at the construction sites in the course of our operations. We require our employees and suppliers to adhere to and implement all the safety measures and procedures as stipulated in our work and safety policy. We have designated a specific employee to monitor and supervise closely our employees in the implementation of all such safety measures and procedures during project implementation. However, we cannot guarantee that our employees or suppliers will not violate the applicable laws, rules or regulations in the future. If any such employees or suppliers fail to comply with our safety measures at the construction sites, personal injuries, property damage or fatal accidents may occur. These may adversely affect the financial position of our Group to the extent not fully recoverable from our insurance policies.

Our intellectual property rights will expire and we may not be able to extend their duration

As disclosed in the section headed "Appendix IV — Statutory and General Information — 2. Intellectual Property Rights of our Group" in this prospectus, our Group is the registered owner of certain trademarks and patents, which are directly relevant to our business and operation. Under the current relevant PRC intellectual property laws, registered trademarks and patents for utility models will expire 10 years after their registrations. There can be no assurance that we will be able to extend the registrations of such trademarks and patents on time or that there will be no other parties challenging the extension. If we fail to continue to hold the rights to these trademarks and patents, or if another party is successful in challenging our ownership of such, we may not be able to rely on the business reputation that our trademarks represent or the operation flow under the patents in the course of our business operation, any of which will lead to a material and adverse effect on our Group's business, operations and financial condition.

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RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Political and economic policies of the PRC government could affect our business, financial conditions and results of operations

All our revenue is generated from our operations in the PRC, which is expected to continue in the near future. Therefore, our results, financial conditions and prospects are to a significant degree subject to the economic, political and legal developments of the PRC. Although the PRC economy has been transforming from a planned economy to a more market-oriented economy, the PRC government is still able to exercise significant control over the economy of the PRC through various means such as the monetary policy, trade restrictions or preferential treatments. Over the past few years, the PRC government has spent its effort in boosting economic development and the market has responded positively, however, we cannot assure you that subsequent implementations and policies would have or tend to achieve the same goal. If the PRC economy experiences a serious downturn, our results, financial conditions and prospect could be adversely affected.

It may be difficult to effect services upon, or enforce judgments obtained from non-PRC courts against us or our Directors or senior management residing in the PRC

Most of our assets and those of our Directors and members of the senior management are located in the PRC. In addition, most of our Directors and members of the senior management reside in the PRC. Given a judgment from a court of another jurisdiction may only be reciprocally recognised or enforced in the PRC if that jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of any other requirements, and that the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the US, the UK, Japan and most other European countries, the recognition and enforcement of a judgment from a non-PRC court may be difficult or even impossible.

On 14 July 2006, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil or Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) which became effective on 1 August 2008. However, under this arrangement, investors are reminded that only an enforceable final judgment requiring payment of money arising out of a civil or commercial contract with an exclusive and written jurisdiction clause and granted by Hong Kong courts may be recognised by PRC courts, subject to the requirements and restrictions set forth in the arrangement.

Uncertainties regarding interpretation and enforcement of the PRC laws and regulations may impose adverse impact on our business, operations and profitability

Although many laws and regulations have been promulgated and amended in the PRC since 1978, the PRC legal system is still not sufficiently comprehensive when compared to the legal systems of certain developed countries. The interpretation of the PRC laws and regulations may be influenced by momentary policy changes reflecting domestic, political and social changes. In addition, it may also be difficult to enforce judgments and arbitration awards in the PRC.

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Many laws and regulations in the PRC are promulgated in broad principles and the Central People's Government has gradually laid down implementation rules and has continued to refine and modify such laws and regulations. As the PRC legal system develops, the promulgation of new laws or refinement and modification of existing laws may affect foreign investors. There can be no assurance that future changes in legislation or the interpretation thereof will not have an adverse effect upon our business, operations or profitability.

We may be deemed as a PRC tax resident under the CIT Law and be subject to PRC taxation on our worldwide income

Under the CIT Law, enterprises established under the foreign laws may be considered as a PRC tax resident if their “de facto management body” are located in the PRC. “De facto management body” is interpreted by the Supplementary rules of the CIT Law as a body that exercises substantial management or control over the business, production, accounts and assets of an enterprise. As most of our Directors and members of our senior management are based in China currently and will remain the same in the future, we and our non-PRC subsidiaries may be treated as PRC tax residents and a number of unfavourable tax consequences could follow. Although it is still unclear whether we will be treated by tax authorities as an overseas company controlled by natural persons, if so, we may be considered a PRC tax resident thus will be subject to the uniform enterprise income tax at a rate of 25% on our global taxable income and to PRC enterprise income tax reporting obligations. As a result, the cash flow and profitability of our Company may be adversely affected. In addition, if we are treated as PRC tax residents under Chinese laws, dividends we pay to non-PRC resident Shareholders may be treated as income sourced within China. Accordingly, dividends we pay to non-PRC resident Shareholders and transfers of Shares by these Shareholders may be subject to a withholding tax as further described the section headed “Dividends paid to our investors may be subject to PRC withholding taxes” in this section. Consequently, the value of your investment in our Shares may be materially and adversely affected.

Dividends paid to our investors may be subject to PRC withholding taxes

Under the CIT Law and its implementation rules, a 10% withholding tax is applicable to the profit of a foreign invested enterprise distributed to its immediate holding company outside China to the extent the distributed profit is sourced from China, (i) if the immediate holding company is neither a PRC-resident enterprise nor has any establishment or place of business in China, or (ii) if the immediate holding company has an establishment or place of business in China but the relevant income is not effectively connected with the establishment or place of business. Pursuant to a special arrangement between Hong Kong and China, this rate will be lowered to 5% if a Hong Kong resident enterprise directly owns over 25% of the Chinese company, subject to the approval from competent local tax authorities. However, according to a tax circular issued by the PRC State Administration of Taxation in 2009, Chinese tax authorities can adjust with discretion the preferential tax rate enjoyed by the relevant offshore entity if the main purpose of such arrangement is to obtain a preferential tax treatment.

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In addition, a 10% PRC income tax will be applicable to any gain realised from the transfer of our Shares by such holding company outside China if we are considered a PRC tax resident and if such gain is considered as an income derived from sources within the PRC. The value of your investment may be materially and adversely affected if we are required to withhold such PRC income tax or if you are required to pay such tax.

There is no assurance that Chinese tax authorities will determine that the 5% tax rate applies to dividends received by our subsidiaries in Hong Kong from our Chinese subsidiaries or that Chinese tax authorities will not levy a higher withholding tax rate on these dividends in the future. There is also no assurance that investors will be able to enjoy the benefit of income tax treaties or agreements entered into between China and other jurisdictions.

The Chinese tax authorities have strengthened their scrutiny over transfers of equity interests in a PRC resident enterprise by a non-resident enterprise, which may negatively affect our business and our ability to conduct mergers, acquisitions or other investments and the value of your investment in our Company

On 3 February 2015, the PRC State Administration of Taxation issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (“**Circular 7**”). Circular 7 provides comprehensive guidelines relating to, and heightened the Chinese tax authorities’ scrutiny on, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (“**PRC Taxable Assets**”). For example, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the Chinese tax authorities to have no reasonable commercial purpose other than to evade enterprise income tax, Circular 7 allows the Chinese tax authorities to reclassify this indirect transfer of PRC Taxable Assets into a direct transfer and impose on the non-resident enterprise a 10% rate of PRC enterprise income tax. Circular 7 exempts this tax, for examples, (i) where a non-resident enterprise derives income from an indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company in the public market, and (ii) where a non-resident enterprise transfers PRC Taxable Assets that it directly holds and an applicable tax treaty or arrangement exempts this transfer from PRC enterprise income tax. It remains unclear whether any exemptions under Circular 7 will be applicable to any future mergers, acquisitions or other investments that we may make outside China involving PRC Taxable Assets or to transfers of our Shares by our Shareholders. If the Chinese tax authorities impose PRC enterprise income taxes on these activities, our ability to expand our business or seek financing through these transactions and the value of your investment in our Shares may be adversely affected.

We may face PRC regulatory risks relating to the Share Option Scheme

On 15 February 2012, SAFE issued the Notice of SAFE on Issues relating to Foreign Exchange Administration for Domestic Individuals Participation on Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (“**Equity Incentive Plan Notice**”). The Equity Incentive Plan Notice applies to domestic individuals as defined in article 52 of the Foreign Exchange Administration Regulations of the PRC* (《中華人民共和國外匯管理條例》), including directors, supervisors,

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senior management or other employees of a domestic company, either Chinese citizens (including citizens of Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan) or foreign individuals who have lived in the PRC for one or above consecutive year (the “PRC Residents”). PRC Residents are required to file foreign exchange registrations with the SAFE or its branches for participation in the share option scheme of an overseas-listed company, which invests in or controls a PRC subsidiary. Participants of a share option scheme who are PRC Residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration with respect to the share option scheme on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of share options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the agent in mainland China is required to amend the SAFE registration with respect to the share option scheme if there is any material change to the share option scheme, the mainland Chinese agent or the overseas entrusted institution or other material changes.

According to Foreign Exchange Administrative Regulation, failure of our PRC share option holders or restricted shareholders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to distribute dividends to us or otherwise materially and adversely affect our business, financial condition and results of operations. We may therefore face regulatory risks relating to the Share Option Scheme if we grant options to domestic individuals provided in the Equity Incentive Plan Notice in the future.

RISKS RELATING TO THE SHARE OFFER AND OUR SHARES

There has been no prior public market for the Shares

Prior to the Share Offer, there was no public market for the Shares. The listing of, and the permission to deal in, the Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the Share Offer. Factors such as variations in our Group’s revenue, earnings and cash flows, changes of key personnel, and the liquidity of the market for the Shares, could cause the market price and trading volume of the Shares to change substantially. There is no assurance that the Share Offer will result in the development of an active and liquid public trading market for the Shares. In addition, both the market price and liquidity of the Shares could be adversely affected by factors beyond our Group’s control and unrelated to the performance of our Group’s business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, investors may not be able to sell their Shares at or above the Offer Price or at all.

The trading volume and market price of the Shares following the Share Offer could be volatile

The price and trading volume of the Shares could be volatile. Factors such as variations in our Group’s revenue, earnings, cash flows, announcements of new investments, regulatory development, additions or departures of key personnel and strategic alliances or acquisitions could result in large and sudden changes in the volume and price at which the Shares will trade. Volatility in the trading price of the Shares could also be caused by factors outside our Group’s control and could be unrelated to our Group’s operating results, such as investors’ perception of

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our Group's business plans, the macroeconomic environment and changes in our Group's senior management personnel. These fluctuations may materially and adversely affect the prevailing market price of the Shares and cause considerable losses to the investors.

The interests of our Controlling Shareholders may differ from those of our other Shareholders, and such Shareholders may be disadvantaged by the actions of our Controlling Shareholders

Immediately following completion of the Capitalisation Issue and the Share Offer, our Controlling Shareholders will beneficially own and control the exercise of approximately 63.65% of the voting rights in the general meeting of our Company. Our Controlling Shareholders could therefore exercise significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including but not limited to mergers, consolidations and the sale of all, or substantially all, of our assets, election of Directors, and other significant corporate actions. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders, those Shareholders could be disadvantaged by the actions of our Controlling Shareholders.

You will incur immediate and substantial dilution and may experience further dilution in the future

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Share Offer, purchases of our Shares in the Share Offer will experience an immediate dilution.

Pursuant to the Share Option Scheme, our Company may issue additional Shares following the exercise of options which may be granted in the future. The increase in the number of Shares outstanding after such issue would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

In addition, our Group may need to raise additional funds in the future to finance business expansion or new development plans and acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of existing Shareholders may be reduced, and they may experience subsequent dilution in the percentage ownership; and/or (ii) such newly issued securities may have preferred rights, options or privileges superior to those of the Shares of the existing Shareholders.

Our Company is a holding company and our ability to pay dividends depends on the earnings of, and distributions by, our subsidiaries. We may not declare dividends in the future. Payment of dividends will depend on future earnings, financial performance, cash flows, working capital requirements, capital expenditures and other factors

Our Company is a holding company. Our principal assets will, at the completion of the Share Offer, consist of our equity holdings in our various subsidiaries. Please refer to the section headed "History and Development" in this prospectus for further details. All of our business operations

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are conducted through our subsidiaries. Our ability to pay dividends is dependent upon the earnings of our subsidiaries and their distribution of funds to us, primarily in the form of dividends. The ability of our subsidiaries to make distributions to us depends on their distributable earnings (as determined in accordance with the applicable law of the place of incorporation of the relevant subsidiaries), cash flows conditions, restrictions on distributions contained in their articles of association, restrictions contained in their debt instruments, and other arrangements. These restrictions could reduce the amount of distributions that we receive from our subsidiaries, which in turn would restrict our ability to fund group operations and pay dividends on the Offer Shares.

On 28 August 2017, RMB10.0 million of dividends were declared by Beijing Dowway. However, we cannot guarantee when, if and in what form dividends will be paid on our Shares following the Share Offer. The amount of future dividend payments that we may make, if any, will depend upon a number of factors, which may include our strategy, future earnings, financial performance, cash flows, working capital requirements, capital expenditures, applicable laws and regulations and other factors. There can be no assurance that we will have sufficient distributable reserves or decide to pay dividends in the future.

Future sales or perceived sales of a substantial number of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares

The Shares held by our Controlling Shareholders are subject to lock-up periods. However, there is no assurance that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Share Offer. We cannot predict the effect, if any, of any future sales of the Shares by our Controlling Shareholders, or the consequence of such availability of the Shares for sale may have on the market price of the Shares.

Sales of a substantial number of the Shares by our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

Our Company was incorporated under the laws of Cayman Islands and the protections to minority Shareholders offered by these laws may differ from that offered by the laws of Hong Kong

We are a Cayman Islands company and our corporate affairs are governed by the Companies Law, the Memorandum and Articles of Association and other laws of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from those under statutes and judicial precedents in existence in Hong Kong and other jurisdictions. Such differences may mean that the remedies available to our minority shareholders may be different from those under the laws of Hong Kong or other jurisdictions. Please refer to the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law — Cayman Islands Company Law” in Appendix III to this prospectus for further details.

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RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS AND FROM OTHER SOURCES

Investors should not place undue reliance on facts, forecasts, estimates and other statistics in relation to the economy or our industry contained in this prospectus

Certain facts, forecasts, estimates and other statistics in this prospectus about the economy and the exhibition industry are derived from various government sources and commissioned research reports. We cannot guarantee their quality or reliability, and their accuracy and completeness have not been independently verified by us or any of our respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to official statistics produced for other economies and you should not place undue reliance on them.

Forward-looking statements in this prospectus could prove inaccurate

This prospectus contains certain forward-looking statements relating to the plans, objectives, expectations and intentions of our Directors. Such forward-looking statements are based on numerous assumptions as to our present and future business strategies and the development of the environment in which we operate. Our actual financial results, performance or achievements could differ materially from those discussed in this prospectus. Investors should be cautious against placing undue reliance on any forward-looking statements as these statements involve known and unknown risks, uncertainties and other factors which could cause our actual financial results, performance or achievements to be materially different from our anticipated financial results, performance or achievements expressed or implied by these statements. We are not obliged to update or revise any forward-looking statements in this prospectus, whether by reason of new information, future events or otherwise.

You should read the entire prospectus carefully and we strongly caution against you placing any reliance on any information contained in press articles, media coverage and/or research analyst reports regarding us and the Share Offer

Prior to the publication of this prospectus, there may have been; or subsequent to the publication of this prospectus but prior to the completion of the Share Offer, there could be press articles, media coverage and/or research analyst reports regarding us and the Share Offer, which could include certain financial information, financial projections, industry comparisons, and/or other information about us and the Share Offer that do not appear in this prospectus. You should rely solely on the information contained in this prospectus, the Application Forms and any formal announcements made by us in Hong Kong when making your investment decision. We do not accept any responsibility for any such press articles, media coverage or research analyst reports or the accuracy, completeness or reliability of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. We have not authorised the disclosure of any such information in the press, media or research analyst report. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it and accordingly, you should not rely on any such information.

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Prospective investors are reminded not to rely on any such press articles, media coverage and/or research analyst reports, but should rely only on the financial, operational and other information included in this prospectus and the Application Forms and any formal announcements made by us when deciding whether to purchase the Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the Securities and Futures (Stock Marketing Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus 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 in this prospectus misleading and all opinions expressed in the prospectus have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

THIS PROSPECTUS AND THE SHARE OFFER

This prospectus is published solely in connection with the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective director, agents, employees or advisers or any other person or party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Details of the structure of the Share Offer, including its conditions, are set out in “Structure and Conditions of the Share Offer”, and the procedures for applying for the Public Offer Shares are set out in “How to Apply for Public Offer Shares” and in the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER AND UNDERWRITING

Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

The Listing is sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on or around the Price Determination Date. The Placing will be fully underwritten by the Placing Underwriters

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

under the terms of the Placing Underwriting Agreement to be entered into subject to agreement on pricing of the Offer Shares among the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us.

If, for any reason, our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price, the Share Offer will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please see the section headed “Underwriting” in this prospectus.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Public Offer Shares under the Public Offer will be required to, or by his/her/its acquisition of the Offer Shares be deemed to, confirm that he/she/it is aware of the restrictions on the offers of the Offer Shares described in this prospectus and the relevant Application Forms and that he/she is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON GEM

We have applied to the Listing Division for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer as mentioned in this prospectus (including any new Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the “minimum prescribed percentage” of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Save as disclosed above, no part of our share capital or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Stock Exchange and we complying with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

COMMENCEMENT OF DEALINGS IN OUR SHARES AND SETTLEMENT

Dealings in our Shares are expected to commence on Tuesday, 12 June 2018. Shares will be traded in board lots of 20,000 Shares each and are freely transferable.

The GEM stock code for the Shares is 8403.

Our Company will not issue any temporary document of title.

EXCHANGE RATE CONVERSION

Unless otherwise specified and for the purpose of illustration only, amounts denominated in RMB and US dollars have been converted into Hong Kong dollars, and vice versa, in this prospectus at the following rate:

RMB1:HK\$1.196301

US\$1:HK\$7.80

No representation is made that any amounts in Renminbi, US dollars, or Hong Kong dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

HONG KONG BRANCH SHARE REGISTRAR AND STAMP DUTY

All of our Shares will be registered on our Company's branch register of members to be maintained in Hong Kong by our Hong Kong Branch Share Registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Our Company's principal register of members will be maintained by the principal share registrar and transfer office, Estera Trust (Cayman) Limited, at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Only Shares registered on our Company's Hong Kong branch register of members maintained in Hong Kong may be traded on GEM. Dealings in our Shares registered in the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in HK dollars in respect of our Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

If investors are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or exercise of any rights in relation to, the Offer Shares, they should consult an expert. None of our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, advisers, officers, employees, agents, affiliates and/or representatives or any other persons or parties involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

WEBSITE

The contents of any website mentioned in this prospectus do not form part of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. Huang Xiaodi (黃曉迪)	No. 151, 7/F No. 12 Zhongguancun South Street Haidian District Beijing PRC	Chinese
Mr. Ma Yong (馬勇)	No. 401, Door 3, 2/F Jingyuan Baita Temple Shuangyushu Haidian District Beijing PRC	Chinese
Mr. Yan Jinghui (閆景輝)	No. 70, Yanzhuang Street Chuanhui District Zhoukou City Henan Province PRC	Chinese
<i>Independent non-executive Directors</i>		
Mr. Gao Hongqi (高紅旗)	No. 603, Door 3, 2/F No. 9 Xiaohuangzhuang Road Chaoyang District Beijing PRC	Chinese
Ms. Xu Shuang (徐爽)	Room 1202, B/F Qixingyuan Shijing Shan District Beijing PRC	Chinese
Mr. Ng Yuk Yeung (吳旭陽)	Flat D, 31/F Block 2 Sham Wan Towers 3 Ap Lei Chau Drive Ap Lei Chau Hong Kong	Chinese

Please refer to the section headed “Directors and Senior Management” in this prospectus for further details.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	RaffAello Capital Limited Room 2002, 20/F Tower Two, Lippo Centre 89 Queensway, Admiralty Hong Kong
Joint Bookrunners, Joint Lead Managers and Underwriters	RaffAello Securities (HK) Limited Room 2002 and 2002B, 20/F Tower Two, Lippo Centre 89 Queensway, Admiralty Hong Kong Pacific Foundation Securities Limited 11/F, New World Tower II 16–18 Queen’s Road Central Hong Kong
Legal advisers to our Company	<i>As to Hong Kong Law</i> Loong & Yeung Room 1603, 16/F China Building 29 Queen’s Road Central Central Hong Kong <i>As to PRC Law</i> Beijing Jingtian & Gongcheng Law Firm 34/F, Tower 3, China Central Place 77 Jianguao Road, Beijing PRC <i>As to Cayman Islands Law</i> Appleby 2206–19 Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Sole Sponsor and Underwriters	<i>As to Hong Kong Law</i> King & Wood Mallesons 13/F, Gloucester Tower The Landmark 15 Queen’s Road Central Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

As to PRC law

Grandall Law Firm (Shenzhen)
22F/24F, Shenzhen Special Zone Press Tower
6008 Shennan Blvd
Shenzhen
PRC

**Auditor and Reporting
Accountant**

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

Compliance Adviser

RaffAello Capital Limited
Room 2002, 20/F
Tower Two, Lippo Centre
89 Queensway, Admiralty
Hong Kong

Receiving bank

Standard Chartered Bank (Hong Kong) Limited
15/F, Standard Chartered Tower
388 Kwun Tong Road
Hong Kong

Industry consultant

Frost & Sullivan
1018, Tower B
500 Yunjin Road
Shanghai 20032
PRC

CORPORATE INFORMATION

Registered office in the Cayman Islands	P.O.Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in the PRC	No. 6112, DRC No. 1 Compound Xindong Road Chaoyang District Beijing 100600 PRC
Place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Room 1603, 16/F China Building 29 Queen's Road Central Central Hong Kong
Company website	<u>www.dowway-exh.com</u> <i>(Note: the information contained in this website does not form part of this prospectus)</i>
Company secretary	Ms. Lam Yuk Ling (林玉玲) ACIS, ACS TMF Hong Kong Limited 36/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorised representatives	Mr. Huang Xiaodi (黄晓迪) No. 151, 7/F No. 12 Zhongguancun South Street Haidian District Beijing PRC Ms. Lam Yuk Ling (林玉玲) ACIS, ACS TMF Hong Kong Limited 36/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong

CORPORATE INFORMATION

Compliance officer	Mr. Huang Xiaodi (黃曉迪) No. 151, 7/F No. 12 Zhongguancun South Street Haidian District Beijing PRC
Audit Committee	Mr. Ng Yuk Yeung (吳旭陽) (<i>Chairman</i>) Mr. Gao Hongqi (高紅旗) Ms. Xu Shuang (徐爽)
Remuneration Committee	Mr. Gao Hongqi (高紅旗) (<i>Chairman</i>) Mr. Ng Yuk Yeung (吳旭陽) Mr. Ma Yong (馬勇)
Nomination Committee	Ms. Xu Shuang (徐爽) (<i>Chairman</i>) Mr. Gao Hongqi (高紅旗) Mr. Yan Jinghui (閔景輝)
Principal share registrar and transfer office in the Cayman Islands	Estera Trust (Cayman) Limited P.O. Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	Bank of Communications Yong An Li Branch 1/F, Genertime International Centre No. 3 Yong An Li East Chaoyang District Beijing PRC

INDUSTRY OVERVIEW

The information that appears in this section has been prepared by Frost & Sullivan and reflects estimates of market conditions based on publicly available sources and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in us. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Frost & Sullivan and set out in this section has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party or affiliate involved in the Share Offer and neither do we (excluding Frost & Sullivan) give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an Independent Third Party, to conduct a study of the exhibition market in China. We agreed to pay Frost & Sullivan a fee of RMB600,000 for the preparation of the Frost & Sullivan Report, and our Directors consider that such fee reflects market rates.

The methodology used by Frost & Sullivan in gathering the relevant market data in compiling the Frost & Sullivan Report included primary interviews and secondary research. Primary interviews are conducted with relevant institutions to obtain objective and factual data and prospective predictions. Secondary research involves information integration of data and publications from publicly available sources, including official data and announcements from the Chinese government departments, and market research on industry and enterprise player information issued by our chief competitors. Frost & Sullivan considers the source of information reliable because (i) it is general market practice to adopt official data and announcements from various Chinese government departments; and (ii) the information obtained from interviews is for reference only and the findings in the Frost & Sullivan Report are not solely based on the results of these interviews. Frost & Sullivan has four offices in the PRC and direct access to knowledgeable experts and market participants in the exhibition industry.

Frost & Sullivan conducts research and analyses on market size, share and segmentation, competitor tracking and corporate intelligence. Some of the information extracted from the Frost & Sullivan Report are also referred to in the sections headed “Summary”, “Risk Factors”, “Business” and “Financial Information” in this prospectus. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the Frost & Sullivan Report, which may qualify, contradict or have an impact on the information in this section.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications.

ASSUMPTIONS USED IN THE FROST & SULLIVAN REPORT

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the economy of China is assumed to maintain a steady growth across the forecast period; (ii) the social, economic and political environments of China are likely to remain stable in the forecast period, which ensures the stable and healthy development of the exhibition market; and (iii) there is no war or large-scale disaster in China during the forecast period.

The first part of this section will be divided into three broad areas in China from a top-down approach in analysing the industry the Group operates: (i) the exhibition market; (ii) the exhibition services market; and (iii) the automobile exhibition market (including the automobile exhibition services market). The respective market size of each area would also be presented alongside an overview, followed by drivers of the relevant area, entry barriers and competitive landscape of such where applicable.

OVERVIEW OF THE EXHIBITION MARKET IN CHINA

Along with the continual growth of China’s overall economy, the exhibition industry has been observing strong growth. According to the 2016 China Exhibition Statistics Report issued by Statistics Department of China Convention and Exhibition Society, the total number of exhibitions held was approximately 9.9 thousand in China. The total area of exhibitions being held amounted approximately 140.2 million square meters in 2017.

INDUSTRY OVERVIEW

Exhibitions can be classified based on different criteria, such as the classification into cultural and commercial exhibitions based on theme; the classification into international, national, regional, and local exhibitions based on scale; and classification into regular and irregular exhibitions based on frequency. The purposes of commercial exhibitions mainly include product and service demonstration, marketing and promotion, business network development, and information exchange, whereas cultural exhibitions focus on artworks, historical relics, inventions and others.

In China, there are primarily 120 sectors organizing exhibitions in accordance with the “National Industries Classification of China”. In 2016, the top 3 sectors are automobile, home furnishing and artworks, which had 427, 279 and 177 exhibitions respectively in 2016.

Top 10 Sectors Ranked by Number of Exhibitions (China), 2016

Rank	Sector	Number of Exhibitions	Percentage (%)
1	Automobile	427	4.3
2	Home Furnishing	279	2.8
3	Artworks	177	1.8
4	Food and Beverage	172	1.7
5	Culture and Creativity	153	1.5
6	Clothing and Accessories	148	1.5
7	Construction Materials	141	1.4
8	Agricultural Products	138	1.4
9	Commercial Trade Fair	137	1.4
10	Artware	115	1.2

Source: 2016 China Exhibition Statistics Report issued by Statistics Department of China Convention and Exhibition Society (CCES)

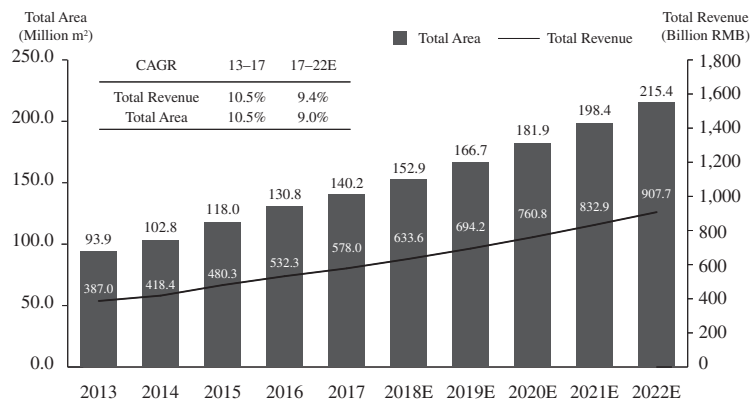
MARKET SIZE OF THE EXHIBITION MARKET IN CHINA

There is a wide range of sectors in which exhibitions are held. In line with the growth of the macro economy and the development of various industries in the PRC, the exhibition market also experienced rapid development. During the period from 2013 to 2017, the total area of exhibitions held increased from 93.9 million square meters to 140.2 million square meters, realising a CAGR of 10.5%.

Along with the growth of the total area of exhibitions and the continuous increase in the overall quality of exhibitions, the total revenue of the exhibition industry in China has grown by a CAGR of 10.5% from 2013 to 2017, evidencing an increase from RMB387.0 billion in 2013 to RMB578.0 billion in 2017.

Going forward, the total area of exhibitions and the total revenue of the exhibition industry are forecast to continue with a stable upward momentum, increasing at a CAGR of 9.0% and 9.4% respectively from 2017 to 2022. Major drivers of such growth include the growing macro economy and downstream industries in China, government supports, Chinese people’s increasing annual per capita disposable income and demand for cultural enrichment, and the development in internet network which aids the advertising and promotion channel of exhibitions.

Total Revenue and Total Area of Exhibition Industry in China, 2013–2022E



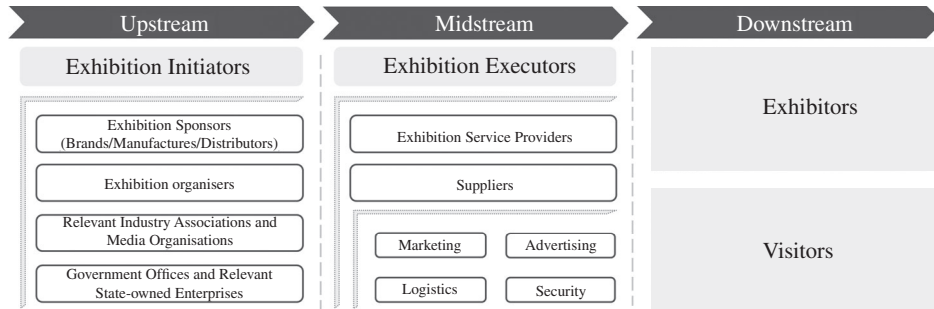
Source: MOFCOM, Frost & Sullivan

INDUSTRY OVERVIEW

OVERVIEW OF THE EXHIBITION SERVICES MARKET IN CHINA

Exhibition service providers refer to the companies that hold exhibitions as organisers for exhibition initiators and/or provide exhibition coordination and management services to exhibition initiators. Exhibition service providers either serve as executor or double-fold roles of initiator/organiser and executor of exhibitions. In terms of execution, they are responsible for coordinating resources, managing processes, and field control. In terms of automobile exhibitions, there are primarily two typical types, which are general automobile exhibitions and brand automobile exhibitions. General automobile exhibitions are represented by large-scale exhibitions such as Auto Shanghai (上海車展) and Chengdu Motor Show (成都車展) and a large number of small- and medium-scale city-level automobile exhibitions which are mainly initiated or co-initiated by local exhibition organisers. In contrast, brand automobile exhibitions are initiated by automobile sponsors (brands owners, manufacturers, and distributors), and exhibition service providers primarily serve the role of executors. The concentration level of imported automobile brands is rather high in China's automobile market, with an approximately 50% combined market share for the three major international automobile brands in terms of total sales. Therefore, for exhibitions service providers that focus on providing services to imported automobile brands, their customer bases generally show relatively high concentration. Meanwhile, for major automobile manufacturers, they normally have exhibition plans at different times throughout a year in different locations with similar or different themes. It is an industry norm for key exhibition service partners to follow through with manufacturers' whole-year exhibition plans with a large contract amount, which usually take a relatively large proportion of the total capacities of exhibition service providers. This also leads to the relatively high customer concentration for automobile exhibition service providers.

Value Chain Mapping of the Exhibition Services Industry in China



Source: Frost & Sullivan

Generally, exhibition initiators in China market do not deploy their own specialised team of personnel for the execution of exhibitions. The advantages of engaging professional exhibition service providers than exhibition initiators organising and managing exhibitions on their own primarily rest on the benefits that the exhibition initiators could gain from the professionalism, better efficiency, and cost effectiveness by engaging exhibition service providers. Exhibition business involves the cooperation of a large number of parties. A professional exhibition service provider's established network with sponsors, industry associations, and exhibitors on one side and suppliers and ancillary service providers on another, helps achieve better operational efficiency. Based on an exhibition service provider's internal and network resources, as well as its project-based evaluation for cost efficiency and profitability, it is an industry practice and market norm for them to delegate part/parts of the works to other suppliers and ancillary service providers and most of the restrictions, if any, by the exhibition initiators towards the engagement of third party suppliers concern the quality of services rendered rather than the engagement itself. Meanwhile, the successful management of exhibitions generally requires professional experience and know-how of events management, including the capability of managing exhibition-specific emergencies and risk mitigation accordingly.

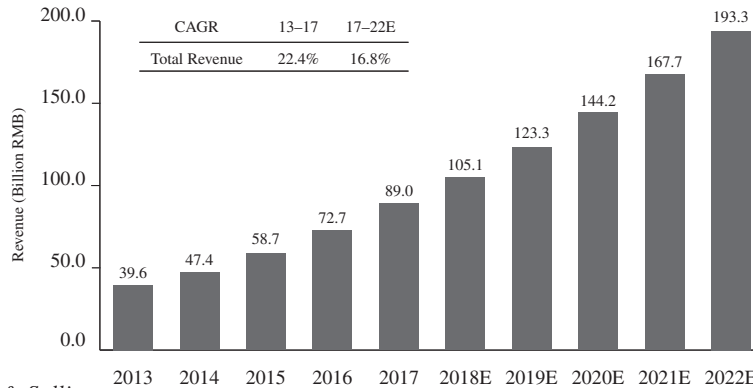
MARKET SIZE OF THE EXHIBITION SERVICES MARKET IN CHINA

The exhibition services market in China witnessed a rapid growth during the recent years. The total revenue of the market increased from RMB39.6 billion in 2013 to RMB89.0 billion in 2017, representing a CAGR of approximately 22.4%.

INDUSTRY OVERVIEW

The market is expected to keep with the growing trend driven by the growing economic environment, the development of different industries and the improvement of infrastructure in China. Total revenue of China's exhibition services market is expected to grow at a CAGR of approximately 16.8% from 2017 to 2022, reaching RMB193.3 billion in 2022.

Total Revenue of Exhibition Services Market in China, 2013–2022E



Source: Frost & Sullivan

DRIVERS OF THE EXHIBITION SERVICES MARKET IN CHINA

Growing Macro Economy and Development of Exhibiting Sectors: China maintained a stable growth in nominal GDP over the past years and it is expected that this trend would sustain in the following years. The nominal GDP is predicted to reach RMB122.6 trillion in 2022, with a CAGR of 8.2% from 2017 to 2022. As exhibitions involve a wide range of sectors, in line with the growth of macro economy and the development of various industries, the exhibition industry and relevant services market are also expected to grow in the forecast period.

Government Supports: the Chinese government has been supporting the development of the exhibition services market by issuing policies and guidelines to maintain market order, establish code of conduct, and provide financing assistance. The supportive policies and guidelines drive the standardisation of exhibition industry. For instance, in 2015, the State Council issued the ‘Opinions for Further Promotion of The Reformation and Development of Exhibition Industry’ (《關於進一步促進展覽業改革發展的若干意見》), which laid out a comprehensive plan of the overall development of China's exhibition services market.

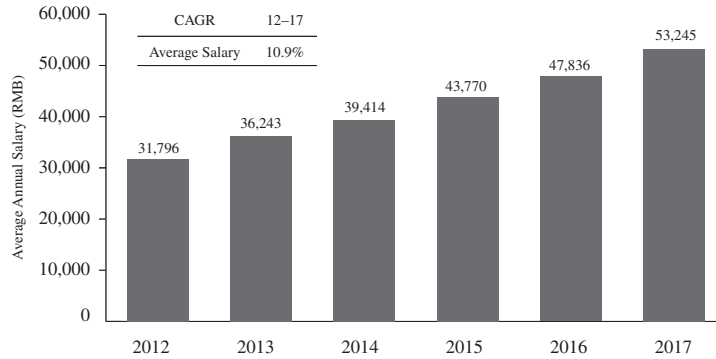
Continual Construction of Exhibition Venues: in 2016 there were 316 exhibition venues in China, with another 19 exhibition venues under construction. The floor area increased by approximately 10.5%, reaching 12.0 million square meters in 2016. The expanding exhibition area and construction of related infrastructure aim to catch with the growth of exhibition industry in the recent years. It is expected that the market of exhibition service provider would develop with the upcoming supply of exhibition venues.

ANALYSIS OF MAJOR COSTS IN THE EXHIBITION SERVICES MARKET IN CHINA

Human resources and construction materials and equipment are the major components in the cost of exhibition and related services. According to the National Bureau of Statistics of the PRC, the average annual salary of employees in urban private enterprises in service industry in China grew from RMB31,796 in 2012 to RMB53,245 in 2017, representing a CAGR of 10.9%.

INDUSTRY OVERVIEW

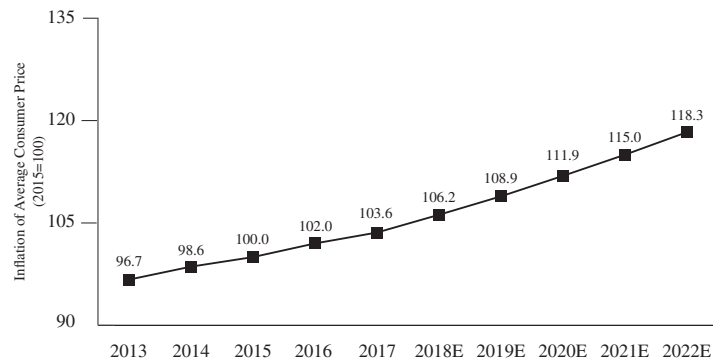
Average Annual Salary of Employees in Urban Private Enterprises in Service Industry in China, 2012–2017



Source: PRC National Bureau of Statistics, Frost & Sullivan

The average consumer price, the major factor influencing the price trend of the construction materials and equipment, in China has been showing an upward trend from 96.7 in 2013 to 103.6 in 2017, representing a CAGR of 1.7%. With further economic development and increase in disposable income, the average consumer price in China is expected to keep the stably growing trend at a CAGR of 2.7%, reaching 118.3 in 2022, according to IMF.

Inflation of Average Consumer Price (China), 2015 Based, 2013–2022E



Source: PRC National Bureau of Statistics, IMF

ENTRY BARRIERS OF THE EXHIBITION SERVICES MARKET IN CHINA

Generally, the entry barrier of the exhibition services industry is low because the industry does not require very high capital cost nor specific regulatory certification or licence to start up a new business and to operate. Nevertheless, certain following factors which determine the competitive strength of leading market players may pose as the entry barriers to new entrants:

Reputation and Track Record: reputation and track record are important factors that affect exhibition initiator's selection over exhibition service providers. Due to the absence of a complete system for qualification, certification and regulatory requirements, sponsors and exhibitors primarily rely on brand and reputation for the selection of exhibition service providers. Meanwhile, solid brand and good reputation of the exhibition service providers also help in promoting the awareness of exhibitions among visitors. Therefore, service providers with better recognition and strong track record are more competitive, creating a major barrier for new entrants.

Network Resources: strong network along the value chain also acts as a key factor to success for leading players and a key barrier for new entrants, because exhibition business involves the cooperation of a number of parties. A service provider's network among sponsors, industry associations, and exhibitors has great impact on the operational efficiency and success of delivering the exhibition services. For instance, for commercial exhibitions, well-established service providers usually have strong cooperative relationship with industry associations and

INDUSTRY OVERVIEW

leading exhibiting industry players, enabling them to involve relevant associations and leading players as partners to promote certain exhibitions among exhibitors and visitors. This is considered to be another major barrier to new entrants to China's exhibition services market.

Operational Experiences and Management Capability: with a high level of competition in the market, operational experiences and management capability serves as a key factor to success for strong incumbents and barrier for new entrants. The successful operation of exhibitions requires effectiveness and efficiency in coordination and management, as well as the capability of emergency management. Meanwhile, an experienced management team could have greater flexibility to cope with the dynamics of China's rapidly developing exhibition services market.

OPPORTUNITIES AND THREATS OF THE EXHIBITION SERVICES MARKET IN CHINA

Opportunities

One Belt One Road: the implementation of "The Belt and Road" initiative by the Chinese government commenced in 2015. "The Belt and Road" refers to the Silk Road Economic Belt, which is an important milestone in China's overseas development. The Silk Road Economic Belt involves a population of around 4.4 billion and accounts for around 30% of worldwide trade value in 2016. "The Belt and Road" initiative is expected to bring closer ties between China and countries along the routes, fostering economic cooperation and development. Such development in economic cooperation is likely to create abundant growth opportunities for China's exhibition services market, as exhibitions provide a platform for advertisement, promotion, and communication.

Technological Developments: new technologies of display, communication, and digital transformation are increasingly adopted by the exhibition industry in China. Such developments are expected to bring breakthrough and innovation opportunities to China's exhibition industry. This also creates value growth opportunities for exhibition service providers, as the enrichment and development in exhibition technologies has the potential to increase per unit yield for exhibitions.

Threats

Potential Price Competition: China's exhibition services market is highly fragmented at present, which is likely to face upgrade and reformation during the process of industry development. With potential market elimination, competitors who lack advantages in experience, network, and technology are likely to raise price competition which may threaten overall industry stability and development.

Increasing Cost: due to the growing economy and inflation in PRC, the average salary of employees and rents of venues have increased in recent years, causing a higher cost for exhibition initiators and exhibition service providers. The increasing cost may have an impact on the profitability of the service providers.

COMPETITIVE LANDSCAPE OF THE EXHIBITION SERVICES MARKET IN CHINA

The exhibition services market in China is in the stage of rapid growth in the view of industry life cycle. The market is highly fragmented with a large number of small and medium-sized participants scattered over tier 1, tier 2, tier 3 and lower tier cities and towns. Exhibition service providers in China market can be primarily categorised into comprehensive providers and specialised providers. Comprehensive providers are companies that hold different types of exhibitions in a variety of industries without specific focuses, whereas specialized providers are companies who have clear industry focuses. In the overall exhibition services industry, leading players are primarily categorized into four groups, which are: (i) public administrative organisations' directly owned professional exhibition services enterprises; (ii) international exhibition conglomerates' branches in China; (iii) international exhibition conglomerates; and (iv) local public or private service providers' joint ventures.

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Automobile is the top among the 120 sectors organising exhibitions in China in 2016, in terms of total revenue, which accounted for around 7.0%. In 2016, our Group’s major revenue source was from exhibitions and events managed for the automobile sector, with a smaller proportion of revenue from other sectors. In 2016, our Group took around 0.1% of market share in terms of total exhibition services revenue in the PRC.

OVERVIEW OF THE AUTOMOBILE EXHIBITION MARKET IN CHINA

Automobile is a key sector in China’s exhibition industry. With around 427 automobile exhibitions held in 2016, this sector accounted for around 4.3% of the total number of exhibitions held. This sector has been observing strong demand, driven by the rapid growth in the sales of new automobile and the robust development of the automobile manufacturing industry.

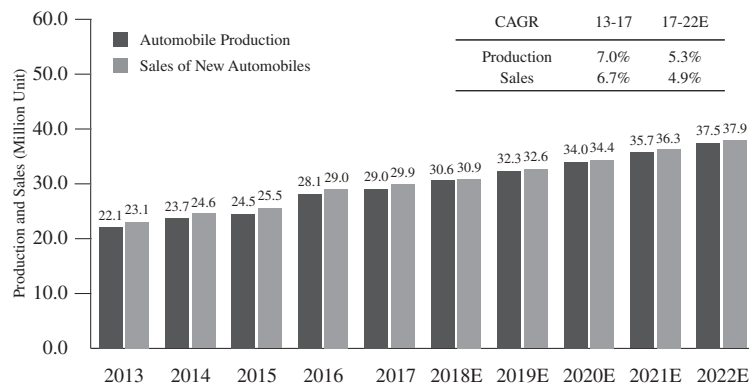
Generally exhibitions can be initiated by different parties, including exhibition sponsors (brands owners, manufacturers, distributors, etc.), exhibition organisers, industry associations, government offices, etc. In terms of automobile exhibitions, the initiators are usually automobile sponsors (brands owners, manufacturers, and distributors), government and/or other public administrative offices, relevant industry associations and media organisations. Regarding the form of exhibitions, automobile exhibitions generally take the form of physical exhibitions in specialised halls and stadiums, because of the major purposes of automobile exhibitions are primarily to provide a communication and sales platform to exhibitors, to give them opportunities to present their products and new features and to enable visitors to see and physically experience the products themselves.

Overview of the Automobile Market in China

The continuous growth of China’s economy has been driving the rapid development of China’s automobile market. From 2013 to 2017, China’s nominal GDP grew from RMB59.5 trillion to RMB82.7 trillion, realized with a CAGR of 8.6%. Meanwhile, China’s growing GDP has resulted in an increased disposable income of urban households from RMB27.0 thousand in 2013 to RMB36.4 thousand in 2017 with a CAGR of 7.8%, mainly due to urbanization and the improvement in living standards of Chinese citizens. These factors have all served to boost the demand for automobiles.

From 2013 to 2017, the production volume and sales volume of new automobiles in China increased from 22.1 million units and 23.1 million units to 29.0 million units and 29.9 million units respectively, represented CAGRs of 7.0% and 6.7%. Going forward, China’s automobile market is expected to continue with an upward momentum, driven by the rapid economic and disposable income growth, accelerating urbanization, and rising investment in transportation infrastructure. The production volume and sales volume of new automobiles are expected to reach 37.5 million units and 37.9 million units respectively in 2022, realizing CAGRs of 5.3% and 4.9% from 2017 to 2022.

Production and Sales of Automobiles (China), 2013–2022E

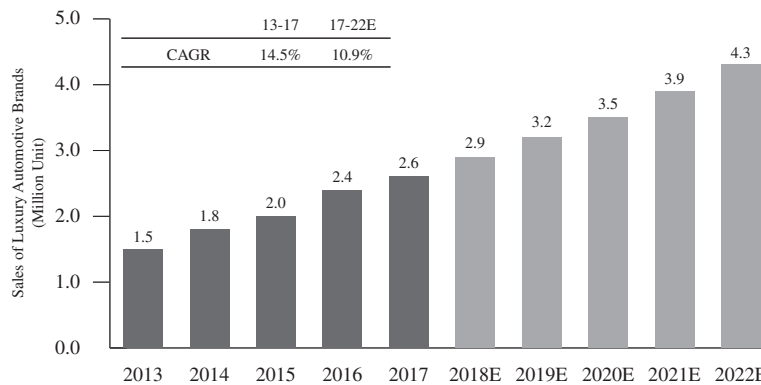


Source: China Association of Automobile Manufacturers (CAAM), Frost & Sullivan

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According to Frost & Sullivan, automobile brands can be segmented into luxury, mid-range and mass market brands based on the average price of major models. Luxury brands are segmented with whose average market prices above RMB300,000. Despite that the Ministry of Finance and State Administration of Taxation of the PRC promulgated the Notice on Imposing Additional Sales Tax on Super-luxury Cars (《關於對超豪華小汽車加徵消費稅有關事項的通知》) on 30 November 2016 (effective 1 December 2016 onwards) pursuant to which an additional tax of 10% would be levied on passenger automobiles and light to medium commercial passenger automobiles with a retail price of RMB1.3 million (before VAT) or above, on top of the sales tax levied at the current tax rate in the production (import) process, luxury automobile brands have observed robust growth, outgrowing the overall new automobile sales in China. This segment is primarily dominated by imported brands, and Frost & Sullivan’s data and analysis cover brands including most of the internationally renowned automobile brands. Such growth of luxury automobile brands is primarily driven by Chinese consumers’ continuously increasing purchasing power. According to Frost & Sullivan, the total population of high-net-worth individuals (HNWIs, referring to people whose investible wealth are valued at RMB10.0 million or above) in China reached approximately 1.9 million in 2017 when compared with approximately 0.8 million in 2013, increasing at a CAGR of 22.1% from 2013 to 2017. With strong growth of the national economy and favorable policies for the business environment, it is expected that the growth in number of HNWIs in China will maintain steady. With the fast growing number of the HNWIs in China, it is also expected that demand for luxury automobiles will increase rapidly. From 2013 to 2017, the total sales of luxury automobile brands increased rapidly from 1.5 million units to 2.6 million units, realised a CAGR of 14.5%, and strong growth is expected to uphold, with the total sales expected to be reaching 4.3 million units in 2022.

Total Sales of Luxury Automobile Brands (China), 2013– 2022E



Source: China Association of Automobile Manufacturers (CAAM), Frost & Sullivan

Meanwhile, China’s automobile manufacturing industry is also rapidly developing, driven by technological development and innovation. Relevant development centers on energy saving, emission reduction, performance upgrade, and experience enhancement. The luxury automobile brands are also advancing into the regime of development and innovation of new energy vehicles. Among the leading automobile manufacturing countries in the world, China has become the largest one in terms of automobile production volume, accounted for more than one quarter’s share in the world in 2017. The total automobile production volume in China recorded 29.0 million units in 2017, which is more than double of the size of the second largest manufacturing country, the United States.

Automobile penetration rate indicates the development phase of automobile market in different regional markets and is measured by the number of passenger vehicles in use per 1,000 inhabitants. From the perspective of automobile penetration rate, according to Organisation Internationale des Constructeurs d’ Automobile (“OICA”), China (161 per 1,000 inhabitants) lagged behind the other

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major developed countries including U.S., Japan, France, United Kingdom and Germany (ranging from 553 to 792 per 1,000 inhabitants) as of 2017, indicating that China's automobile market still has significant potential for future growth.

Drivers of the Automobile Market in China

Accelerating urbanisation and rising purchasing power: According to the International Monetary Fund (IMF), the Chinese economy is forecast to keep growing at a CAGR of 8.2% from 2017 to 2022. With sustainable and fast growth of China's macro economy, disposable income of Chinese people is also expected to keep with the rising momentum in the future, enabling continual increase in Chinese consumers' purchasing power. Meanwhile, China's urbanisation rate has increased from 53.7 percent in 2013 to 58.5 percent in 2017 and is expected to reach 65.8 percent by 2022. Continual urbanisation trend in China has also created significant opportunities for automobile market as urban residents desire greater mobility and alternative modes of transportation.

Technological developments and innovation: technological development and innovation which center on energy saving, emission reduction, performance upgrade, and experience enhancement have been driving the development of China's automobile manufacturing. Along with China's increasingly stringent environmental protection laws and regulations, the sales and demand for more energy-efficient and environmentally-friendly automobiles including electric vehicles have been rapidly growing, fueling overall automobile market development in China to replace traditional fuel-consuming models with environmentally friendly and energy efficient ones.

Favorable regulatory environment and policy support: in order to stimulate China's automobile market and maintain a sound development of the industry, the Chinese government issued several policies and regulations in recent years, such as the Notice of the Ministry of Finance and the State Administration of Taxation on Reducing the Vehicle Purchase Tax on Passenger Vehicles with 1.6L or Lower Displacement (《財政部、國家稅務總局關於減徵1.6升及以下排量乘用車輛購置稅的通知》) which clarified that purchase tax on low-displacement cars would be reduced. Other favorable policies to encourage the use of new energy vehicles include Notice of the State Council on Issuing the Planning for the Development of the Energy-Saving and New Energy Automobile Industry (2012–2020) (《國務院關於印發節能與新能源汽車產業發展規劃(2012–2020年)的通知》), Guiding Opinions on Accelerating the popularisation and application of new energy vehicles (《關於加快新能源汽車推廣應用的指導意見》) and Guideline on Emerging Sectors of Strategic Importance During the 13th Five-Year Plan Period (2016–2020) (《“十三五”國家戰略性新興產業發展規劃》) issued by the State Council of the PRC and Corporate Average Fuel Consumption and New Energy Integral Evaluation Methods for Passenger Cars (《乘用車企業平均燃料消耗量與新能源汽車積分並行管理辦法》) promulgated by various PRC governmental departments. Such policies are likely to drive the growth of China's automobile market by encouraging the purchase of passenger vehicles with low displacement and new energy.

MARKET SIZE OF THE AUTOMOBILE EXHIBITION MARKET IN CHINA

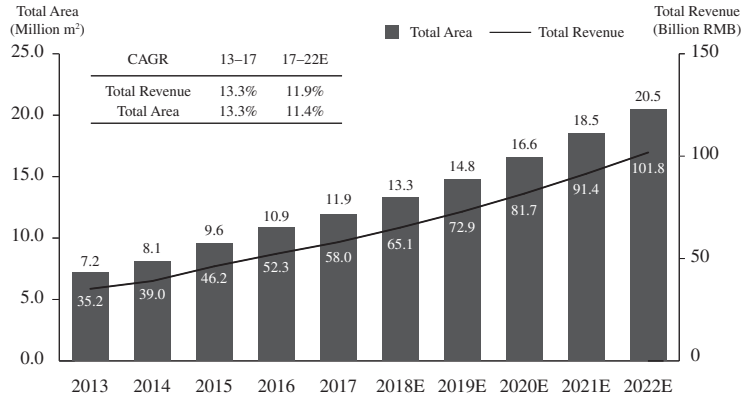
Driven by the rapid growth of the automobile market in China, the total area of automobile exhibitions has experienced a rapid growth in the last five years, which increased from 7.2 million square meters in 2013 to 11.9 million square meters in 2017 at a CAGR of 13.3%.

Along with the growth of total area of automobile exhibitions, the total revenue of automobile exhibition industry in China has also experienced a fast growth from RMB35.2 billion in 2013 to RMB58.0 billion in 2017 with a CAGR of 13.3%.

Going forward, supported by the strong prospect of automobile demand and the steady growth in the production and sales of automobiles in China, the automobile exhibition market is expected to continue growing at a rapid pace. It is forecasted that the total revenue of automobile exhibition industry in China is likely to increase to RMB101.8 billion in 2022 with a CAGR of 11.9% from 2017, and the total area of automobile exhibitions is likely to increase to 20.5 million square meters in 2022 with a CAGR of 11.4% from 2017.

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Total Revenue and Total Area of Automobile Exhibition Industry in China, 2013–2022E



Source: MOFCOM, Frost & Sullivan

COMPETITIVE LANDSCAPE OF THE AUTOMOBILE EXHIBITION SERVICES MARKET IN CHINA

Automobile exhibition services market in China grew rapidly from RMB2.5 billion in 2013 to RMB6.5 billion in 2017 in terms of revenue due to the fast development of automobile industry in China, representing a CAGR of approximately 26.5%. Going forward, the market of automobile exhibition services is expected to grow to RMB15.2 billion in 2022 with a CAGR of 18.6%, mainly driven by the development of automobile industry, the increasing consumption power of Chinese consumers and the growth in sales of automobiles.

Automobile exhibition services market in China is also highly fragmented. Top 10 players accounted for around 14.5% of total market share in terms of total revenue of automobile exhibition services in 2017. Company A, B and C, all headquartered in Guangdong province, were the top 3 players in China's automobile exhibition services market, captured around 3.5%, 2.6% and 1.5% market shares in terms of total revenue from automobile exhibition services in 2017. Our Group was the fourth largest player with a market share of approximately 1.3% in 2017. 8 of the top 10 players are local companies based in the PRC. Compared with international giants, the local companies generally have better understanding about the PRC's market, with more acquaintance with local suppliers and provide more localised services with better cost control.

Ranking	Company	Market Share	Ranking	Company	Market Share
1	Company A	3.5%	6	Company E	1.0%
2	Company B	2.6%	7	Company F	0.9%
3	Company C	1.5%	8	Company G	0.9%
4	Our Group	1.3%	9	Company H	0.8%
5	Company D	1.2%	10	Company I	0.8%

Regulatory Overview

Our business and operations in China are subject to laws and regulations of PRC. This section summarizes the main relevant laws and regulations which impact the key aspects of the industry in which our business operates.

As we are not engaged in construction activities, our current business and operations as an integrated exhibition and event management services provider are not subject to any specific statutory qualification, certification or licence granted by the PRC government.

Laws and Regulations relating to Exhibition Hosting

In accordance with the Notice on Strengthening the Management of Hosting Foreign Economic and Technological Exhibitions in PRC of the State Council (《國務院辦公廳關於對在我國境內舉辦對外經濟技術展覽會加強管理的通知》) which took effect on 31 July 1997, organisers of the exhibition are mainly responsible for formulating and implementing plans and bringing in exhibitors; co-organisers of the exhibition are primarily responsible for show arrangement, safety and other exhibition affairs. According to the Notice on the Management Matters Regarding Hosting Foreign Economic and Technological Exhibitions in PRC (《關於在我國境內舉辦對外經濟技術展覽會有關管理事宜的通知》), which took effect on 19 February 2004, a hierarchical approval procedure was introduced to foreign economic and technological exhibition with an exhibition area of more than 1,000 square meters. Foreign economic and technological exhibitions held in the name of the departments of the State Council or provincial government should be approved by the State Council (For exhibitions held outside Beijing, pre-approval from local foreign economic and trade authorities shall be sought). Foreign economic and technological exhibitions held in the name of the subordinate units of the departments of the State Council or foreign entity shall be approved by the Ministry of Commerce. Foreign economic and technological exhibitions on scientific research and technology exchange shall be approved by the Ministry of Science and Technology. Foreign economic and technological exhibitions held by the subordinates of China Council for the Promotion of International Trade shall be approved by the China Council for the Promotion of International Trade and filed with the Ministry of Commerce. For those exhibitions with exhibition area of less than 1,000 square meters, the organisers shall file with relevant authorities for record. Therefore, some of the exhibitions we participate in need to be approved, or filed with relevant authorities by organisers of the exhibitions.

Public Safety

In accordance with the Regulations on Safety Administration of Large-scale Public Activities (《大型群眾性活動安全管理條例》) which took effect on 1 October 2007, Large-scale public activities include exhibition activities with attendance of no less than 1,000 persons which are held by legal persons or other organisations for the public. Security permission system for Large-scale public activities is implemented by public security authorities, the organisers should apply to safety permission 20 days before the activities. The county level public security authorities are generally entitled to grant security permission for activities with estimated attendances between 1,000 and 5,000 persons, and the municipal level public security authorities are generally entitled to grant security permission for activities with estimated attendances of more than 5,000 persons.

Laws and Regulations relating to Building Decoration

The following laws and regulations related to the building decoration are not directly related to our Group's current business as we have not yet been engaged in building decoration business. We have applied to the Beijing Huairou District Commission of Housing and Urban-Rural Development* (北京市懷柔區住房和城鄉建設委員會) for the Grade II Qualification for building decoration work of exhibition and event projects. As at the Latest Practicable Date, such application is under review and has been escalated to Beijing Municipal Commission of Housing and Urban-Rural Development* (北京市住房和城鄉建設委員會) for final approval. We expect to obtain such qualification in May 2018, so these regulations may be relevant when we plan to engage in building decoration business in future.

General Rules for Construction

In accordance with the Construction Law of PRC (《中華人民共和國建築法》), which was last amended on 1 July 2011, the Qualification Administration of Construction Enterprise (《建築業企業資質管理規定》) which was last amended on 20 October 2016, and the Provisions on the Administration of the Survey and Design Qualifications of Construction (《建設工程勘察設計資質管理規定》) which was last amended on 20 October 2016, construction enterprises, survey entities, design entities and construction supervision entities engaging in construction activities shall meet the following criteria: (1) having a registered capital prescribed by national rules; (2) employing professional technical staffs who possess the respective statutory licences for the construction activities they engage in; (3) having technical equipment required by the related construction activities; and (4) other conditions required by laws and administrative regulations.

Construction enterprises, surveying entities, design entities and construction supervision entities engaging in construction activities are classified into different qualification levels according to their qualification conditions such as their registered capital, professional technical staffs, technical equipment and performance records of their completed construction work, etc. An enterprise engaging in construction, survey, design and supervision activities for construction work may only contract for the construction work that falls within the permitted scope of its qualification. It is an offence to contract for projects exceeding the limit of an enterprise's qualification and the offender may be subject to an order to cease the illegal act, fine, suspension of business or qualification downgrading; in serious cases, an offender's qualification may be revoked and the illegal gains may be confiscated. If an enterprise contracts for a project without qualification, the offender may be banned and the illegal gains may be confiscated.

The general contractor of a project may contract out parts of the project to subcontractor with the corresponding qualifications. Enterprises which contract out illegally may be subject to an order of rectification, fine and confiscation of illegal gains, suspension of business and qualification downgrading, in serious cases, an offender's qualification may be revoked.

Qualifications for Building Decoration

In accordance with the Qualification Standards for Construction Enterprises (《建築業企業資質標準》) which was last amended on 1 November 2016, the qualifications of professional contractors providing building decoration services are divided into two grades, namely Grade I and Grade II. Contractors engaging in building decoration services can only undertake projects permitted within their grade. Contractors engaging in building decoration services with Grade I qualification can undertake full range of building decoration projects and other supporting projects

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which are directly related to this decoration project; those with Grade II Qualification can undertake building decoration projects with single contract value under RMB20 million and other supporting projects which are directly related to this decoration construction.

Requirements for obtaining the qualifications of professional contractors providing building decoration services are as follows:

Grade I	Enterprise Assets	<ul style="list-style-type: none"> ● with net assets of not less than RMB15,000,000;
	Main Personnel	<ul style="list-style-type: none"> ● having not less than 5 technical personnel with a class-one registered constructor qualification; ● having technical director with not less than 10 years' experience in technology management for construction project, and with senior professional technical title in construction or a class-one registered constructor qualification (or registered class-one architect or registered class-one structural engineer); having more than 10 people with middle level or above professional title in architectural art design, structure, ventilation, water supply and drainage, electrical, etc.; ● having not less than 30 managers at the construction site who have corresponding certificates, and having sufficient staff including constructors, quality clerks, safety personnel, material clerks, cost clerks, labour clerks, data clerks and other personnel; ● having not less than 30 woodworkers, bricklayers, inlayers, painters, stone operators, plumbers and other technical personnel qualified by assessment or training and with middle level or above professional technical titles;
	Enterprise Project Performance	<ul style="list-style-type: none"> ● having undertaken not less than two qualified decoration projects of which the single contract value is not less than RMB15,000,000 in the past 5 years.
Grade II	Enterprise Assets	<ul style="list-style-type: none"> ● With net assets of not less than RMB2,000,000;
	Main Personnel	<ul style="list-style-type: none"> ● having not less than 3 technical personnel with constructor qualification;

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- having technical director with not less than 8 years' of experience in technology management for construction project, and with middle-level or above professional technical title in construction or a registered constructor qualification (or registered architect or registered structural engineer); having more than 5 people with middle level or above professional in architectural art design, structure, ventilation, water supply and drainage, electrical, etc.;
- having not less than 10 managers at the construction site who have corresponding certificates, and having sufficient staff including constructors, quality clerks, safety personnel, material clerks, cost clerks, labour clerks, data clerks and other personnel;
- having not less than 15 woodworkers, bricklayers, inlayers, painters, stone operators, plumbers and other technical personnel qualified by assessment or training;
- having technical director (or registered constructor) who has managed not less than 2 projects of this category.

Qualification for Building Decoration Design

In accordance with the Qualification Standards for Construction Design (《工程設計資質標準》) which was last amended on 10 March 2017, enterprises which obtain the qualification of providing building decoration design services are allowed to engage in their business scope including building decoration design, indoor and outdoor design, and other supporting designs such as construction, structure, electricity, water supply and drainage, heater, air-condition, etc. The professional qualifications of building decoration design are divided into Grade I, Grade II and Grade III. Those with Grade I qualification can undertake the building decoration design for construction projects without scale limitation; those with Grade II qualification can undertake building decoration design for construction projects with single contract value under RMB12 million; and those with Grade III qualification can undertake building decoration design for construction projects with single contract value under RMB3 million.

Supervision on the Quality of Construction Projects

In accordance with the Regulations on the Quality Administration of Construction Projects (《建設工程質量管理條例》) which took effect on 30 January 2000 and was last amended on 7 October 2017, construction project owners, survey entities, design entities, construction entities and construction project supervision entities shall be responsible for the quality of construction

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projects in accordance with laws and regulations. Where a construction entity commences a project without obtaining the construction work commencement permits or approvals for its construction commencement report, it shall be ordered to cease the construction work, carry out remedial actions within a prescribed time limit and pay a fine up to 2% of the construction price. Where a construction contractor, in violation of these regulations, in the course of construction activities, does a shoddy work and uses inferior materials, uses unqualified building materials, components, fittings or equipment, or carries out construction activities in any other ways which are not consistent with design drawings for the relevant project or technical standards for construction, such construction contractor shall be ordered to take remedial action and be subject to a fine up to 4% of the contractual price for such project. Where the quality of such project fails to meet the required quality criteria, such construction contractor shall be responsible for the reconstruction or repair of such project and compensate any loss as a result thereof; in serious case, an order may be issued to suspend the business of such construction contractor for rectification, and its qualification may be downgraded or even revoked.

Laws and Regulations relating to Work Safety

In accordance with the Work Safety Law of PRC (《中華人民共和國安全生產法》) (the “Work Safety Law”), which was last amended on 1 December 2014, a production entity must meet the state’s legal or industrial standards on work safety and provide work conditions set out in the relevant laws, administrative rules and state or industry standards. An entity that cannot provide the required work conditions shall not engage in production and business operation activities. The production and business operation entities shall set up eye-catching safety warning signs at the production or business operation sites that have substantial dangerous elements or on the relevant facilities or equipment. Safety equipment shall be designed, manufactured, installed, used, tested, maintained, renovated and abandoned in compliance with the national or industrial standards. Work safety management system shall be established and effective measure for work safety shall be taken by the entity.

In accordance with the Work Safety Licence Regulations (《安全生產許可證條例》), which was last amended on 29 July 2014, a construction entity without a work safety licence should not engage in construction activities. Enterprises engaging in production without work safety licences in violation of the Work Safety Licence Regulations may be subject to an order of suspension of production and confiscation of illegal gains, and a fine up to RMB500,000.

In accordance with the Regulations on Administration of Work Safety of Construction Projects (《建設工程安全生產管理條例》), which took effect on 1 February 2004, and the Administrative Provisions on the Work Safety Licence of Construction Enterprises (《建築施工企業安全生產許可證管理規定》), which was last amended on 22 January 2015, where a general contract is concluded for a construction project, the general contractor shall assume the overall responsibility for work safety on the construction site. When the general contractor subcontracts the construction project out to other entities in accordance with law, the general contractor and the subcontractors shall bear joint and several liability in respect of work safety in the subcontracted project. The subcontractors shall be subject to the work safety management of the general contractor. Where an accident occurs due to a lack of work safety and as a result of a subcontractor’s violation of the management, the subcontractor shall assume principal responsibility.

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Laws and Regulations relating to Bid Invitation and Bidding

The Bidding Law of PRC (《中華人民共和國招標投標法》) (the “**Bidding Law**”), which took effect on 1 January 2000 and was last amended on 28 December 2017, and the Implementing Regulation of the Bid Invitation and Bidding Law of PRC (《中華人民共和國招標投標法實施條例》), which was last amended on 19 March 2018, set forth the procedures for bid invitation and bidding, and shall be applicable to bidding activities in PRC.

In accordance with Provisions on Bid Invitation and Bidding of Construction Projects (《工程建設項目施工招標投標辦法》) and the Provisions on Bid Invitation and Bidding of Survey and Design of Construction Project (《工程建設項目勘察設計招標投標辦法》), both of which were last amended on 1 May 2013, and the Categories and Scale Standards of Tender for Construction Project (《工程建設項目招標範圍和規模標準規定》) which took effect on 1 May 2000, certain categories with certain scale must select the construction contractor through tender.

A bid inviter shall not conduct phased or itemised biddings for the purpose of limiting or excluding potential bidders or avoiding the bidding process for a project which shall be subject to bidding according to the law. Invitations for bid are categorised to public tender and tender by invitation. Construction projects in which the investment of state-owned funds take the controlling or leading position, the State key projects determined by the Development and Reform Department under the State Council, as well as the local key projects determined by the People’s governments of the provincial level, must be subject to open bidding, except those meeting the relevant requirements of laws and regulations and having obtained the approval according to the law.

A bidder shall have the capability to undertake the bidding project; if any PRC rules or bid invitation documents set forth any qualification conditions for the bidder, the bidder shall meet the required qualifications.

Laws and Regulations relating to Environmental Protection

In accordance with the Environmental Protection Law of PRC (《中華人民共和國環境保護法》) which took effect on 1 January 2015, the Law on the Prevention and Control of Water Pollution of PRC (《中華人民共和國水污染防治法》) which took effect on 1 June 2008, was last amended on 1 January 2018, the Law on the Prevention and Control of Air Pollution of PRC (《中華人民共和國大氣污染防治法》) which was last amended on 1 January 2016, the Law on the Prevention and Control of Solid Waste Pollution of PRC (《中華人民共和國固體廢物污染環境防治法》) which was last amended on 7 November 2016, and the Law on the Prevention and Control of Noise Pollution of PRC (《中華人民共和國環境噪聲污染防治法》) which took effect on 1 March 1997, enterprises which may cause environmental pollution and other public hazards shall adopt effective measures to prevent and control the pollution and damage to the environment caused by waste gas, sewage, waste residues, dust, malodorous gases, radiation, noise, vibration and electromagnetic radiation generated during the production, construction and other activities.

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Laws and Regulations relating to Labour Protection

In accordance with the Labour Law of PRC (《中華人民共和國勞動法》), which was last amended on 27 August 2009, and the Labour Contract Law of PRC (《中華人民共和國勞動合同法》), which took effect on 1 July 2013, and the Implementation Regulation of the Labour Contract Law of PRC (《中華人民共和國勞動合同法實施條例》) which took effect on 18 September 2008, labour contracts in written form shall be executed to establish labour relationships between employers and employees. Employers shall establish and develop labour rules, regulations and systems according to PRC laws to protect the rights and ensure the performance of duties of employees, and career development and training systems shall be established. Employers shall also set up and develop the labour safety and health system in strict compliance with the rules and standards of labour safety and sanitation of PRC and provide education on labour safety and sanitation for the employees to prevent work-related accidents and occupational harm.

Laws and Regulations relating to Social Insurance and Housing Provident Fund

In accordance with the Law of Social Insurance of PRC (《中華人民共和國社會保險法》) which took effect on 1 July 2011, the Provisional Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》) which took effect on 22 January 1999, the Decision of the State Council on the Establishment of Basic Medical Insurance System for Urban Workers (《國務院關於建立城鎮職工基本醫療保險制度的決定》) which took effect on 14 December 1998, the Decisions of the State Council on the Establishment of Unified System of Basic Retirement Insurance Fund for the Employees of Enterprises (《國務院關於建立統一的企業職工基本養老保險制度的決定》) which took effect on 16 July 1997, the Regulations of Insurance for Work-Related Injury (《工傷保險條例》) which was amended on 1 January 2011, the Regulations of Insurance for Unemployment (《失業保險條例》) which took effect on 22 January 1999, the Provisional Insurance Measures for Maternity of Employees (《企業職工生育保險試行辦法》) which took effect on 1 January 1995 and the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) which was amended on 24 March 2002, employers shall make payments of the basic medical insurance, basic retirement insurance, insurance for work-related injury, unemployment insurance, maternity insurance and housing provident fund for the employees.

If the employer fails to file the social insurance registration, the social insurance administration authority shall order it to make rectification within a prescribed time limit. If rectification is not made within the prescribed time limit, the employer will be imposed a fine. If the employer does not pay the full amount of the Social Insurance as scheduled, the social insurance collection institution shall order it to pay within a prescribed time limit together with a late fee. If the payment is not settled by the prescribed time limit, the employer will be imposed a fine. If the employer fails to file the housing provident fund, the housing provident fund administration centre shall order the employer to pay up in a prescribed time limit, if the employer still fails to pay up within the prescribed time limit, the fund administration centre may apply to the court for enforcement of the unpaid amount.

Laws and Regulations relating to Intellectual Property Right

Trademark Law

Pursuant to the Trademark Law of PRC (《中華人民共和國商標法》) which was last amended on 1 May 2014, and the Implementation Rules of PRC Trademark Law (《中華人民共和國商標法實施條例》) which was last amended on 1 May 2014, a registered trademark means a trademark that has been approved by and registered with the trademark office, including goods marks, service marks, collective marks and certification marks. A registered trademark is valid for 10 years commencing on the date of registration approval and can be renewed within 12 months before its expiration. For a registered trademark licensing, licensor should file the licensing of the licensed trademark with the trademark bureau, and the trademark bureau shall gazette the licensing, non-filing of the licensing of a trademark shall not be contested against a good faith third party. The following acts shall constitute infringement of the exclusive right to use a registered trademark: (1) using a trademark that is identical or similar to a registered trademark of the same type of commodities or similar commodities without a licence from the registrant of that trademark; (2) selling commodities that infringe upon the exclusive right to use a registered trademark; (3) forging or manufacturing without authorisation the marks of a registered trademark, or selling marks of a registered trademark that are forged or manufactured without authorisation; (4) changing another party's registered trademark and putting the commodities with the changed trademark into the market without the consent of the holder of that trademark; or (5) other conduct that would hinder another party's exclusive right to use its registered trademark.

Patent Law

In accordance with the Patent Law of PRC (《中華人民共和國專利法》), which was last amended on 1 October 2009 and the Implementation Rules for the Implementation of the Patent Law of PRC (《中國人民共和國專利法實施細則》), which was last amended on 1 February 2010, patent is divided in to 3 categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right is 20 years, and the duration of design patent right and utility model patent right is 10 years, which all calculated from the date of filing. An individual or entity who uses patent without the licence of the patent holder, counterfeits patent products or engages in patent infringement activities shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities. Further details of our patent right, refer to the section headed “Appendix IV — Statutory and General Information — Further Information about the Business — Intellectual Property Rights of our Group” in this prospectus.

Domain Names

In accordance with the Measures on Administration for Internet Domain Names (《互聯網域名管理辦法》), which took effect on 1 November 2017 and the Implementation Rules on Registration of Domain Names for Chinese Internet Information Center (《中國互聯網絡信息中心域名註冊實施細則》), which took effect on 29 May 2012 and the Measures on Dispute Resolution of National Domain Names for the Chinese Internet Information Center (《中國互聯網絡信息中心國家頂級域名爭議解決辦法》) and the Proceeding Rules on Dispute Resolution of National Domain Names for the Chinese Internet Information Center (《中國互聯網絡信息中心國家頂級域名爭議解決程序規則》), which both took effect on 21 November 2014, domain name registrations are handled

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through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration. As at the Latest Practicable Date, we have two registered domain names.

Laws and Regulations Relating to Taxation

Corporate Income Tax

In accordance with the Corporate Income Tax Law of PRC (《中華人民共和國企業所得稅法》), which took effect on 1 January 2008 and was last amended on 24 February 2017, and the Implementation Regulation for the Corporate Income Tax Law of PRC (《中華人民共和國企業所得稅法實施條例》) which took effect on 1 January 2008 (collectively, the “**CIT Law**”), taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries (region) but whose actual or *de facto* control entity is within PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries (region) and whose actual administration is conducted outside PRC, but (i) have entities or premises in China, or (ii) have no entities or premises in China but have income generated from China. According to the CIT Law, foreign invested enterprises in PRC are subject to corporate income tax at a uniform rate of 25%. For a non-resident enterprise having no office or establishment inside China, or for a non-resident enterprise whose incomes have no actual connection to its institution or establishment inside China, a withholding tax of 10% will be levied for the income derived from China.

Pursuant to the CIT Law, income from equity investment between qualified resident enterprises such as dividends and bonuses, which refers to investment income derived by a resident enterprise from direct investment in another resident enterprise, is tax-exempt.

Dividend Tax

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) which took effect on 20 February 2009, all of the following requirements shall be satisfied in order to enjoy the preferential tax rates provided under the tax agreements: (i) the tax resident that receives dividends should be a company as provided in the tax agreement; (ii) the equity interests and voting shares of PRC resident company directly owned by the tax resident reach the percentages specified in the tax agreement; and (iii) the equity interests of the Chinese resident company directly owned by such tax resident at any time during the twelve months prior to receiving the dividends reach a percentage specified in the tax agreement.

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) which took effect in the mainland China on 1 January 2007, a PRC resident enterprise which distributes dividends to its Hong Kong shareholders should pay income tax according to PRC law, however, if the beneficiary of the dividends is a Hong Kong resident enterprise, which directly holds no less than 25% equity interests of the aforesaid enterprise (i.e. the dividend distributor), the tax levied shall be 5% of the distributed dividends. If the beneficiary

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is a Hong Kong resident enterprise, which directly holds less than 25% equity interests of the aforesaid enterprise, the tax levied shall be 10% of the distributed dividends. Meanwhile, Circular of the State Administration of Taxation on the Interpretation and the Determination of the “Beneficial Owners” in the Tax Treaties (《國家稅務總局關於如何理解和認定稅收協定中“受益所有人”的通知》) (the “Circular 601”) has stipulated some factors that are unfavorable to the determination of “beneficial owner”. On 3 February 2018, the State Administration of Taxation issued the Notice on Certain Issues regarding Beneficial Owner in Tax Treaties (《關於稅收協定中“受益所有人”有關問題的公告》) (the “Circular 9”) which took effect on 1 April 2018 and to abolish the Circular 601. Circular 9 provides a clearer guideline and adopts a comprehensive assessment approach when determining whether a company can be qualified as Beneficial Owner, so as to enjoy the preferential tax rate on dividends.

Pursuant to the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) which took effect on 1 November 2015, a non-resident taxpayer qualified to enjoy the treatment under the tax treaties could enjoy the treatment automatically when filing tax return or making withholding declaration by withholding agents, and will be subject to the administration of the tax authorities thereafter.

Value-added Tax

According to the Provisional Regulations on Value-added Tax of PRC (《中華人民共和國增值稅暫行條例》) which took effect on 1 January 2009, and last amended on 19 November 2017, and the Provisional Implementation Rules of the Provisional Regulations on Value-added Tax of PRC (《中華人民共和國增值稅暫行條例實施細則》) which was last amended on 1 November 2011, all enterprises and individuals that engage in the sale of goods, services, intangible assets, or immovables, the provision of processing, repair and replacement services, and the importation of goods within the territory of PRC shall pay value-added tax.

In accordance with the Plan for Pilot Practice of Levying VAT in Lieu of Business Tax (《營業稅改徵增值稅試點方案》) which took effect on 16 November 2011 and Notice of Carrying out the Pilot Practice of Levying VAT in lieu of Business Tax on the Transportation Industry and some Modern Services Industries in Eight Provinces and Cities Including Beijing (《關於在北京等8省市開展交通運輸業和部分現代服務業營業稅改徵增值稅試點的通知》) which took effect on 1 August 2012 (the pilot practice was extended nationwide on 1 August 2013), Beijing shall complete the tax levying system transfer (collection of VAT in lieu of business tax) on 1 September 2012, after that, the taxpayer of Beijing in transportation and certain areas of modern services industries shall pay the VAT in lieu of business tax. The tax rate of 17% shall be applicable to those like lease of tangible property, the tax rate of 11% shall be applicable to the transportation industry and the construction industry, and the tax rate of 6% shall be applicable to other modern service industries. According to the Circular on Comprehensively Promoting the Pilot Program of the Collection of VAT in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which took effect on 1 May 2016, the pilot practice of levying VAT in lieu of business tax was extended nationwide to the sale of services, intangible assets or property. According to Decision of the State Council to Repeal the Interim Regulation of the People’s Republic of China on Business Tax and Amend the Interim Regulation of the People’s Republic of China on Value-Added Tax (關於廢止《中華人民共和國營業稅暫行條例》和修改《中華人民共

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和國增值稅暫行條例》的決定), which took effect on 19 November 2017, levying VAT in lieu of business tax is formally implemented. Our business shall be subject to VAT with reference with the above rules.

Urban Maintenance and Construction Tax as well as Education Surtax

In accordance with the Provisional Provisions on the Collection of Educational Surtax (《徵收教育費附加的暫行規定》), which was last amended on 8 January 2011, all entities and individuals who pay consumption tax, value-added tax and business tax shall also be required to pay educational surtax. The educational surtax rate is 3% of the amount of value-added tax, business tax and consumption tax actually paid by each entity or individual, and the educational surtax shall be paid simultaneously with value-added tax, business tax and consumption tax. In accordance with the Provisional Regulations on Urban Maintenance and Construction Tax of PRC (《中華人民共和國城市維護建設稅暫行條例》) which was last amended on 8 January 2011 and Circular of the State Administration of Taxation on Issues Concerning the Collection of the Urban Maintenance and Construction Tax (《國家稅務總局關於城市維護建設稅徵收問題的通知》), which took effect on 12 March 1994, any entity or individual liable to consumption tax, value-added tax and business tax shall also be required to pay urban maintenance and construction tax. Payment of urban maintenance and construction tax shall be based on the consumption tax, value added tax and business tax which a taxpayer actually pays and shall be made simultaneously when the latter are paid. The rates of urban maintenance and construction tax shall be 7%, 5% and 1% for a taxpayer in a city, in a county town or town and in a place other than a city, county town or town respectively.

Laws and Regulations relating to Foreign Investment

Restriction of Foreign Investment

According to the Provisions Guiding the Direction of Foreign Investment (《指導外商投資方向規定》) took effect on 1 April 2002, industries in China are classified into four categories: “permitted foreign investment industries”, “encouraged foreign investment industries”, “restricted foreign investment industries” and “prohibited foreign investment industries”. “Encouraged foreign investment industries”, “restricted foreign investment industries” and “prohibited foreign investment industries” are stipulated in the Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄》) (the “**Catalogue**”). Those industries, which do not fall in any of these three categories, are regarded as “permitted foreign investment industries”.

The Catalogue is promulgated and is amended by the National Development and Reform Commission (the “**NDRC**”) and the Ministry of Commerce (the “**MOFCOM**”). According to the last amended catalogue which took effect on 28 July 2017, the industries in which our PRC Subsidiaries engage do not fall in any of the “restricted foreign investment industries” or “prohibited foreign investment industries”.

Establishment of Foreign Invested Enterprise

An enterprise which establishes, operates and manages within the Chinese territory is subject to PRC Corporation Law (《中華人民共和國公司法》)(the “**Corporation Law**”). Corporation law is also applicable to foreign investment company, while where there are other special laws relating to foreign investment, such laws shall prevail.

The procedures for the establishment of wholly foreign-owned company, verification, registration and approval procedures, registered capital requirements, foreign exchange restrictions, accounting practices, taxation and labour matters are subject to the Law on Wholly Foreign-owned Enterprises of PRC (《中華人民共和國外資企業法》) which was last amended on 1 October 2016 and the Implementation Regulations for Law on Wholly Foreign-owned Enterprises of PRC (《中華人民共和國外資企業法實施細則》), which was last amended on 1 October 2016 and Provisional Administration Measures for the Registration of the Formation and Changes of Foreign Invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) which was last amended on 30 July 2017.

Laws and Regulations Relating to Foreign Exchange

In accordance with the Foreign Exchange Administrative Regulations of PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administrative Regulations**”) which last amended on 5 August 2008, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans unless prior approval or registration of the State Administration of Foreign Exchange is obtained.

In accordance with the Administration Rule on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》), which took effect on 1 July 1996, a foreign invested enterprise is allowed to handle the settlement and sale of and payment in foreign exchange for capital account items after submitting valid commercial documents and getting approval from State Administration of Foreign Exchange. According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which took effect on 1 June 2015, certain of the aforementioned approval powers of the State Administration of Foreign Exchange are authorised to qualified banks.

Pursuant to the Circular of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資金結匯管理方式的通知》) which took effect on 1 June 2015, and the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange Settlement (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which took effect on 9 June 2016, whose main business is investment, are allowed to make equity

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investment in PRC using the Renminbi funds converted from its registered capital. Meanwhile, the use of such Renminbi funds converted cannot be:

- directly or indirectly used for the payment beyond the business scope of the enterprises or any payment prohibited by national laws and regulations;
- unless otherwise provided by laws and regulations, directly or indirectly used or investment in securities or other financial products investment (except the bank capital-protection products);
- granting loans to non-related enterprises unless permitted under the scope of business; or
- for construction or purchase of real estate not for self-use, save for real estate enterprises.

In addition, foreign invested enterprises are allowed to settle foreign exchange capitals on a discretionary basis; the foreign invested enterprises may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). For the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis. The State Administration of Foreign Exchange may adjust the foregoing percentage as appropriate based on prevailing international balance of payments.

In accordance with the “Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Overseas Investment and Financing and Inbound Investment via Special Purpose Vehicles” (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), a “special purpose vehicle” means an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institutions and domestic individual residents) for the purpose of engaging in investment and financing with the domestic enterprise assets or interests he legally holds, or with the overseas assets or interests he legally holds. Domestic residents establishing or taking control of a special purpose vehicle abroad which makes round-trip investments in PRC are required to file foreign exchange registration with the local foreign exchange bureau. According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies, the initial foreign exchange registration for establishing or taking control of a special purpose company by domestic residents can be filed with a qualified bank, instead of the local foreign exchange bureau.

On 15 February 2012, SAFE issued the Notice of SAFE on Issues relating to Foreign Exchange Administration for Domestic Individuals Participation on Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (“**Equity Incentive Plan Notice**”). The Equity Incentive Plan Notice applies to domestic individuals as defined in article 52 of the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), including directors, supervisors, senior management or other employees of a domestic company, either Chinese citizens (including citizens of Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan) or foreign

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individuals who have lived in the PRC for one or above consecutive year (the “**PRC Residents**”). PRC Residents are required to file foreign exchange registrations with the SAFE or its branches for participation in the share option scheme of an overseas-listed company, which invests in or controls PRC subsidiary. Participants of a share option scheme who are PRC Residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration with respect to the share option scheme on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of share options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the agent in mainland China is required to amend the SAFE registration with respect to the share option scheme if there is any material change to the share option scheme, the mainland Chinese agent or the overseas entrusted institution or other material changes.

Laws and Regulations Relating to Dividend Distribution

The principal law governing dividend distributions by our PRC Subsidiaries is the Corporation Law, the dividend distribution by wholly foreign-owned enterprises (“**WFOE**”) and Sino-foreign equity joint ventures (“**EJV**”) are further governed by PRC Law on Wholly Foreign-owned Enterprises and its implementation regulations, PRC Law on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》) and its implementation regulations. According to above laws and regulations, Chinese companies (including foreign-owned enterprises and Sino-foreign equity joint ventures) may only pay dividends based on the accumulated profits calculated in accordance with PRC accounting principles.

In addition, in accordance with Corporation Law, when a company distributes their after-tax profits for a given year, they shall allocate 10% of profits to their statutory common reserve. Companies shall no longer be required to make allocations to their statutory common reserve once the aggregate amount of such reserve exceeds 50% of their registered capital. If a company’s statutory common reserve is insufficient to make up its losses of the previous years, such losses shall be made up from the profit for the current year prior to making allocations to the statutory common reserve pursuant to the preceding paragraph. Such reserved cash cannot be distributed as cash dividends. In addition, in accordance with PRC Law on Sino-foreign Equity Joint Ventures, the net profits of a joint venture shall be distributed to the parties to the venture in proportion to their respective shares in the registered capital after paying joint venture income tax in accordance with the tax laws of PRC and after making deductions for the reserve fund, the employee bonus and welfare fund, and the venture development fund as stipulated in the articles of association of the joint venture.

M&A Rules

In Accordance with the Rules on the Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》) (the “**M&A Rules**”) which was promulgated by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation of PRC, the State Administration for Industry and Commerce of PRC, China Securities Regulatory Commission and the State Administration of Foreign Exchange of PRC, which took effect on 8 September 2006 and was subsequently amended on 22 June 2009 by the MOFCOM, a foreign investor was required to obtain necessary approvals

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when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise via an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchase and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. According to Article 11 of the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, approval from MOFCOM is required. According to the Provisional Administration Measures for the Registration of the Formation and Changes of Foreign Invested Enterprises which took effect on 30 July 2017 and amended the M&A Rules, whereby the acquisition of domestic enterprises by foreign investor, which do not engage in the foreign restricted or prohibited industries and the acquisition do not fall in the Article 11 of the M&A Rules, is no longer subject to approval, instead, a filing requirement applies.

Before our Hong Kong Company's acquisition of all the shares of our PRC Subsidiary, our PRC Subsidiary was a EJV and did not belong to "domestic companies" based on the M&A Rules. Therefore, the M&A Rules does not apply to the acquisition of all the shares of our PRC Subsidiary by the Hong Kong company, and no approval from the Ministry of Commerce or the China Securities Regulatory Commission is needed.

HISTORY AND DEVELOPMENT

OUR CORPORATE HISTORY

Overview

Our Group's history can be traced back to when Mr. Huang has assumed the senior management role of Beijing Dowway since 2008 and become an equity holder of Beijing Dowway since 2010. Through a number of equity transfers and an increase of registered capital, Mr. Huang directly owned 93% equity interest in Beijing Dowway, immediately before the Reorganisation.

For the purpose of the Listing, our Company was incorporated in the Cayman Islands with limited liability on 28 April 2017 and became the holding company of our Group upon completion of the Reorganisation, details of which are set out in the paragraphs headed "Reorganisation" in this section. Our Group comprises our Company, HK Dowway, Beijing Dowway, being the primary operating subsidiary of our Group, Dowway Cultural and Tianjin Dowway.

We are an integrated exhibition and event management services provider, with the principal business of designing, planning, coordination and management of exhibitions and events in the PRC.

Business Milestones

The key milestones in our Group's development and achievements to date are set out below:

Year	Major Events
June 2002	Beijing Dowway, our primary operating subsidiary was established in Beijing, the PRC.
May 2009	Beijing Dowway was engaged by its first international automobile brand customer, which was a German automobile brand, to provide exhibition and event management services.
December 2010	Beijing Dowway was engaged by another German automobile brand to manage their automobile exhibitions and events in the PRC.
June 2013	We commenced our business relationship with Customer B and provided exhibition and event management services for them in the PRC.
December 2013	We commenced our business relationship with Customer A and provided exhibition and event management services for them in the PRC.
June 2014	Tianjin Dowway was established in Tianjin, the PRC.
October 2015	We commenced the provision of exhibition and event management services for Customer D in the PRC.

HISTORY AND DEVELOPMENT

Year	Major Events
December 2015	We attained the “Goldfinger Award: Top 50 Exhibition Service Brand in China granted by the China Event Industry Fair Committee* (中國會展產業交易會組委會).
April 2016	Dowway Cultural was established in Beijing, the PRC.
May 2016	Beijing Dowway was awarded “First Qualification, Exhibition Engineering” by China Association for Exhibition Centers (CAEC).
December 2016	Beijing Dowway was awarded “Second Qualification, Integration of Exhibition Display Design and Construction” by CAEC.
March 2017	Beijing Dowway was ranked the AAA credit rating by Lianhe Credit Information Services Co. Ltd., Beijing Branch* (聯合信用管理有限公司北京分公司).
May 2017	We established the first branch office of Beijing Dowway in Guangzhou, the PRC.

Our Company

Our Company was incorporated in the Cayman Islands on 28 April 2017 (under the former name of “Dowway International Company (天平道合國際公司)”) as an exempted company under the Companies Law in anticipation of the Listing. Upon completion of the Reorganisation, our Company became the holding company of our Group, which comprises the following subsidiaries and their respective corporate history is set out below.

Beijing Dowway

Beijing Dowway, the primary operating subsidiary of our Group, is an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation. It was established as a company with limited liability in the PRC on 3 June 2002 by Dowway Investments, founder A and founder B, both being Independent Third Parties. Dowway Investments was then owned as to 50% and 50% by Mr. Huang Ying, an uncle of Mr. Huang and an Independent Third Party respectively. Upon its establishment with the registered capital of RMB200,000, Beijing Dowway was owned as to 70%, 20% and 10% by Dowway Investments, founder A and founder B respectively.

Equity transfers before the takeover by Mr. Huang

On 7 January 2004, founder B entered into an equity transfer agreement with another Independent Third Party, pursuant to which, founder B agreed to transfer 10% equity interest in Beijing Dowway to the latter at a consideration of RMB1. On the following day, founder A also entered into an equity transfer agreement with such Independent Third Party for the transfer of 20% equity interest in Beijing Dowway to the latter at a consideration of RMB1. Upon completion of the aforesaid equity transfers, Beijing Dowway was owned as to 70% and 30% by Dowway Investments and the Independent Third Party respectively.

HISTORY AND DEVELOPMENT

On 18 July 2006, the Independent Third Party entered into an equity transfer agreement with Mr. Huang Ying, pursuant to which, the former agreed to transfer 30% equity interest in Beijing Dowway to Mr. Huang Ying at a consideration of RMB1. Following such equity transfer, Beijing Dowway was owned as to 70% and 30% by Dowway Investments and Mr. Huang Ying respectively.

Acquisition of equity interest in Beijing Dowway by Mr. Huang and Mr. Yin

On 1 March 2010, Dowway Investments entered into an equity transfer agreement with Mr. Huang, pursuant to which, Dowway Investments agreed to transfer 70% equity interest in Beijing Dowway to Mr. Huang at a consideration of RMB1. On the same day, Mr. Huang Ying also entered into another equity transfer agreement with Mr. Yin, who is a cousin of Mr. Huang, pursuant to which, Mr. Huang Ying agreed to transfer 30% equity interest in Beijing Dowway to Mr. Yin at a consideration of RMB1. Upon completion of the above share transfers, Beijing Dowway was owned as to 70% by Mr. Huang and 30% by Mr. Yin respectively.

Increase of registered capital

On 18 October 2012, Beijing Dowway resolved to increase its registered capital from RMB200,000 to RMB10,000,000, the amount of which was paid up by Mr. Huang. After such capital increment, Beijing Dowway was owned as to 99.4% by Mr. Huang and 0.6% by Mr. Yin.

Equity transfers among Mr. Huang, Mr. Zhao and the Then Prospective Investors

On 21 March 2016, in preparation of the Proposed PRC Listing, Mr. Huang entered into 23 equity transfer agreements with Mr. Zhao, TPCX and each of the Then Prospective Investors in respect of the equity interest of Beijing Dowway. Pursuant to those agreements, Mr. Huang agreed to transfer 2%, 14.4% and 23.4% of his equity interest in Beijing Dowway to Mr. Zhao, TPCX and the Then Prospective Investors, at a consideration of RMB200,000, RMB1,440,000 and RMB2,340,000, respectively, with reference to the paid up registered capital of Beijing Dowway. On the same day, Mr. Yin also entered into an equity transfer agreement with TPCX, pursuant to which, Mr. Yin agreed to transfer 0.6% equity interest in Beijing Dowway to TPCX at a consideration of RMB60,000 with reference to the paid up registered capital of Beijing Dowway. Upon completion of the above equity transfers, Beijing Dowway was owned as to 59.6% by Mr. Huang, 2% by Mr. Zhao, 15% by TPCX and 23.4% by the Then Prospective Investors.

TPCX was a limited partnership established on 10 March 2016 by Mr. Huang as the general partner and nine employees and the then legal adviser of Beijing Dowway as the limited partners, including Mr. Yin and Ms. Li Jingyue, both being the cousins of Mr. Huang, Mr. Yan Jinghui and Mr. Ma Yong, both being our executive Directors, Mr. Bao Xianglong, Mr. Xiao and Mr. Tang Hao, all being our senior management. It was purposely established and set up as an investment platform for the sole purpose of enabling the limited partners to share the economic benefit arising from the Proposed PRC Listing. Save for being an investment vehicle to Beijing Dowway, TPCX did not have any business operation from the date of its establishment and up to the date of its deregistration. The Then Prospective Investors comprised 21 Independent Third Parties, including founder A and an equity holder of Dowway Investments.

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During the period from 27 October 2016 to 25 April 2017, due to (i) the abortion of the Proposed PRC Listing as Beijing Dowway considered that the expected equity capital market funding of the Proposed PRC Listing was unable to match the financial needs of Beijing Dowway; and (ii) the Then Prospective Investors' lack of understanding of the Listing, TPCX and the Then Prospective Investors entered into various equity transfer agreements with Mr. Huang and Mr. Zhao to transfer all their equity interest in Beijing Dowway back to Mr. Huang and to Mr. Zhao at a consideration equivalent to their respective investment sum in Beijing Dowway. Following completion of such transfer, Beijing Dowway was owned as to 93% by Mr. Huang and 7% by Mr. Zhao.

Equity transfer between Mr. Huang and Mr. Shao

Mr. Huang and Mr. Shao entered into an equity transfer agreement on 15 June 2017 (as supplemented and amended by a supplemental agreement dated 6 September 2017), pursuant to which Mr. Huang agreed to transfer 2.1% equity interest in Beijing Dowway to Mr. Shao at a consideration of RMB546,000, which was determined after arm's length negotiation between the parties with reference to the then appraised net asset value of Beijing Dowway as at 31 December 2016 by an independent valuer and such consideration was settled by Mr. Shao's own financial resources previously generated from his business. Subsequent to the aforesaid transfer, Beijing Dowway was owned as to 90.9% by Mr. Huang, 7% by Mr. Zhao and 2.1 % by Mr. Shao and became a sino-foreign joint venture enterprise with a new business licence issued by the Beijing Administration for Industry and Commerce on 23 August 2017.

Acquisition of the entire equity interest of Beijing Dowway by HK Dowway

As part of the Reorganisation, on 22 September 2017, HK Dowway entered into three equity transfer agreements separately with Mr. Huang, Mr. Zhao and Mr. Shao to acquire the entire equity interest of Beijing Dowway. Pursuant to such agreements, Mr. Huang, Mr. Zhao and Mr. Shao transferred 90.9%, 7% and 2.1% equity interest in Beijing Dowway to HK Dowway at the consideration of RMB17,816,400, RMB1,372,000 and RMB411,600 paid in HKD respectively, which was determined after arm's length negotiation between the parties with reference to the unaudited net asset value of Beijing Dowway as at 31 August 2017. The above considerations were fully settled by 1 November 2017. On 25 September 2017, Beijing Dowway obtained a new business licence issued by the Beijing Administration for Industry and Commerce in respect of the aforesaid equity transfer. Upon completion of above equity transfer, Beijing Dowway became a foreign-owned enterprise wholly owned by HK Dowway and became an indirect wholly-owned subsidiary of our Company.

Our PRC Legal Advisers confirmed that the aforesaid capital injection in and equity transfers of Beijing Dowway had been approved by or registered with relevant competent authorities and were legally valid and effective.

Tianjin Dowway

Tianjin Dowway was incorporated as a limited liability company in the PRC on 24 June 2014, with a registered capital of RMB500,000 and was wholly held by Mr. Huang. Its registered business scope includes managing exhibitions, advertising, corporate image planning and public relations planning. Tianjin Dowway had no business operation during the Track Record Period.

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As part of the Reorganisation, on 15 June 2017, Mr. Huang entered into an equity transfer agreement with Beijing Dowway, pursuant to which, Mr. Huang agreed to transfer the entire equity interest in Tianjin Dowway to Beijing Dowway at a consideration of RMB1, which was determined with reference to the then unaudited net asset value of Tianjin Dowway as at 31 December 2016. Following completion of the aforesaid transfer, Tianjin Dowway was wholly owned by Beijing Dowway.

Our PRC Legal Advisers confirmed that the aforesaid equity transfer had been registered with relevant competent authorities and was legally valid and effective.

Dowway Cultural

Dowway Cultural was a limited liability company established in the PRC on 21 April 2016, with a registered capital of RMB1,000,000, and was held as to 51%, 30% and 19% by Beijing Dowway, Mr. Zhou and Mr. Xiao respectively. Its registered business scope includes providing coordination and management services of art-related events, exhibition events, graphic creation and integrated public relations services.

On 13 June 2017, Dowway Cultural resolved to increase its registered capital from RMB1,000,000 to RMB20,000,000.

As part of the Reorganisation, on 15 June 2017, each of Mr. Zhou and Mr. Xiao entered into an equity transfer agreement with Beijing Dowway, pursuant to which, Mr. Zhou and Mr. Xiao transferred 30% and 19% equity interest of Dowway Cultural to Beijing Dowway at a consideration of RMB1 and RMB1, respectively. The consideration was determined after arm's length negotiations between the parties with reference to the then unaudited net asset value of Dowway Cultural as at 31 December 2016. Subsequent to the aforesaid equity transfers, Dowway Cultural was wholly owned by Beijing Dowway.

Our PRC Legal Advisers confirmed that the aforesaid increase of registered capital and equity transfer had been registered with relevant competent authorities and were legally valid and effective.

HK Dowway

HK Dowway was incorporated in Hong Kong with limited liability on 19 May 2017 and was wholly owned by our Company. Since its incorporation, apart from holding the equity interest of Beijing Dowway, HK Dowway has not commenced any business.

PRE-IPO INVESTMENTS

Investments by Longling Capital and Mr. Shao

Beijing Dowway, Mr. Huang and Mr. Shao entered into the Pre-IPO Investment Agreement (Mr. Shao) on 15 June 2017, pursuant to which, Mr. Huang undertook to procure our Company to allot and issue Shares equivalent to 2.1% of the enlarged issued share capital of our Company

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upon completion of the Reorganisation, to Mr. Shao at a consideration of RMB3,000,000, which was fully settled by Mr. Shao on 7 September 2017. Such consideration was settled by Mr. Shao with his own financial resources previously generated from his business.

Beijing Dowway, Mr. Huang and Longling Capital also entered into the Pre-IPO Investment Agreement (Longling Capital) on 16 June 2017, pursuant to which, Mr. Huang undertook to procure our Company to allot and issue Shares equivalent to 6.65% of the enlarged issued share capital of our Company upon completion of the Reorganisation, to Longling Capital at a consideration of RMB9,500,000, which was fully settled by Longling Capital on 11 August 2017. Such consideration was settled by Longling Capital with its internal financial resources.

The consideration under the Pre-IPO Investment Agreements was determined after arm's length negotiation among the parties with reference to the market comparable valuation. It was a term under the Pre-IPO Investment Agreements that payment of all consideration was irrevocable.

To the best knowledge and belief of our Directors, both Longling Capital and Mr. Shao decided to invest in our Group in contemplation of the potential growth of our Group's business, and they, save for being our Shareholders, did not have any past or present relationships (including without limitation, family, trust, business, employment relationships) or any agreements, arrangements or memorandum of understanding with our Company, our subsidiaries, Shareholders, Directors or senior management and any of their respective close associates and were Independent Third Parties as of the Latest Practicable Date.

Following completion of the above subscriptions by the Pre-IPO Investors on 27 October 2017 and the further subscriptions of Shares by A&B and D&S on the same date, details of which are set out in the section headed "Reorganisation" in this prospectus, our Company was owned as to 84.86%, 6.39%, 6.65% and 2.1% by A&B, D&S, Longling Capital and Mr. Shao, respectively.

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The following table sets forth key details of the Pre-IPO Investments:

	Pre-IPO Investment Agreement (Mr. Shao)	Pre-IPO Investment Agreement (Longling Capital)
Date of the principal agreements:	15 June 2017	16 June 2017
Date of the supplemental agreements:	31 August 2017	31 August 2017
Parties to the principal agreements and supplemental agreements	(i) Mr. Shao (ii) Mr. Huang (iii) Beijing Dowway	(i) Longling Capital (ii) Mr. Huang (iii) Beijing Dowway
Date of Shares allotment:	27 October 2017	27 October 2017
Number of Shares held upon completion of Reorganisation:	210 (before the Capitalisation Issue); 31,500,000 (immediately after the Capitalisation Issue)	665 (before the Capitalisation Issue); 99,750,000 (immediately after the Capitalisation Issue)
Approximate percentage of shareholding upon the Listing (taking no account any Shares to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme)	1.57%	4.99%
Amount of consideration paid:	HK\$3,590,000 (equivalent to approximately RMB3,000,000)	Approximately US\$1,413,500 (equivalent to approximately RMB9,500,000)
Costs per Share paid:	Approximately HK\$0.11	Approximately HK\$0.11
Discount to the Share Price^(Note):	Approximately 21.4%	Approximately 21.4%
Date on which the consideration was fully settled:	7 September 2017	11 August 2017

HISTORY AND DEVELOPMENT

	Pre-IPO Investment Agreement (Mr. Shao)	Pre-IPO Investment Agreement (Longling Capital)
Lock-up Period:	From the date of allotment up to the end of the sixth month after the Listing	Nil
Information Right:	Mr. Shao is entitled to inspect the management accounts and financial statements of our Group before the Listing	Longling Capital is entitled to inspect the management accounts and financial statements of our Group before the Listing
Use of Proceeds:	General working capital, including payment of the consideration for the acquisition of 2.1% equity interest in Beijing Dowway by HK Dowway. Such proceeds have been fully utilised	General working capital, including payment(s) for the Listing-related matters. Such proceeds have not been fully utilised and it is intended that the remaining proceeds be applied for the payment for logistic arrangement for personnels and other administrative expenses in relation to the Listing and other legal and compliance advisory matters
Strategic benefits of the Pre-IPO Investors brought to our Company:	Strengthened capital; utilising his experience in the corporate field to enhance and monitor corporate governance from the perspective of a minority shareholder to communicate with the Company and our Directors via attending general meeting of shareholders; introduction of knowledge and experience in management, operations and development of business strategy	Strengthened capital; utilising the experience in capital investments of Mr. Cai Wensheng, its sole shareholder, to enhance corporate governance by providing guidance to our Directors and the Company in respect of corporate governance best practice and compliance with relevant rules and regulations; introduction of knowledge and experience in management, operations and development of business strategy

Note: The calculation is based on mid-point of our indicative price range for the Share Offer and taking into account the Capitalisation Issue and the Share Offer but excluding any Shares to be issued upon exercise of the options which may be granted under the Share Option Scheme.

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Information of Mr. Shao

Mr. Shao is an individual investor. He is currently the director of Yiu Cheong Construction Material Company Limited (耀昌建材有限公司), Yiu Hang Construction Material Company Limited (耀恒建材有限公司), Yiu Ming Construction Material Company Limited (耀明建材有限公司) and Guangdong Guofu Runben Entrepreneurship Investments Company Limited* (廣東國富潤本創業投資有限公司) with registered capital of approximately RMB80 million. He is also the chief executive of Guangdong Hefu Investments Management Company Limited* (廣東合富投資管理有限公司) with registered capital of approximately RMB100 million.

We acquainted with Mr. Shao through a friend of Mr. Huang. To the best knowledge and belief of our Directors, Mr. Shao decided to invest in our Group in view of the prospects of our business growth.

Other than his shareholding interest in our Company as disclosed in this prospectus, Mr. Shao was an Independent Third Party as at the Latest Practicable Date.

Information of Longling Capital

Longling Capital was incorporated in the BVI with limited liability on 15 May 2009 and is wholly owned by Mr. Cai Wensheng (蔡文勝). The principal business of Longling Capital includes capital investments in both the PRC and other countries. Mr. Cai has invested in various technology start-ups in the PRC, including Meitu, Inc., (美圖公司), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1357) in 2016, Baofeng Group Co., Ltd. (暴風集團股份有限公司), the shares of which are listed on Shenzhen Stock Exchange (stock code: 300431) in 2015 and Feiyu Technology International Company Ltd. (飛魚科技國際有限公司), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1022) in 2014.

Other than the shareholding interest in our Company as disclosed in this prospectus, Longling Capital and Mr. Cai Wensheng were Independent Third Parties as at the Latest Practicable Date.

To the best knowledge and belief of our Directors, Longling Capital decided to invest in our Group in view of the prospects of our business growth.

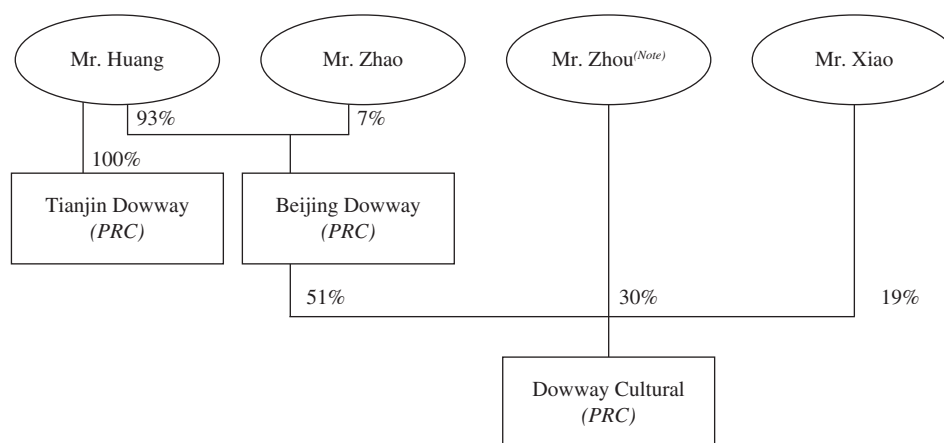
Each of the Pre-IPO Investors financed the Pre-IPO Investments with his/its personal or internal resources, and none of the Pre-IPO Investors acquired the Shares according to the instructions of our Group or its connected persons. Immediately following completion of the Capitalisation Issue and the Share Offer, the Shares to be held by Mr. Shao and Longling Capital would be considered as part of the public float for the purpose of Rule 11.23 of the GEM Listing Rules as (i) none of the Pre-IPO Investors nor the ultimate beneficial owner of Longling Capital is a director, chief executive or substantial shareholder of our Group or a close associate of any of them (the “**Non-Public Shareholders**”); (ii) the acquisitions of the Shares by the Pre-IPO Investors were not financed by the Non-Public Shareholders; and (iii) the Pre-IPO Investors are not accustomed to taking instructions from a Non-Public Shareholder for the voting or dispositions in respect of the Shares held by it.

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The Sole Sponsor is of the view that the Pre-IPO Investments are in compliance with the Guidance Letters HKEx-GL29-12 and HKEx-GL43-12 issued by the Stock Exchange as the respective considerations of Longling Capital and Mr. Shao under the Pre-IPO Investments were fully settled on 11 August 2017 and 7 September 2017 respectively, which were before 28 clear days prior to the date of the first submission of the listing application to the Stock Exchange in relation to the Listing, and no special rights were granted to the Pre-IPO Investors that will survive after the Listing in respect of the Pre-IPO Investments. The “Guidance on Pre-IPO Investment in Convertible Instruments” (HKEx-GL44-12) was not applicable to the Pre-IPO Investments as no convertible instrument was issued.

REORGANISATION

The following chart sets out the shareholding and corporate structure of our Group immediately prior to Reorganisation:



Note: Dowway Cultural had no business operations since its incorporation and up to 15 June 2017 (i.e. the date on which Mr. Zhou disposed of his equity interest in Dowway Cultural), hence, Mr. Zhou did not exercise any control over the operation or management of Dowway Cultural.

In preparation for the Listing, our Group underwent the Reorganisation to implement a structure where our Company became the holding company of our Group and the steps are as follows:

(A) Incorporation of our Company

Our Company was incorporated in the Cayman Islands on 28 April 2017 with an authorised share capital of US\$50,000 divided into 500,000,000 Shares of US\$0.0001 each. On the date of its incorporation, 1 fully paid Share was allotted and issued to the initial subscriber, which was subsequently transferred to Mr. Huang. On the same date, 92 and 7 fully paid Shares were further allotted and issued to Mr. Huang and Mr. Zhao respectively. Upon completion of the aforesaid transfers, allotments and issues of Shares, the total issued share capital of our Company was owned as to 93% by Mr. Huang and 7% by Mr. Zhao. Subsequently on 27 June 2017, Mr. Huang and Mr. Zhao transferred 93 Shares and 7 Shares to A&B and D&S at par value respectively. Following completion of such transfers, our Company was owned as to 93% by A&B and 7% by D&S.

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(B) Incorporation of HK Dowway

HK Dowway was incorporated in Hong Kong with limited liability on 19 May 2017 with one share allotted and issued to our Company. HK Dowway is an investment holding company and remained a wholly owned subsidiary of our Company after completion of the Reorganisation.

(C) Transfer of the entire equity interest in Tianjin Dowway from Mr. Huang to Beijing Dowway

On 15 June 2017, Mr. Huang (as transferor) and Beijing Dowway (as transferee) entered into an equity transfer agreement, pursuant to which Mr. Huang agreed to transfer the entire equity interest in Tianjin Dowway to Beijing Dowway at a consideration of RMB1. Following completion of the aforesaid equity transfer, Tianjin Dowway became a direct wholly-owned subsidiary of Beijing Dowway.

(D) Transfer of 49% equity interest in Dowway Cultural from Mr. Zhou and Mr. Xiao to Beijing Dowway

On 15 June 2017, each of Mr. Zhou and Mr. Xiao (as transferors) entered into an equity transfer agreement with Beijing Dowway (as transferee), pursuant to which Mr. Zhou and Mr. Xiao agreed to transfer 30% and 19% equity interest in Dowway Cultural to Beijing Dowway at a consideration of RMB1 and RMB1 respectively. Following completion of the aforesaid equity transfers, Dowway Cultural became a direct wholly-owned subsidiary of Beijing Dowway.

(E) Beijing Dowway becoming a Sino-Foreign Joint Venture

On 15 June 2017, Mr. Huang (as transferor) and Mr. Shao (as transferee) entered into an equity transfer agreement (which was supplemented and amended by a supplemental agreement dated 6 September 2017), pursuant to which Mr. Huang agreed to transfer 2.1% equity interest in Beijing Dowway to Mr. Shao at a consideration of RMB546,000. Following completion of the aforesaid equity transfer, the equity interest of Beijing Dowway was owned as to 90.9%, 7% and 2.1% by Mr. Huang, Mr. Zhao and Mr. Shao respectively and Beijing Dowway became a sino-foreign joint venture.

(F) Subscription for Shares by A&B, D&S, Mr. Shao and Longling Capital

On 27 October 2017, 210, 665, 8,393 and 632 Shares were allotted and issued to Mr. Shao, Longling Capital, A&B and D&S respectively, pursuant to the Pre-IPO Investments and the applications for Shares made by A&B and D&S at the consideration of US\$2,334,300 and US\$175,700 respectively. The subscription sum of A&B and D&S was settled on 27 October 2017.

(G) Transfer of the entire equity interest in Beijing Dowway

On 22 September 2017, pursuant to the Reorganisation, HK Dowway entered into three equity transfer agreements separately with Mr. Huang, Mr. Zhao and Mr. Shao for the acquisition of the entire equity interest of Beijing Dowway. Upon completion of these transfers of equity interest, Beijing Dowway was wholly owned by HK Dowway and became our indirect wholly owned subsidiary.

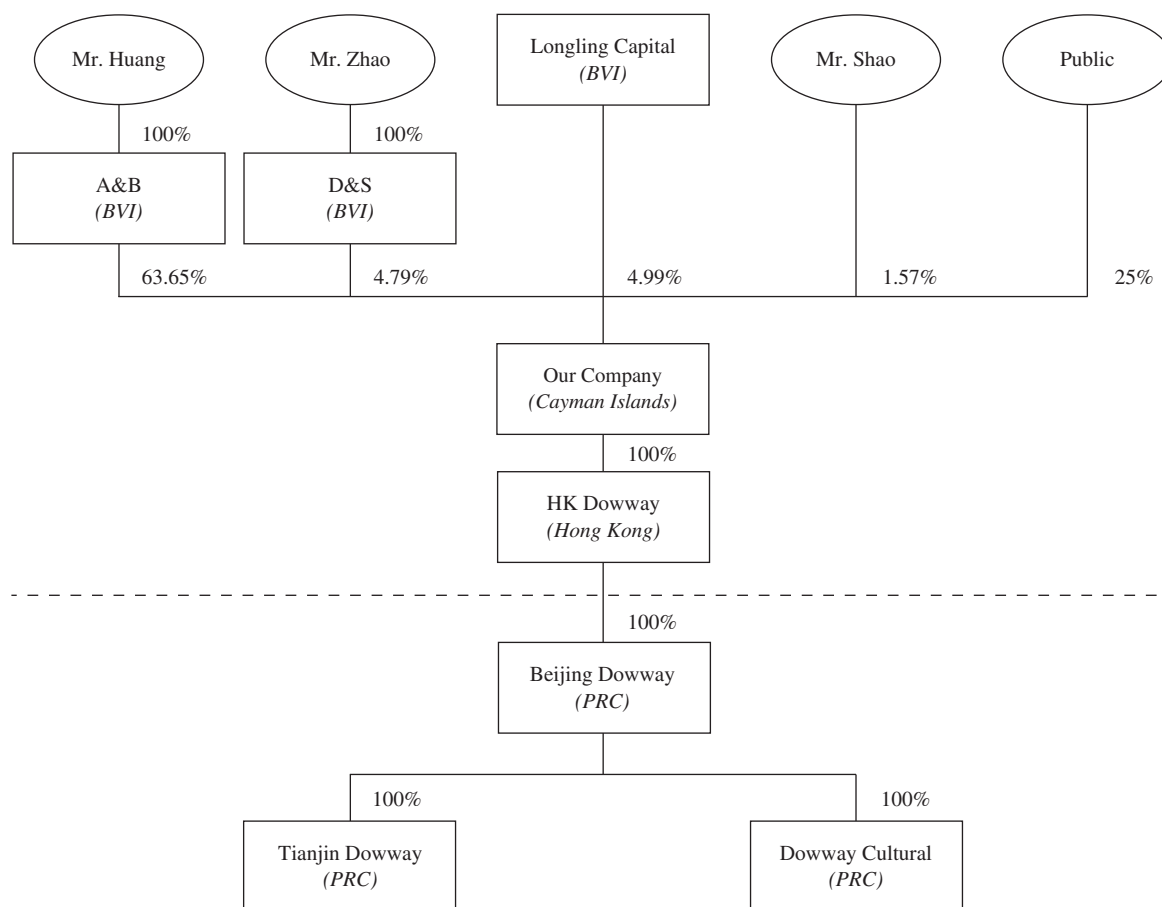
HISTORY AND DEVELOPMENT

The following chart sets out the shareholding structure of our Group immediately after completion of the Reorganisation but before the Capitalisation Issue and the Share Offer:



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The following chart sets out the shareholding structure of our Group upon completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares to be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme):



COMPLIANCE WITH PRC LAWS

Our PRC Legal Advisers have confirmed that all relevant approvals and permits in respect of the equity transfers of our PRC operating subsidiaries as described above have been obtained and the procedures and steps involved are in compliance with relevant laws and regulations in the PRC.

PROPOSED PRC LISTING

In early 2016, our Group engaged a PRC securities firm (the “**PRC Sponsor**”) as its sponsor for the Proposed PRC Listing. After the engagement of the PRC Sponsor, Beijing Dowway and the PRC Sponsor only had several discussions on the preparation work for the Proposed PRC Listing. In late 2016, Beijing Dowway decided to abort the Proposed PRC Listing as Beijing Dowway, with the internationally renowned automobile companies as its major customers, considered that the expected equity capital market funding from the Proposed PRC Listing was unable to match its financing needs while a listing on the Stock Exchange can provide an international platform for

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raising funds from potential international investors with higher level of liquidity for further fundraisings to support its business expansion, and hence a better listing venue for Beijing Dowway in the long run.

Save and except for the appointment of the PRC Sponsor, our Group did not appoint any other professional party for the Proposed PRC Listing and the PRC Sponsor did not make any application or filing with the National Equities Exchange And Quotations Co., Ltd for Beijing Dowway. The engagement with the PRC Sponsor was subsequently terminated in July 2017.

As no substantial preparation work had been conducted for the Proposed PRC Listing, our Directors take the view that to their best knowledge, save as those disclosed in the prospectus, there is no other material matter regarding the Proposed PRC Listing which should be brought to the attention of regulators and investors.

SAFE Registration

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “**SAFE Circular No. 37**”), promulgated by SAFE and which became effective on 4 July 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branches for any major change, in respect of the Overseas SPV, including a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Director Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**SAFE Circular No. 13**”), promulgated by SAFE and which became effective on 1 June 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisers, all necessary SAFE registration under the SAFE Circular No. 13 and SAFE Circular No. 37 and all required procedures for amendment to such registration have been completed.

THE M&A RULES

On 8 August 2006, six PRC regulatory authorities, including the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, SAIC, CSRC and SAFE, jointly issued the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (the “**M&A Rules**”), which became effective on 8 September 2006, and was amended on 22 June 2009. Pursuant to the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested

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enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise.

Given that Beijing Dowway was a sino-foreign joint venture enterprise prior to HK Dowway's acquisition of the entire equity interest in Beijing Dowway, and our Company had disclosed Mr. Huang's plan to acquire the entire equity interest in Beijing Dowway through an offshore company controlled by him to the approving authority during the application for Mr. Shao's acquisition of 2.1% equity interest in Beijing Dowway which turned Beijing Dowway into a sino-foreign joint venture, as advised by our PRC Legal Advisers, HK Dowway's acquisition of the entire equity interest in Beijing Dowway is not subject to the M&A Rules, and the Listing does not require approvals from CSRC and MOFCOM under the M&A Rules.

OVERVIEW

Founded in 2002, our Group is an integrated exhibition and event management services provider that principally engages in design, planning, coordination and management of exhibitions and events in the PRC, covering over 40 cities such as Beijing, Shanghai, Guangzhou, Tianjin, Chengdu, Harbin, Shenyang, Kunming, Nanning, and Chongqing. Our Group has been providing integrated exhibition and event management services to automobile companies since 2009. Our exhibitions and events mainly facilitate the showcase, promotion and/or sales of branded automobiles by different internationally renowned automobile companies. The automobile companies accounted for over 80% of all the exhibitions and events coordinated and managed by us in terms of revenue for each financial year during the Track Record Period. Besides, during the Track Record Period, some of the projects commissioned by non-automobile companies are also related to automobile exhibitions and events. For the years ended 31 December 2015, 2016 and 2017, revenue derived from automobile related exhibitions and events represented approximately 93.1%, 97.7% and 89.1% of the Group's total revenue, respectively. With over 8 years of operating history, we have developed well-established relationships with internationally renowned automobile brands such as Lamborghini, Volkswagen and other German and Italian automobile brands. In addition, we also provide our services for various promotional, commercial and private events such as awards ceremonies, film promotional events, and press conferences.

Our principal business activities

Design, planning, coordination and management of exhibitions and events

We undertake exhibition and event projects primarily as a project manager, and provide a comprehensive range of services which include design, planning, coordination and management of exhibitions and events covering theme, stage, venue design and overall planning, feasibility study, procurement of construction materials and equipment, project management, coordination with suppliers and/or personnel for construction of backdrop, stage and exhibition booth as well as installation of audio, visual and lighting equipment and facilities and on-site supervision. Depending on the customers' requests and subjects of the exhibitions and events, we provide integrated management services which include design, planning, coordination and management of the construction and installation works of the exhibitions and events. Based on the types and objectives of the exhibitions and events, we may be requested to design a specific theme for the relevant exhibitions and events and coordinate with different suppliers to implement and execute our design and layout plans.

During the Track Record Period, we primarily generate our revenue from the service income for coordination and management of exhibitions and events. For details of our business model, please refer to the paragraph headed "Our business model" in this section. Our revenue decreased from approximately RMB89.8 million for the year ended 31 December 2015 to approximately RMB88.3 million for the year ended 31 December 2016, representing a slight decrease of approximately 1.6% which was mainly due to the decrease in the number of exhibition and event projects managed by us, leading to a decrease in service fees received from our customers. For the year ended 31 December 2017, our revenue was approximately RMB97.0 million, representing an increase of approximately 9.8% from approximately RMB88.3 million for the year ended 31 December 2016, which was mainly due to (i) the increase in revenue of approximately RMB7.0

BUSINESS

million contributed by Customer B for the year ended 31 December 2017 as compared with 2016 as well as (ii) the increase in number of exhibition and event projects undertaken by us, from 56 in 2016 to 62 in 2017.

Our gross profit increased from approximately RMB20.5 million for the year ended 31 December 2015 to approximately RMB22.3 million for the year ended 31 December 2016, representing an increase of approximately 8.6%. For the year ended 31 December 2017, our gross profit was approximately RMB24.3 million, representing an increase of approximately 8.9% from approximately RMB22.3 million for the year ended 31 December 2016. During the Track Record Period, all of our revenue was generated from the PRC.

COMPETITIVE STRENGTHS

We believe that our success is principally attributed to the following competitive strengths:

Proven business track record of integrated exhibition and event management services provided by us

During the Track Record Period, we have successfully completed over 700 stations of exhibitions and events. We believe that we can benefit from our capabilities and proven track record of providing integrated management services to cater for our customers and target visitors or participants in the exhibition and events managed by us. For example, we can utilise our expertise and experience in exhibition theme and stage design, the use of audio, visual, lighting equipment and facilities and overall project management to enhance our services provided for different types of exhibitions and events. In addition, we have further extended our services to diversify our customer base by serving customers in other industry sectors such as the telecommunication related industry.

Our Directors believe that our good reputation and proven track record in the PRC, our possession of requisite knowledge, experience and expertise in undertaking various types of exhibition and event projects, and our capability of delivering our projects on time and to the satisfaction of our customers give us a competitive edge in pursuing new opportunities in the exhibition and event management industry. During the Track Record Period, we had undertaken around 170 exhibition and event projects in the PRC with an aggregate revenue of approximately RMB275.1 million while each exhibition and event project may prescribe a different number of stations of exhibitions and/or events held in the PRC for a fixed period of time under the respective contract.

Well-established relationships with internationally renowned automobile companies

Our Group has well established relationships with the internationally renowned automobile companies and strives to continually satisfy their needs and requirements for exhibition and event management services, leading to further collaboration and closer ties with these automobile companies. Our Group has maintained business relationship with the majority of our major customers which are automobile companies for a range of 3 to 6 years. Due to the track record and reputation of our Group for providing consistent and high standard of services and our well-established relationships with the automobile companies, we are often considered as having accumulated an in-depth understanding of the exhibitions

and events hosted by the automobile companies, and thereby enable us to have a competitive edge over our competitors in the tendering process. Our Group has forged a reputable customer base which includes leading and international brand names. With the economic growth in the PRC, our Directors believe that the automobile industry in the PRC is experiencing promising growth with the emergence of the Chinese middle class, and the growth will drive the demand for event and exhibition management services. According to Frost & Sullivan, the sales volume of new automobile in China reached approximately 29.9 million units in 2017, representing a year-on-year growth rate of about 3.1% from 2016 and a CAGR of 6.7% during 2013 to 2017. In addition, it was estimated that the sales volume of new automobile in China would reach approximately 37.9 million units in 2022, anticipating an approximate CAGR of 4.9% during 2017 to 2022. According to Frost & Sullivan, in light of such trend, the demand for exhibition and event management services from the automobile industry is expected to continue growing. Our Directors consider that our Group is well positioned to capitalise on the growth of the automobile industry in the PRC.

Experienced management team with industry knowledge

Our management team has significant industry experience, strong client relationships and capabilities in securing business opportunities from new customers. Our executive Directors, Mr. Huang, Mr. Ma Yong and Mr. Yan Jinghui each have over 10, 10 and 9 years of experience, respectively, in the exhibition and event management industry. In addition, all members of our senior management team have over 5 years of experience in the exhibition and event management industry. The majority of our senior management have been with us for more than 6 years and the management team has been contributing to the long-term business strategies to our success. Please refer to the section headed “Directors and Senior Management” in this prospectus for the biographical details of our senior management team.

We believe that the solid experience of our management team and their industry knowledge and in-depth understanding of the market enables us to assess market trends and requirements of our customers, as well as to evaluate and manage our exhibitions and events efficiently. Our management team’s experience and understanding of the industry also enable us to leverage our existing exhibition and event management expertise and venture into new exhibition themes, which, in turn, would maintain high exhibitors’ and visitors’ satisfaction, and foster our business development.

Stringent quality control and high service standard

We place emphasis on achieving consistently high quality services and have implemented a stringent quality control system that complies with international standards. Since 2013 and up to the Latest Practicable Date, we have been assessed and certified to have complied with the requirements of GB/T 19001–2008/ISO 9001: 2008 quality management system standard and GB/T 24001–2004/ISO 14001:2004 environmental management system standard. Further, we have been assessed and certified to have complied with the GB/T 28001–2011/OHSAS 18001:2007 occupational health and safety management system standard since 2016. As our customers include different local corporations and internationally

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renowned automobile companies, we are committed to meeting stringent international quality standards in order to maintain and promote our customers' confidence in the services provided by our Group.

In recognition of our high quality and standard of services, we were awarded the following certificates and qualifications:

Date of grant	Title	Awarding organisations/ institutions
February 2013	Member	China Association for Exhibition Centers (CAEC)
October 2015 (expiry date: October 2019)	Member	China Convention/Exhibition/Event Society* (中國會展經濟研究會)
12 December 2015	Goldfinger Award: Top 50 Exhibition Service Brands in China	China Events Industry Fair Committee* (中國會展產業交易會組委會)
28 May 2016 (expiry date: 28 May 2019)	First Qualification, Exhibition Engineering	China Association For Exhibition Centers (CAEC)
19 December 2016 (expiry date: 19 December 2019)	Second Qualification, Integration of Exhibition Display Design and Construction	China Association For Exhibition Centers (CAEC)
22 March 2018 (expiry date: 21 March 2019)	AAA Credit Rating	Lianhe Credit Information Service Co., Ltd., Beijing Branch (聯合信用管理有限公司北京分公司)

Established network and track record of cooperation with a variety of suppliers

We have accumulated experience in cooperating with a variety of suppliers, which include service providers for stage and booth construction, equipment leasing companies and logistics and transportation companies, through coordinating and managing different types of exhibitions and events. Such experience enables us to establish better understanding of their expertise and skills which in turn enables us to better control the quality and costs in the processes of our businesses. For details regarding our suppliers, please refer to the paragraph headed "Major Suppliers" in this section.

We have established cooperative relationship with suppliers specialising in different types of services and products. As a result, we enjoy flexibility of selecting appropriate suppliers based on the needs of exhibitions or events, which in turn enables us to better control the quality and costs of our services. We select our suppliers based on the

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requirements of the relevant exhibitions or events, their fee quotes, quality of their services, the expected timing for delivery of service and/or products and our prior experience with them.

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It is our goal to become a leading exhibition and event management services provider in China and to facilitate the coordination and management of a variety of exhibitions and events to cater for the needs of our customers. To achieve our goal, we plan to build on our competitive strengths to expand and leverage our services for coordinating and managing different types of exhibitions and events. We believe the business strategies adopted by us will also further strengthen our market position in the exhibition and event management industry in the PRC.

Expand our exhibition and event management services

As the Group's exhibition and event management services are mainly provided to automobile companies which often require audio and visual effects in their exhibitions and events, we intend to purchase multimedia audiovisual equipment required for exhibition and event projects coordinated and managed by us to reduce the leasing of such multimedia audiovisual equipment from third party suppliers. Among the approximately HK\$13.9 million of our estimated net proceeds planned for expanding our exhibition and event management services, approximately HK\$13.2 million is expected to be used for the purchase of multimedia audiovisual equipment and the remaining approximately HK\$0.7 million is expected to be used for the installation and/or upgrade of our information technology systems and/or computer hardware and software to enhance our project management and financial system capabilities. Our Directors consider that having our own multimedia audiovisual equipment instead of leasing it frequently from third party suppliers when required will allow our Group to (i) manage the timeline of our exhibition and event projects more efficiently due to the immediate availability of relevant multimedia audiovisual equipment; (ii) enhance our work efficiency and technical capability; (iii) reduce the reliance on the third party suppliers on the provision of such leased equipment; (iv) reduce the leasing costs for the multimedia audiovisual equipment and increase the profit margin of the exhibition and event projects in the long run; (v) better control the quality of our services and resources to accommodate our customer's specific requirements in a timely manner; and (vi) to cope with our business development plan to expand our exhibition and event management services. According to Frost & Sullivan, the total revenue and total area of automobile exhibition industry in China is expected to grow at a CAGR of 11.9% and 11.4% during 2017 to 2022, respectively. Thus, the purchase of multimedia audiovisual equipment for providing exhibition and event management services instead of engaging suppliers for the provision of such services is part of the Group's strategy to develop alongside the market demand and to increase its profit margin in undertaking exhibition and event management projects in the long run. In addition, as the multimedia audiovisual equipment usually has a lifespan of around 3 years, our Directors believe the average purchase cost of such equipment would in the long run be lower than that of leasing the same, which would result in a more effective and economical cost control in our projects. The management assessed with reference to certain commonly used equipment relating to the lighting and video system and audio system were deployed in three automobile exhibition projects undertaken in 2017 with 34 stations held at different time throughout the year. The management considers that such equipment represents items of similar characteristics with the multimedia

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audiovisual equipment planned to be purchased under the expansion plan and, on such basis of estimate with the best endeavour, assumes the multimedia audiovisual equipment to be purchased could also be used on around 34 exhibition and event stations annually, the expected annual depreciation charge (calculated using the straight-line method to allocate the estimated purchase cost over three years useful life assuming zero residual value) on the planned purchase of multimedia audiovisual equipment would be approximately RMB7.8 million lower than the corresponding leasing cost as quoted by the relevant supplier. However, such estimate is subject to the compatibility of each of such multimedia audiovisual equipment on the relevant future exhibition and event projects, customer's demand and requirements and market condition. The annual cost saving could be substantially lower than such estimate if such multimedia audiovisual equipment will be applied on less than the expected 34 exhibition and event stations.

In addition, by purchasing self-owned multimedia audiovisual equipment, the Group's employees can gain a more thorough understanding of the property characteristics and functions, thereby fully utilizing these equipment and leading to more advanced and efficient deployment to satisfy customers' needs and to attract more customers. Considering the cost effectiveness as well as the enhanced competitiveness such equipment would bring to the Group, the Directors consider that purchasing of multimedia audiovisual equipment for providing exhibition and event management services as opposed to leasing them from external suppliers would be commercially reasonable and more beneficial to the Group in the long run.

Further, our business belongs to a labour intensive industry which emphasizes on the industry experience, design and creativity, coordination and management skills, execution capabilities and customer relationship management of our staff members. During the Track Record Period, our Group acted as a project manager for various exhibitions and events. Based on our established competitive strengths, we intend to further expand our exhibition and event management services by hiring more experienced and professional staff in managing and coordinating different types of exhibitions and events, exploring cooperation opportunities with universities and construction consultancy firms in enhancing the qualities and capabilities in our design services rendered for various exhibitions and events, providing different types of training courses and seminars for our employees, and developing our information technology systems and database for monitoring and analysing customers' preferences.

With a view to capturing the opportunity from the growth of demand for exhibition and event services and diversifying our revenue streams, we are building upon our existing exhibition and event management services to provide exhibition showroom services which include planning, coordination and management of exhibition showrooms in the fixed premises or venues as agreed with our customers for a longer exhibition period ranging from 3 to 5 years, as opposed to a shorter exhibition period ranging from 1 to 30 days as different temporary stations mainly at exhibition centres or exhibition halls in different cities and regions for the major exhibitions and events currently managed by the Group. For the year ended 31 December 2017, we recognised revenue of approximately RMB2.6 million from an exhibition showroom project from Customer H. It is expected that the exhibition showroom services would require more sophisticated design and more stringent control and requirements over the construction and installation works as the exhibitors would normally place more emphasis on the details and specifications of the exhibited subjects, whereas the major exhibitions and events currently managed by the Group tend to focus on the general publicity of the subjects of the exhibitions and events with an aim to maximise the promotional effects. Save for the aforesaid, the expansion into provision of exhibition showroom services is built upon our existing exhibition and event management services and will not cause

any significant change in the Group's business model as the exhibition showroom services that the Group plans to develop into are largely similar to the exhibition and event management services the Group has been providing since 2009 and during the Track Record Period. We will derive such service income from planning, management and execution of the exhibition showrooms including handling initial theme planning, marketing and advertising, overall management and interior decoration works. As we intend to undertake building decoration works in the course of provision of exhibition showroom services, we have applied to the Beijing Huairou District Commission of Housing and Urban-Rural Development* (北京市懷柔區住房和城鄉建設委員會) for Grade II Qualification for building decoration under the Qualification Standards for Construction Enterprises (《建築業企業資質標準》). As at the Latest Practicable Date, such application is under review and has been escalated to Beijing Municipal Commission of Housing and Urban-Rural Development* (北京市住房和城鄉建設委員會) for final approval. We expect to obtain such qualification in May 2018. Upon being granted the Grade II Qualification for building decoration, we will be entitled to undertake building decoration work for exhibition and event projects with single contract value under RMB20 million. For further details, please refer to the section headed "Regulatory Overview — Laws and Regulations relating to Building Decoration — Qualifications for Building Decoration" in this prospectus.

Our Directors consider that the expansion of our exhibition and event management services into the provision of exhibition showroom services will not cause any significant change in the Group's business model as the exhibition showroom services that the Group plans to develop into are largely similar to the exhibition and event planning, coordination and management services the Group has been providing since 2009 and during the Track Record Period. Further, the Group has consistently maintained high customer satisfaction during the Track Record Period and therefore the Directors believe that the Group is capable of providing our potential customers with the exhibition showroom services of stringent quality control and high service standard in the future which is essentially in line with the business model and strategy currently adopted by the Group.

Further diversify our customer base

During the Track Record Period, the majority of our Group's services were provided to automobile companies, which accounted for over 80% of our Group's total revenue for the years ended 31 December 2015, 2016 and 2017, respectively. Our Group has been providing exhibition and event management services to automobile companies since 2009 and our Directors consider that the automobile companies will remain an important customer base for our Group in the near future. Our Directors also recognise that reducing our Group's reliance on the automobile companies is critical to achieving sustainable long-term growth. In this connection, our Group will continue to enhance its market presence among the existing and potential customers and explore into and expand customers in other industry sectors through extensive sales and marketing efforts.

With an aim to capturing a larger market share in the exhibitions and events in other industry sectors, diversify our customer base and reduce the reliance on the automobile companies, our Group will proactively approach the potential customers through business referrals and its business network, and/or by participating in more trade shows and marketing events to increase its market presence. Further, we will expand our sales and marketing team in order to promote and demonstrate our exhibition and event management capabilities to the potential customers in other industry sectors and solicit new business opportunities through our sales and marketing activities.

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For the years ended 31 December 2015, 2016 and 2017, we have provided exhibition and event management services to around 20, 15 and 19 customers which are non-automobile companies, respectively. Our Directors and senior management will collaborate with our sales and marketing team to leverage our experience and networks within the exhibition and event management industry in order to guide and support the expansion of our customer base.

Promote our brand, improve our brand recognition and strengthen our marketing efforts

We intend to build upon our existing marketing efforts to further promote our brand and increase our market share by enhancing awareness of our brand in the exhibition and event management services industry, so that our potential customers in the PRC are able to easily relate our brand to quality and reliable exhibition and event management services.

In addition, we intend to strengthen our business development capability by enhancing our relationships with the customers and expand our customer base through various marketing activities. For example, we intend to employ additional personnel to liaise with our current and potential customers for testimonials of our Group and produce a showcase of the exhibitions and events managed by us. Our Directors believe that we can further expand and increase our market share as well as our market image as one of the most recognised exhibition and event management services providers in the PRC by uplifting our marketing efforts. Our plans to do so include (i) participating in events and exhibitions to promote our brand; (ii) preparing company brochures and marketing materials for distribution to our potential customers; and (iii) enhancing our advertising through various marketing platforms and channels such as newspapers, magazines, television, public transportation and internet. We believe that the implementation of the above would improve the public awareness of our brand and hence strengthen our market position.

Selectively pursue and explore strategic acquisition opportunities

To complement our existing business, we intend to seek and consider suitable merger and acquisition opportunities with our upstream suppliers in order to expand and enhance our capabilities in undertaking different types of exhibition and event management services. As at the Latest Practicable Date, we had not identified any acquisition target. Should suitable opportunities arise, we intend to invest in, or form joint ventures with, high-quality companies who possess the relevant licences and expertise especially in the area of specialist works such as construction and installation works. In selecting and assessing potential merger and acquisition opportunities, we will consider a variety of factors relating to the target companies, such as their compatibility with our business and future development plans, track record, capability of management and technical staff, market share, goodwill and cost management.

Set up branch and/or representative offices to capture opportunities in different cities and regions in the PRC

During the Track Record Period and as at the Latest Practicable Date, the Group had four offices in Beijing and one office for the Guangzhou branch. Under its expansion plan, the Group is planning to set up one more office to expand the Guangzhou branch and set up one additional office as representative office in Tianjin, where some of our potential customers are located, and station our staff members in these offices to promote our exhibition and event management services and increase timeliness of our services to the target exhibitors in different areas of the

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PRC. In view of the growing demand for exhibition and event management services, we intend to further expand our business by expanding our marketing team with staff stationed in different areas of the PRC and increasing our business presence in the PRC market. By leveraging on our capabilities to serve the needs and requirements of international and reputable customers, we intend to provide exhibition and event management services to international customers who are expanding their business or planning to expand their business into different cities or regions of the PRC. In particular, the Group is planning to expand the branch office in Guangzhou and lease an additional office of approximately 80 square meters in or before the first half of 2019 and set up a representative office in Tianjin for Tianjin Dowway and lease an office of approximately 140 square meters in or before the second half of 2019. Further, the Group intends to hire a total of approximately 10 to 15 staff locally for the branch offices in Guangzhou and relocate approximately 5 to 10 of the Group's existing staff in Beijing for the Tianjin representative office. The expansion and setting up of branch and representative offices in Guangzhou and Tianjin respectively is in line with the development and growth of the exhibition industry in China. As advised by Frost & Sullivan, according to the Report of the Development of Exhibition Industry in China issued by MOFCOM, 158 cities in China held exhibitions in 2016, among which Guangzhou and Tianjin ranked the third and the 21st top city and contributing to approximately 5.4% and 1.3%, respectively, in terms of number of exhibitions held.

Besides, according to Frost & Sullivan, the market demand and geographical advantages of expansion and setting up of branch and representative offices in Guangzhou and Tianjin are promising. Guangdong Province is one of the most developed regions in China and the well-developed trading industry in Guangdong Province provides a fair environment for the exhibition industry. Further, in 2016, the Guangdong government issued the Notice of Guangdong People's Government on Further Promoting the Reformation and Development of the Exhibition Industry (《廣東省人民政府關於印發進一步促進展覽業改革發展實施方案的通知》).

On the other hand, Tianjin, a metropolis borders near Beijing, is one of the four municipalities in China. In line with the growing economy, the exhibition market in Tianjin also develops rapidly. According to the Report of the Development of Exhibition Industry in China issued by MOFCOM, Tianjin ranked at the first place in terms of the year-on-year growth rate of exhibition area in 2015. Although the number of exhibitions held in Tianjin decreased in 2016 when compared with 2015, the Tianjin government issued the Opinions of the General Office of Tianjin Municipal People's Government on Further Promoting the Reformation and Development of the Exhibition Industry (《天津市人民政府辦公廳關於進一步促進會展業改革發展的意見》) in 2017 to promote the exhibition industry in Tianjin to reach a total revenue of RMB1.5 billion in 2020.

Thus, our Directors consider that the establishment of branch and representative offices in Guangzhou and Tianjin will enable the Group to capture the business growth and opportunities by providing our exhibition and event management services to the potential customers based in these areas in the PRC.

For the details of our future plans and use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in the prospectus.

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Coordination and management of exhibitions and events

We take lead in the design, planning, coordination and management of the exhibitions and events covering theme, stage, venue design and overall planning, feasibility study, procurement of construction materials and equipment, project management, coordination with suppliers and/or personnel for construction of backdrop, stage and exhibition booth as well as installation of audio, visual and lighting facilities and on-site supervision. Based on the types and objectives of the exhibitions and events, we design a specific theme for the exhibitions and events, and coordinate with different suppliers to implement and execute our design and layout plans.

Our exhibition and event management services generally include:

Design:

Based on our customers' requirements and/or the objectives of the exhibitions and events, our in-house designers prepare a tailor-made design proposal, usually in the form of 2D and/or 3D drawings, consisting of rendering and/or design and layout plan with details of the construction materials and multi-media equipment proposed to be used. Our design concepts generally aim to capture the ethos or characters of the subjects of the exhibitions and events and our rendering and/or design and layout plans are normally created by a combination of our designer's creativity and technical knowledge to ensure that the relevant designs are attractive, safe, functional, and serve the purposes of the exhibitions and events.

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Project management:

We undertake exhibition and event projects as a project manager and are responsible for the overall planning, feasibility study, and general management of the exhibitions and events. We engage suppliers to conduct installation and construction works for setting up stage, booths and/or venues of the exhibitions or events. In general, our suppliers are responsible for procurement of the construction materials, multi-media equipment and other on-site facilities according to our specifications and/or design and layout plans. To ensure the implementation of our projects according to the agreed schedule, we closely supervise and monitor the work progress and work quality of each project on a regular basis. In addition, we have regular meetings with our customers to review the project implementation and progress in order to identify and resolve any material issues. To ensure that the quality of our services satisfy our customers' requirements, we have adopted stringent quality control measures. For details, please refer to the paragraph headed "Quality Control" in this section.

On-site supervision:

We are responsible for supervising the services provided by our suppliers on-site and inspect the quality of the products provided by our suppliers. As part of our supervision, we normally assign a site supervisor to oversee the installation and construction works at the venue of the exhibitions or events. Before completion of our projects, our project manager and/or the site supervisor will conduct a final walk-through inspection at the venue of the exhibition or event to check and confirm whether the installation and construction works meet the required quality standard and fulfil the specifications and requirements as agreed with our customers.

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During the Track Record Period, most of our revenue was derived from automobile related exhibitions and events. The following table sets forth a breakdown of our service revenue from automobile related exhibitions and events and non-automobile related exhibitions and events during the Track Record Period:

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Revenue from automobile related exhibitions and events	83,538	93.1	86,280	97.7	86,449	89.1
Revenue from non-automobile related exhibitions and events	<u>6,230</u>	<u>6.9</u>	<u>2,024</u>	<u>2.3</u>	<u>10,551</u>	<u>10.9</u>
Total	<u><u>89,768</u></u>	<u><u>100</u></u>	<u><u>88,304</u></u>	<u><u>100</u></u>	<u><u>97,000</u></u>	<u><u>100</u></u>

The following table sets forth a breakdown of our revenue by major geographic regions in the PRC.

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
East China	24,509	27.3	32,262	36.5	24,301	25.0
North China	14,063	15.7	10,282	11.7	29,984	30.9
South China	13,285	14.8	10,606	12.0	12,473	12.9
Southwest China	11,469	12.8	11,904	13.5	7,076	7.3
Central China	8,359	9.3	7,449	8.4	8,355	8.6
Northeast China	6,748	7.5	7,747	8.8	6,771	7.0
Northwest China	5,046	5.6	6,633	7.5	5,138	5.3
Others ^(note)	<u>6,289</u>	<u>7.0</u>	<u>1,421</u>	<u>1.6</u>	<u>2,902</u>	<u>3.0</u>
Total	<u><u>89,768</u></u>	<u><u>100</u></u>	<u><u>88,304</u></u>	<u><u>100</u></u>	<u><u>97,000</u></u>	<u><u>100</u></u>

Note: Others mainly include the provision of certain exhibition display materials which could not be categorised by geographic regions.

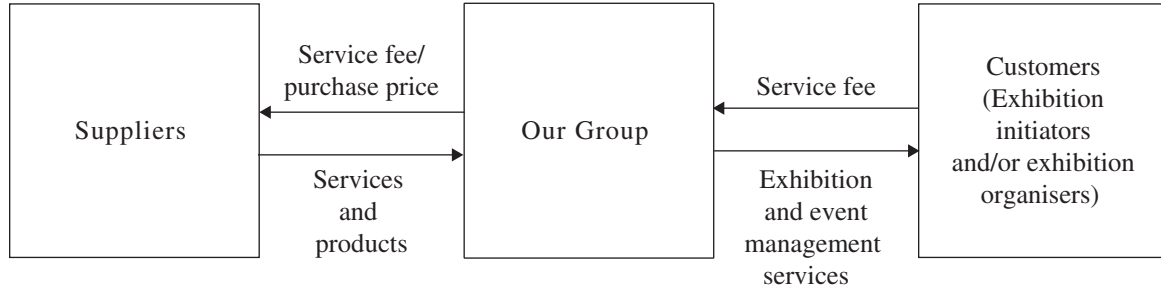
As confirmed by the Directors, we adopt the same pricing policy in relation to the exhibitions and events of automobile companies and non-automobile companies that our pricing is based on a cost-plus-margin pricing model in general with markup determined on project-by-project basis. As such, there is no material difference in terms of our policy regarding the profit margin of the exhibition and event projects commissioned by the automobile companies and non-automobile companies.

For details of our pricing policy, please refer to the paragraph headed “Sales and Marketing — Pricing policy” in this section.

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OUR BUSINESS MODEL

Set out below is a diagram illustrating the overall business model of our Group as the project manager for coordination and management of different types of exhibitions and events.



Main services provided by the suppliers:

- Supply of construction and installation manpower and services
- Supply of construction materials and equipment for setting up venues of the exhibitions and events
- Leasing and installation of audio, visual and lighting equipment and facilities
- Logistics and transportation services

Main services provided by our Group:

- Overall strategic planning
- Theme, stage and venue design
- Feasibility study
- Project management
- Coordination with suppliers
- On-site supervision

MAJOR EXHIBITION AND EVENT PROJECTS UNDERTAKEN BY OUR GROUP

For the years ended 31 December 2015, 2016 and 2017, we have managed around 63, 56 and 62 exhibition and event projects, respectively. These projects usually prescribe certain number of stations of exhibitions and/or events to be held in different cities in the PRC for a fixed period of time.

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The following table sets out the major and completed exhibition and event projects with total contract value of RMB5 million or above and the revenue recognised during the Track Record Period:

Name/description of exhibition/event projects	Theme of exhibition/event	Period held	Total contract value (Note) RMB'000	Amount of revenue recognised RMB'000		
				FY2015	FY2016	FY2017
2015 Levels C&D Local Motor Shows	Showcase, promotion and sales of automobiles	2015	18,151	18,192	—	—
2015 Volkswagen Levels C&D Auto Shows	Showcase, promotion and sales of automobiles	2015	13,964	11,520	2,475	—
2015 Level EEB Local Motor Shows	Showcase, promotion and sales of automobiles	2015	6,912	6,927	—	—
2015 Automobile Exhibition/Event Showcase	Showcase, promotion and sales of automobiles	2015	5,225	5,256	—	—
2015 Automobile Exhibition/Event Set-up	Showcase, promotion and sales of automobiles	2015	5,105	5,498	—	—
2016 Levels C&D Local Motor Shows	Showcase, promotion and sales of automobiles	2016	23,450	—	22,975	—
2016 Automobile Exhibition Tour	Showcase, promotion and sales of automobiles	2016	14,358	—	14,366	—
2016 Regional Local Motor Shows (West Region)	Showcase, promotion and sales of automobiles	2016	7,314	—	7,314	—
2017 Automobile Exhibition Tour	Showcase, promotion and sales of automobiles	2017	8,598	—	—	8,598
2017 Automobile Exhibition/Event Set-up	Showcase, promotion and sales of automobiles	2017	8,501	—	—	8,501

Note: The contract value is based on the initial agreement between our customer and us and may not include additions and/or modifications due to subsequent variation orders, and therefore the final revenue recognised from the respective contract may differ from the stipulated contract value.

During the Track Record Period, most of our exhibition and event projects were secured by tender or quotations. For the years ended 31 December 2015, 2016 and 2017, we submitted 94, 91 and 94 tenders and quotations and were awarded 60, 46 and 62 projects, respectively. Our overall success rate for the tenders and quotations submitted was approximately 64%, 51% and 66% for the years ended 31 December 2015, 2016 and 2017, respectively. Our success rate for the tenders and quotations submitted to non-automobile companies was approximately 89%, 47% and 52% for the years ended 31 December 2015, 2016 and 2017, respectively. The decrease in our tender and quotation success rate with respect to non-automobile companies was primarily due to our active engagement in the submission of tenders and quotations to such companies, which is part of our effort to diversify our customer base with an aim to capture a larger market share in the exhibitions and events in other industries. The increase in numbers of tenders and quotations submitted led to a decrease in the overall success rate.

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Set out below are the pictures of some of the exhibitions and events coordinated and managed by our Group.



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The following table sets out the revenue to be recognised in relation to the major ongoing exhibition and event projects with total contract value of RMB5 million or above which are not yet completed as at the Latest Practicable Date, for the periods set out below:

Name/description of exhibition/event projects	Theme of exhibition/event	Period held	Total contract value (Note) RMB'000	Amount of revenue recognised RMB'000			Amount of revenue to be recognised RMB'000	
				FY2015	FY2016	FY2017	FY2018	FY2019
2017-2019 Levels C&D Local Motor Shows	Showcase, promotion and sales of automobiles	2017-2019	41,302	—	—	17,952	19,901	3,449
2016-2017 Volkswagen Levels C&D Auto Shows	Showcase, promotion and sales of automobiles	2016-2017	27,358	—	12,967	12,313	2,078	—
2017 Regional Launch Exhibition/ Set-up	Showcase, promotion and sales of automobiles	2017	7,092	—	—	6,372	720	—
2018 Mission I Exhibition	Showcase, promotion and sales of automobiles	2018	13,697	—	—	—	13,697	—

Note: The contract sum is based on the initial agreement between our customer and us and may not include additions and/or modifications due to subsequent variation orders, and therefore the final revenue to be recognised from the respective contract may differ from the stipulated contract sum.

The following table sets out the progress of our projects during the Track Record Period and up to the Latest Practicable Date:

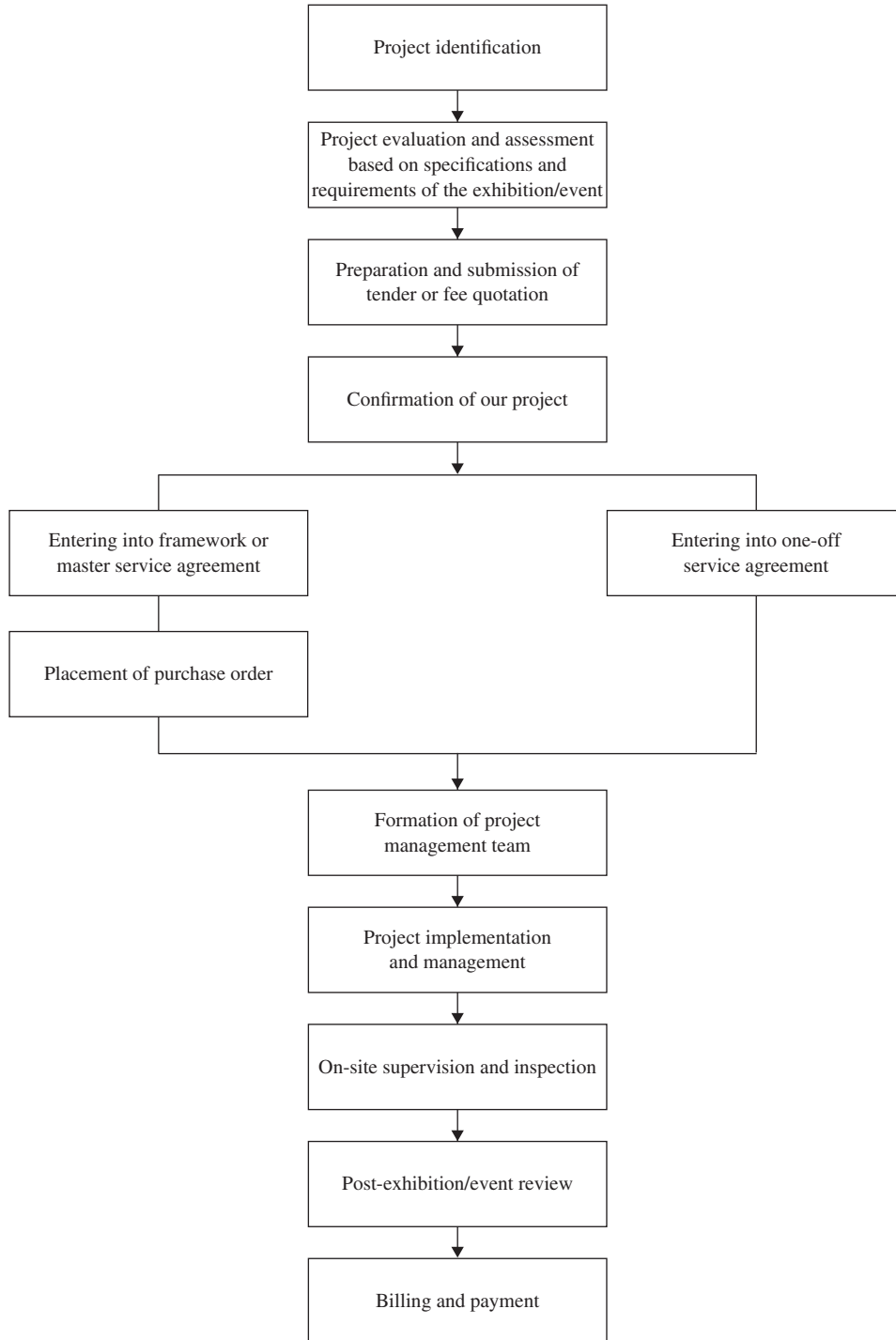
	For the year ended/ As at 31 December			Up to the Latest Practicable Date
	2015	2016	2017	
Number of projects brought forward	3	10	4	9
Number of new projects obtained	<u>60</u>	<u>46</u>	<u>62</u>	<u>16</u>
Total number of projects	63	56	66	25
Number of projects completed	<u>53</u>	<u>52</u>	<u>57</u>	<u>13</u>
Number of projects carried forward	<u><u>10</u></u>	<u><u>4</u></u>	<u><u>9</u></u>	<u><u>12</u></u>

Up to the Latest Practicable Date, we are engaged in a total of 25 exhibition and event projects, for which approximately RMB64.1 million and RMB3.4 million are expected to be recognised for the years ending 31 December 2018 and 2019, respectively, subject to the actual progress of the relevant projects.

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OPERATION WORKFLOW

The following chart illustrates the operation flow and key steps involved in acting as a project manager for different types of exhibitions and events:



Project identification

We generally receive tender invitations or requests for fee quotation for undertaking exhibition and event management projects from our customers. During the Track Record Period, most of our projects were obtained through tenders or quotations. During the Track Record Period, we submitted 279 tenders and quotations in total and were awarded 168 projects. The average success rate for the tenders and quotation submitted by us was approximately 60%.

In addition, we actively identify potential customers who may require our services, and thereafter submit our background information, such as track records, experience, competence and qualified personnel to them in order to solicit new business.

Project evaluation and assessment based on specifications and requirements of the exhibition or event

Once a potential project is identified, our operation department together with our design department will conduct a preliminary feasibility assessment of the project based on the requirements set out in the relevant tender invitations or requests for fee quotations, including theme and subject of the proposed exhibition or event, timing, location, pricing, venue, market segment and target visitor of the exhibitions and events. During our feasibility study process, we will perform preliminary assessment on the types and amounts of work required, the services required to be provided, acceptable fee range, schedule of completion, licences, permits or other approval and financial resources required for undertaking the relevant projects. Following our evaluation and assessment, we will determine whether to submit bid for the tenders or provide our fee quotations.

Preparation and submission of tender or fee quotation

Our design department, operation department and finance department will cooperate in preparing our tender submission or quotation document and the project budget in accordance with the requirements and specifications as set out in the tender invitations or requests for fee quotations. In this regard, we normally take into account a number of factors, including (i) the size and scale of the exhibitions or events; (ii) the use of the construction materials, multi-media equipment and other related on-site facilities; (iii) the relevant fee quotes and costs from the suppliers which we may consider engaging to assist in the exhibition and events; (iv) our budget and cashflow during and after the contract term; (v) the prevailing market price and market trends; (vi) the need for provision of additional services; and (vii) the specific requirements under the tender invitations or requests for fee quotations. Along with our tender submission or quotation document, we may also present to our customers a tailor-made design proposal prepared by our in-house design team based on the customers' specifications and requirements, which contains our design, usually in the form of 2D and/or 3D drawings, and layout plans with details of the construction materials and multi-media equipment proposed to be used for the relevant exhibitions or events. If necessary, our in-house designers and marketing team will have discussions and meetings with our customers in order to transform the design concepts and ideas of the relevant exhibition or event into drawings to facilitate better communication with and understanding for our customers. Further, our in-house designers also work closely with our operation department and finance department to ensure that the relevant design concepts and ideas can be implemented and executed within the project budget.

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Our tender submission or quotation document will be reviewed and approved by our management before being submitted to the customer for consideration. Subject to any deadline imposed, it generally takes approximately 1 to 4 weeks from the receipt of the identification of open tenders or fee quotation invitations to submission of the tender or quotation documents.

Confirmation of our project

If our customers find our quotations or tender applications acceptable, we will confirm the quotations, selection of materials and/or detailed work schedules with them. Depending on the nature and types of the exhibitions and events, we will enter into framework or master service agreements or one-off service agreements with our customers.

Entering into framework or master service agreement

For exhibitions or events which are recurring under the same or similar design and layout plans across different cities or regions over a fixed contract term, our customers are likely to enter into framework or master service agreements with us.

During the Track Record Period, we have entered into framework or master service agreements with our customers for provision of exhibition and event management services. These framework or master service agreements usually prescribe a total number of stations of exhibitions or events, which are classified into different categories by the nature and size of the exhibitions or events, to be held in different cities or regions over a fixed contractual term and require us to price our services with detailed schedule of unit price of each category of the construction materials, equipment and/or other on-site facilities required for setting up each type of exhibitions or events. The major terms and conditions of our framework or master service agreements are set out in details in the paragraph headed “Major customers — Principal terms of service agreements” in this section.

Placement of purchase order

Based on these framework or master service agreements, our customers will directly place purchase orders with us for the exhibitions and events to be hosted by them. The purchase orders normally follow the standard unit price as agreed under the framework or master service agreements with reference to the design and layout plans based on the category and size of the relevant exhibitions or events. The framework or master service agreements usually do not commit our customers to place minimum purchase orders with us.

Entering into one-off service agreement

For the one-off exhibitions or events, our customers are likely to directly enter into one-off service agreements with us for a lump sum contract value.

Formation of project management team

After a project is awarded to us, we shall form a project management team to be responsible for the overall project management and supervision. In particular, our project management team is led by our project manager(s) and generally comprises, amongst others, a designer, site supervisor

and a number of technical staff as key members. Upon commencement of a project, our project manager is responsible for the overall coordination of the project and will direct team members to perform on-site supervision, progress monitoring and quality control to ensure that our work meets the relevant requirements prescribed in the relevant contracts and will be completed in accordance with the agreed schedule.

Project implementation and management

We engage suppliers to conduct installation and construction works for setting up exhibition booths and/or venues of the exhibitions or events. Further, our suppliers are responsible for procurement of the construction materials, multi-media equipment and other on-site facilities according to our specifications and/or design and layout plans.

We select suitable suppliers from our approved list of suppliers based on the specifications and requirements of the project, including complexity of design, specialties and experience required of the suppliers, their production capacity, staff resources, budget of the project and quality control effectiveness. In addition, we have implemented the following measures for selecting the suitable suppliers:

- (i) the suppliers are generally classified into different categories depending on their specialties, types of services and/or products which they focus on to ensure that the suppliers are qualified and/or capable of delivering the required services and/or products with satisfactory quality in a safe manner;
- (ii) we engage our suppliers for provision of different types of services and/or products depending on the specification and requirements of our projects and require that such suppliers possess necessary licences, qualifications, skills and capacity;
- (iii) our project managers coordinate with our suppliers for provision of services and/or products and work closely with the suppliers at the venue of the exhibitions or events in order for us to monitor the quality of the services and/or products provided by our suppliers; and
- (iv) we evaluate the performance of our suppliers at the conclusion of each project to keep track of their on-going performance.

Apart from the above criteria, we will also consider if our customers have designated certain construction materials or equipment to be used in the exhibitions or events, and engage the suitable suppliers in handling the relevant projects. For details of our suppliers, please refer to the paragraph headed “Major Suppliers” in this section.

Once our suppliers have been engaged, our project management team will coordinate with our suppliers to provide the relevant services and/or products for completing the installation and construction works in accordance with our customers’ requirements. We estimate the amount of time required for delivery of the services and products based on our past experience and our discussions with our suppliers. To ensure the implementation of our projects according to the agreed schedule, our project managers will closely supervise and monitor work progress and review work quality of each project on a regular basis with the assistance of our in-house

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designers, when necessary and appropriate. In addition, we will have regular meetings with our customers to review the project implementation work and work progress and to identify and resolve any arising contingency. To ensure that the quality of our services will satisfy our customers' requirements, we have adopted our quality control measures. For details, please refer to the paragraph headed "Quality Control" in this section.

While the overall design and layout plans have been confirmed by our customers at this stage, we might receive requests for alterations to our original design and layout plans from our customers. In such case, any changes to the agreed pricing resulting from the additional works or extra costs will require additional written quotation and purchase order to be approved by our customers. The basis of calculating the fee for the additional quotation and purchase order is in line with our pricing policy for the original pricing of the relevant projects.

During the Track Record Period, we have completed our projects according to agreed work schedules and have not experienced any material delay. During the Track Record Period and up to the Latest Practicable Date, none of our completed projects were subject to any material claims by our customers. Our in-house project management team has in-depth industry knowledge and experience and they are able to monitor and supervise our project progress to ensure that our design and layout plans are implemented in accordance with the required quality and standard.

On-site supervision and inspection

Our project management team is responsible for supervising the services provided by our suppliers on-site and inspecting the quality of the products provided by our suppliers. As part of our project control, we normally appoint a site supervisor to oversee the installation and construction works at the venue of the exhibitions or events. Before completion of our projects, our project manager and site supervisor will conduct a final walk-through inspection at the venue of the exhibition or event to check and confirm whether the installation and construction works meet the required quality standard and fulfil the specifications and requirements as agreed with our customers. In addition, all the items in the design and layout plans will be inspected. If any defect is found at this stage, we will request our suppliers to carry out necessary remedial work to rectify the defects. After our inspection, we will handover the premises of the exhibitions or events to our customers.

Post-exhibition/event review

During and after the exhibitions or events, we conduct surveys with our customers to obtain their feedback with a view to improving the quality of our services. The survey with our customer and/or visitors of the exhibitions or events usually include, among others, evaluation of the overall production and set-up quality, quality of our services and suggestions on improvement of the exhibition or events. In addition, we perform internal review of the performance of our suppliers based on the quality and timeliness of the services and products provided by them and revert our evaluation report to the respective suppliers after completion of the relevant projects for their reference.

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Billing and payment

We receive payment pursuant to the terms of the respective contract. Generally, we issue our invoice upon completion of the relevant projects for the one-off service agreements. In respect of the framework or master service agreements, we normally issue our invoices upon completion of agreed number of stations of exhibitions or events and receive payment of the contract sum by instalments.

MAJOR CUSTOMERS

During the Track Record Period, our major customers were automobile companies, marketing and public relations companies and entertainment companies.

For the years ended 31 December 2015, 2016 and 2017, the aggregate revenue attributable to our five largest customers amounted to approximately RMB76.9 million, RMB79.8 million and RMB85.1 million, respectively, representing approximately 85.7%, 90.3% and 87.7% of our total revenue, respectively. For the same periods, the aggregate revenue attributable to our largest customer amounted to approximately RMB30.0 million, RMB27.8 million and RMB34.8 million, respectively, representing approximately 33.4%, 31.5% and 35.9% of our total revenue, respectively.

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The following table sets out the profile of our five largest customers as at the Latest Practicable Date based on the aggregate revenue attributable to them during the Track Record Period:

For the year ended 31 December 2015

Rank	Customer	Background of the customer	Approximate Registered Capital/Capital Contribution (<i>'000</i>)	Major services provided by our Group	Typical credit terms and payment method	Years of relationship with our Group as at the Latest Practicable Date	Transaction amount <i>RMB'000</i>	Percentage of our total revenue (approximately) %
1	Customer A	A company incorporated in the PRC in 2005 with scope of business including among others, the sales and trading of automobiles and is an indirect subsidiary of a company listed on the Frankfurt Stock Exchange	EUR25,000	Exhibition and event management services	30 days, payable by bank transfer	4	30,009	33.4
2	Customer B	A company incorporated in the PRC in 2003 with scope of business including among others, the production, sales, trading and maintenance of automobiles and is part of a company listed on the Main Board of the Hong Kong Stock Exchange	EUR150,000	Exhibition and event management services	30 days, payable by bank transfer	5	21,779	24.3
3	Volkswagen Group Import Company Ltd. (大眾汽車(中國)銷售有限公司)	A company incorporated in the PRC in 2002 with scope of business including among others, the sales and trading of automobiles	RMB175,000	Exhibition and event management services	30 days, payable by bank transfer	6	20,749	23.1
4	Customer C	A company incorporated in the PRC in 2012 with scope of business including among others, production and/or distribution of television programs	RMB36,364	Exhibition and event management services	30 days, payable by bank transfer	3	2,309	2.6
5	Customer D	A company incorporated in the PRC in 1983 with scope of business including among others, the sales and trading of automobiles and is a direct subsidiary of a company listed on the Main Board of the Hong Kong Stock Exchange	USD2,319,776	Exhibition and event management services	60 days, payable by bank transfer	3	2,047	2.3
Total revenue contributed by our five largest customers							<u>76,893</u>	<u>85.7</u>

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For the year ended 31 December 2016

Rank	Customer	Background of the customer	Approximate Registered Capital/Capital Contribution ('000)	Major services provided by our Group	Typical credit terms and payment method	Years of relationship with our Group as at the Latest Practicable Date	Transaction amount RMB'000	Percentage of our total revenue (approximately) %
1	Customer B	A company incorporated in the PRC in 2003 with scope of business including among others, the production, sales, trading and maintenance of automobiles and is part of a company listed on the Main Board of the Hong Kong Stock Exchange	EUR150,000	Exhibition and event management services	30 days, payable by bank transfer	5	27,839	31.5
2	Volkswagen Group Import Company Ltd. (大眾汽車(中國)銷售有限公司)	A company incorporated in the PRC in 2002 with scope of business including among others, the sales and trading of automobiles	RMB175,000	Exhibition and event management services	30 days, payable by bank transfer	6	22,298	25.3
3	Customer A	A company incorporated in the PRC in 2005 with scope of business including among others, the sales and trading of automobiles and is an indirect subsidiary of a company listed on the Frankfurt Stock Exchange	EUR25,000	Exhibition and event management services	30 days, payable by bank transfer	4	19,962	22.6
4	Customer E	A company incorporated in the PRC in 2009 with scope of business including among others, the provision of advertising, promotion and public relations services	RMB10,000	Exhibition and event management services	90 days, payable by bank transfer	3	5,231	5.9
5	Customer F	A company incorporated in the PRC in 2005 with scope of business including among others, the sales and trading of automobiles and is an indirect subsidiary of a company listed on the Frankfurt Stock Exchange	USD117,600	Exhibition and event management services	60 days, payable by bank transfer	3	4,440	5.0
Total revenue contributed by our five largest customers							79,770	90.3

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For the year ended 31 December 2017

Rank	Customer	Background of the customer	Approximate Registered Capital/Capital Contribution ('000)	Major services provided by our Group	Typical credit terms and payment method	Years of relationship with our Group as at the Latest Practicable Date	Transaction amount RMB'000	Percentage of our total revenue (approximately) %
1	Customer B	A company incorporated in the PRC in 2003 with scope of business including among others, the production, sales, trading and maintenance of automobiles and is part of a company listed on the Main Board of the Hong Kong Stock Exchange	EUR150,000	Exhibition and event management services	30 days, payable by bank transfer	5	34,833	35.9
2	Customer A	A company incorporated in the PRC in 2005 with scope of business including among others, the sales and trading of automobiles and is an indirect subsidiary of a company listed on the Frankfurt Stock Exchange	EUR25,000	Exhibition and event management services	30 days, payable by bank transfer	4	23,763	24.5
3	Volkswagen Group Import Company Ltd. (大眾汽車(中國)銷售有限公司)	A company incorporated in the PRC in 2002 with scope of business including among others, the sales and trading of automobiles	RMB175,000	Exhibition and event management services	30 days, payable by bank transfer	6	19,158	19.8
4	Customer G	A Company incorporated in the PRC in 2014 with scope of business including among others, the provision of technology development and consultancy related services and is part of a company listed on the Shenzhen Stock Exchange	RMB10,000	Exhibition and event management services	30 days, payable by bank transfer	Less than 1	4,703	4.8
5	Customer H	A Company incorporated in the PRC in 2007 with scope of business including among others, the provision of interior decoration and design.	RMB5,000	Exhibition and event management services	30 days, payable by bank transfer	Less than 1	2,641	2.7
Total revenue contributed by our five largest customers							85,098	87.7

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None of our Directors, their close associates, or any Shareholders who owned more than 5% of the number of issued shares of our Company as at the Latest Practicable Date had any interest in any of the five largest customers of our Group during the Track Record Period.

We were not aware that our Group had experienced any major disruption of business due to material delay or default of payment by our major customers due to their financial difficulties during the Track Record Period. Our Directors further confirm that they are not aware of any material financial difficulty experienced by our major customers that may materially affect our Group's business. Our Directors consider that we have established good relationship with our customers.

Principal terms of service agreements

Service contracts for coordination and management of exhibitions and events

Generally, contracts are awarded to us on a project basis. The terms and conditions of the agreements with our customers vary from customer to customer and are generally in line with the market practice. The major terms and conditions applicable to our projects typically include the following:

- *Contract period:* The tender or quotation documents usually specify the period within which we must complete the relevant projects. We may also be required to follow a specified pre-determined work schedule in accordance with the terms of the relevant agreements.
- *Scope of work:* Following our customer's specifications and needs as set out in the tender or quotation documents, the relevant agreements to be entered into with our customers shall set out the scope of services to be provided by us. During the Track Record Period, none of our contracts entered into with our customers contained exclusivity clause which restricted our ability to provide similar services to other customers.
- *Payment terms:* The credit terms for the settlement of payment by our customers vary from agreement to agreement. Depending on the terms and conditions of the agreements, the credit terms generally range from 30 to 180 days after issuance of our invoices and payments are generally settled by bank transfer.
- *Price adjustment:* If there is alteration or addition to the scope of our services resulting in an increase or decrease in our costs of our services, we will require written quotations and/or purchase orders approved by our customers.
- *Damages/Compensations:* If our customers find the services provided by us to be unsatisfactory and/or fail to conform to the specifications set out in the agreements or purchase orders, our customers are entitled to request us to rectify the problem or defect within a prescribed time period or deduct the service fee payable to us.

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- *Insurance:* In general, we are required to purchase appropriate insurance and indemnify our customers against any third party's liabilities including personal injury or property damage arising from provision of our services or breach of contract.
- *Intellectual property rights:* Some of our agreements provide that our customers shall be entitled to all intellectual property and proprietary user rights of all work products, ideas and designs made or developed by us or our personnel in the course of performing our services to the customers. During the Track Record Period, we have not been involved in any claims or litigations relating to infringing third parties' intellectual property rights.
- *Third-party suppliers :* Generally, we are entitled to engage any third party as a supplier for performing the ancillary services pursuant to the agreements upon receipt of written consent from our customers. We are accountable for the services provided by these third party suppliers and the relevant costs to be paid to these third party suppliers.
- *Termination:* In general, the contracts include termination clauses giving both parties the right to terminate in different circumstances. In certain agreements, each party can terminate the agreement by prior notice to the other party. The agreements may be terminated by our customers on the grounds including: (i) failure to comply with the standard of services required under the agreements; and (ii) delay in performing the contractual duties as prescribed in the agreements. During the Track Record Period, our Directors confirm that none of our agreements was terminated by reason of material breach by the parties to the agreement and we had not experienced any material claims by our customers.

Customer concentration

For the years ended 31 December 2015, 2016 and 2017, our revenue generated from our five largest customers represented approximately 85.7%, 90.3% and 87.7% of our Group's total revenue respectively. Besides, automobile companies had accounted for over 80% of all exhibitions and events coordinated and managed by us in terms of revenue for each financial year during the Track Record Period. Besides, during the Track Record Period, some of the projects commissioned by non-automobile companies are also related to automobile exhibitions and events. For the years ended 31 December 2015, 2016 and 2017, revenue derived from automobile related exhibitions and events represented approximately 93.1%, 97.7% and 89.1% of the Group's total revenue, respectively. Our Directors consider that such customer concentration is common for exhibition and event services providers in the PRC which are mainly engaged in the facilitating the showcase, promotion and/or sales of automobiles, and the Directors consider that our Group's business model is sustainable despite such customer concentration due to the following factors:

- According to Frost & Sullivan, in China, there are primarily 120 sectors organising exhibitions in accordance with the "National Industries Classification of China". Among the total number of exhibitions held in China in 2016, the automobile sector ranked the top with 427 exhibitions held, accounting for approximately 4.3% of the total number of exhibitions held and the automobile sector also accounted for approximately

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7.0% of the industry in terms of total revenue in 2016. As a result, given the market landscape of the automobile exhibition industry in the PRC, it is not uncommon that our Group's customer base is dominated by the automobile industry.

- According to Frost & Sullivan, the concentration level of imported automobile brands is rather high in China's automobile market, with an approximately 50% combined market share for the three major international automobile brands in terms of total sales. For major automobile manufacturers, they normally have exhibition plans at different times throughout a year in different locations with similar or different themes. It is an industry norm for key exhibition service partners to follow through with manufacturers' whole year exhibition plans with a larger contract amount. It is therefore not uncommon for a single project to have a large contract sum such that our completed projects with a few sizeable customers can contribute to a substantial amount of our revenue. In addition, a project of sizeable scale tend to have a longer contractual period providing our Group with a stable stream of income. Therefore, if we decide to undertake certain projects with large contract sum, the relevant customer may easily become our major customer in terms of revenue contribution to us during the relevant period.
- We have been actively tendering for exhibition and event projects from potential customers in different industry sectors. In the event that any of our major customers substantially reduce the number of contracts placed with us or terminates its business relationship with us, our Directors consider that we would have extra capacity to handle other potential projects from other customers in view of the expected growth of demand for exhibition and event management services in the PRC and our competitive strengths as detailed in the paragraph headed "Competitive strengths" in this section. According to Frost & Sullivan, the demand for exhibition and event management services is expected to surge in the future and the estimated total revenue of the exhibition industry in the PRC is anticipated to grow at a CAGR of approximately 9.4% from approximately RMB578.0 billion in 2017 to approximately RMB907.7 billion in 2022.
- A majority of our major customers have well established business relationship with us for 3 to 6 years and we will therefore endeavour to accommodate their demands for our services to the extent our resources allow in order to capture the opportunities for securing recurring and future projects from these major customers in the future. Some of these major customers have been our five largest customers during the entire Track Record Period.
- Our Directors consider that we have a complementary business relationship with our major customers. Our experience and our proven track record as an exhibition and event management services provider in handling various exhibitions and events also give business advantage to our customers to ensure their projects are executed on time, within budget and in accordance with their quality standards.
- Our Group plans to diversify our customer base and has successfully secured business from customers which are not automobile companies during the Track Record Period in order to reduce our reliance over the automobile industry. During the Track Record Period, we have provided exhibition and event management services to around 20, 15

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and 19 customers which are non-automobile companies for the years ended 31 December 2015, 2016 and 2017, respectively. Our Group strives to develop new customers in other sectors in order to reduce our reliance over the automobile industry.

Credit policy and collection of trade receivables

We generally issue bills to our customers in accordance with the customer contracts and we grant our customers credit terms typically ranging from 30 to 180 days after the invoice date. During the Track Record Period, the progress payments paid to our Group were generally settled by bank transfer. Our Group will continuously review and identify any long outstanding receivables.

There are credit risks associated with our business. As at 31 December 2015, 2016 and 2017, our trade receivables net of allowance for impairment amounted to approximately RMB29.0 million, RMB23.1 million and RMB35.9 million, respectively. For each of the years ended 31 December 2015, 2016 and 2017, our trade receivables turnover days were approximately 107 days, 108 days and 111 days, respectively, which are within the range of credit periods generally granted to our customers by us. For further details of our counterparty risk, please refer to the section headed “Risk Factors — Risks Relating to Our Business — We may face cash flow problems if we do not receive payments from our customers on time and in full under our current pricing policy” in this prospectus.

In order to mitigate such risk, customer acceptance procedures are performed on all potential customers, including but not limited to: (i) checking the payment methods and credit terms of the customers; and (ii) for new customers or customers of sizeable projects, our senior management may ascertain the customer’s credibility based on their experiences in the industry or require deposits from such customers. Please also refer to the section headed “Financial information — Analysis of selected items from the consolidated balance sheet — Trade and other receivables” in this prospectus for a further discussion and analysis on our trade receivables and our trade receivables turnover days during the Track Record Period.

Seasonality

Demand for our exhibition and event management services is subject to seasonality. We normally record lower level of demand in the first half of the year and record higher level of demand in the second half of the year. For each of the years ended 31 December 2015, 2016 and 2017, the revenue generated in the second half of the year was generally higher than the revenue generated in the first half of the year. In 2015, 2016 and 2017, the revenue recorded in the second half of the year accounted for approximately 71.7% and 66.6% and 62.5% of the annual total revenue, respectively. Based on the understanding of our Directors, most of our customers prepare the budgeting proposals and plan for the exhibitions and events in the beginning of the year, leading to more exhibitions and events held in the second half of the year. This was primarily due to the annual budget cycle of our customers and their marketing and promotion plans.

SALES AND MARKETING

Our Directors consider that our ability to obtain new business primarily hinges on our reputation and track record in the industry. During the Track Record Period, we secured new businesses mainly through responding to requests for tender or quotation made by our customers.

Our executive Directors and our senior management are generally responsible for maintaining customers' relationship and keeping abreast of market developments and potential business opportunities and our operation personnel are responsible for the daily relationship maintenance with our customers. Our Directors also plan to increase our sales and marketing efforts to maintain relationships with existing customers and attract potential customers.

Pricing policy

Our pricing is based on a cost-plus-margin pricing model in general with markup ranging from approximately 25% to 65% on top of the cost of exhibition and event related services quoted by the relevant suppliers and determined on a project-by-project basis. We assess such cost with reference to various factors including but not limited to (i) the nature, scale, scope and complexity of the project; (ii) estimated labour costs of suppliers; (iii) estimated type and number of equipment required; (iv) estimated type and amount of materials needed; (v) expected project timetable provided by customer; and (vi) prevailing market condition.

When preparing for a tender or quotation, we also take into account the estimated cost with reference to the relevant price indicators on the material and labour prices. When there is price fluctuation on such price indicators in the preceding month which our management considers to be material, we will obtain prior quotations from our suppliers for preparation of the bills of quantities or schedule of rates which would form part of the tender or quotation document with reference to the relevant material costs for a project. Furthermore, we determine a certain percentage of markup over our estimated cost on a project-by-project basis. The markup percentage may vary for different projects due to factors such as (i) the size, scale and complexity of the project; (ii) the likelihood of any material deviation of the actual cost from our estimated total cost having regard to the types and amount of labour, site equipment, materials and other resources involved in our cost estimations; and (iii) the relationship with the customer that we may lower our quotation to secure business opportunities with new customers.

There is usually a variation order clause in the contract with our customers which allows our Group to execute additional services or modify the original scope of services upon the request by our customers. In the event that our customer requests for variations of our services, our project manager will ascertain the amount of additional cost and expenses and propose a price adjustment, which is subject to the written approval of our customers. The general principle for the assessment is that any additional service to be carried out which is the same as or similar in nature to and to be executed under the same or similar conditions and circumstances to any item of work priced in the original contract shall be valued at the rate set out in the original contract for such item of service. Should there be no equivalent items or similar items under the contract for reference, our customers and our Group shall negotiate the adjustment in contract price based on reasonable cost and estimation. During the Track Record Period, our Group has not engaged in any material claims or disputes with our customers in relation to the additional services performed by our Group.

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INVENTORY

Due to the nature of our business model as a service provider, we did not maintain any inventory during the Track Record Period. Further, we do not hold any inventory to be used for future prospects, and all the construction materials and equipment are purchased and/or leased on a project-by-project basis.

MAJOR SUPPLIERS

During the Track Record Period, the majority of our suppliers are service providers for stage and booth construction, equipment leasing companies and logistics and transportation companies. Although we do not enter into long-term contracts with our suppliers, we maintain an internal list of approved suppliers for provision of different types of products and/or services. This enables us to easily procure the required products and/or services from alternative suppliers when an existing supplier sets prices above our acceptable level, or there is a shortage or delay in the supply, or in the event that a supplier fails to deliver the required products and/or services according to the project requirements or fail to meet our quality standard. For new suppliers, we typically conduct pre-assessments to ensure their services and/or products would comply with our specific project requirements. We did not depend on any particular supplier and did not encounter any shortage or delay in the services or products provided by the suppliers during the Track Record Period.

During the Track Record Period, our engagement of suppliers without obtaining written consent may have caused a breach of some of our customer contracts. Even though unprecedented, this would entitle our customer to bring a legal claim against us if they are able to prove that they have suffered damage as a result of our breach. Please refer to the section headed “Risk Factor — We may be exposed to litigation risk as a result of the engagement of our suppliers without obtaining written consent from our customers” in this prospectus for more information. Our Directors are of the view that such risk is very remote and that the breach is merely technical as our customers (i) have been verbally notified of our engagement of suppliers and have raised no objection; (ii) have not brought any subsequent claims against us; (iii) are satisfied with the services we deliver; and (iv) continue to engage us for our services. As of the Latest Practicable Date, this shortcoming has been rectified and our Group strives to obtain written consent from customers whose contracts stipulate a restriction for us to engage suppliers without such consent.

Principal terms of supply contracts

Our supply contracts are generally one-off transaction as we procure products and/or services from our suppliers on a project-by-project basis and different products and/or services will be procured in accordance with the project requirements and customers’ specifications. The salient terms of the supply contracts in general include the following:

- *The suppliers’ fees:* The full amount of the fee payable to the suppliers are to be settled upon completion of the services and/or delivery of the products in general, with an initial payment payable to the suppliers shortly after signing of the supply contracts. We usually settle their fees by bank transfer.

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- *Scope and delivery time of work:* Following the project requirements and our specifications, the contracts shall set out the scope of services and/or the types of products to be provided by the suppliers, and the delivery time of the relevant services and/or products.
- *Credit terms:* The credit terms for the settlement of payment to our suppliers vary from contract to contract. Depending on the terms and conditions of the contracts, our suppliers generally grant us credit terms for 30 to 90 days.
- *Insurance:* We require our suppliers to purchase insurance for their workers and they are responsible for any damages and/or losses caused to us or any third parties resulting from their negligence and/or quality of their work.
- *Compliance:* The contracts usually set out the requirement that the suppliers shall provide their services and/or products and the materials and equipment they use are in compliance with the relevant laws and regulations.
- *Breach and termination:* If the services and/or products provided by our suppliers are of unsatisfactory quality and/or fail to conform to the specifications set out in the supply contracts, the suppliers will be liable for economic and legal liabilities and may be subject to a penalty and the contract may be terminated. In addition, in the event of death, personal injuries or property damage caused by negligence or breach of contract by the suppliers, they will be liable for the losses arising from such incidents.

For the years ended 31 December 2015, 2016 and 2017, the aggregate cost of service attributable to our five largest suppliers amounted to approximately RMB42.7 million, RMB39.0 million and RMB34.6 million, respectively, representing approximately 61.7%, 59.2% and 47.7% of our total cost of service, respectively. For the same periods, the aggregate cost of service attributable to our largest supplier amounted to approximately RMB15.5 million, RMB14.3 million and RMB11.4 million, respectively, representing approximately 22.3%, 21.7% and 15.7% of our total cost of service, respectively.

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The following table sets out the profile of our five largest suppliers based on the aggregate costs payable to them during the Track Record Period:

For the year ended 31 December 2015

Rank	Supplier	Background of the supplier	Major services/ products purchased by our Group	Typical credit terms and payment method	Years of relationship with our Group as at the Latest Practicable Date	Transaction amount <i>RMB'000</i>	Percentage of our total cost of services (approximately) %
1	Supplier A	A company incorporated in the PRC with scope of business including among others, the provision of exhibition related services	Construction/installation works, procurement of construction materials and leasing of equipment and furnitures	30-90 days, payable by bank transfer	4	15,458	22.3
2	Supplier B	A company incorporated in the PRC with scope of business including among others, the provision of exhibition related services	Construction/installation works, procurement of construction materials and leasing of equipment and furnitures	30-60 days, payable by bank transfer	3	8,782	12.7
3	Supplier C	A company incorporated in the PRC with scope of business including among others, the provision of advertising, marketing and exhibition related services	Construction/installation works, procurement of construction materials and leasing of equipment and furnitures	30 days, payable by bank transfer	5	7,870	11.4
4	Supplier D	A company incorporated in the PRC with scope of business including among others, the provision of exhibition related services	Construction/installation works and procurement of construction materials and equipment	30-90 days, payable by bank transfer	4	6,226	9.0
5	Supplier E	A company incorporated in the PRC with scope of business including among others, the provision of leasing of multi-media equipment, marketing, promotion and exhibition related services	Leasing and installation of audio and visual equipment	30 days, payable by bank transfer	7	4,360	6.3
Total cost of service incurred from our five largest suppliers						42,696	61.7

BUSINESS

For the year ended 31 December 2016

Rank	Supplier	Background of the supplier	Major services/ products purchased by our Group	Typical credit terms and payment method	Years of relationship with our Group as at the Latest Practicable Date	Transaction amount <i>RMB'000</i>	Percentage of our total cost of service (approximately) %
1	Supplier B	A company incorporated in the PRC with scope of business including among others, the provision of exhibition related services	Construction/installation works, procurement of construction materials and leasing of equipment and furnitures	30-60 days, payable by bank transfer	3	14,300	21.7
2	Supplier D	A company incorporated in the PRC with scope of business including among others, the provision of exhibition related services	Construction/installation works and procurement of construction materials and equipment	30-90 days, payable by bank transfer	4	8,236	12.5
3	Supplier A	A company incorporated in the PRC with scope of business including among others, the provision of exhibition related services	Construction/installation works, procurement of construction materials and leasing of equipment and furnitures	30-90 days, payable by bank transfer	4	6,148	9.3
4	Supplier E	A company incorporated in the PRC with scope of business including among others, the provision of leasing of multi-media equipment, marketing, promotion and exhibition related services	Leasing and installation of audio and visual equipment	30 days, payable by bank transfer	7	5,432	8.2
5	Supplier C	A company incorporated in the PRC with scope of business including among others, the provision of advertising, marketing and exhibition related services	Construction/installation works, procurement of construction materials and leasing of equipment and furnitures	30 days, payable by bank transfer	5	4,919	7.5
Total cost of service incurred from our five largest suppliers						39,035	59.2

BUSINESS

For the year ended 31 December 2017

Rank	Supplier	Background of the supplier	Major services/ products purchased by our Group	Typical credit terms and payment method	Years of relationship with our Group as at the Latest Practicable Date	Transaction amount <i>RMB'000</i>	Percentage of our total cost of service (approximately) %
1	Supplier D	A company incorporated in the PRC with scope of business including among others, the provision of exhibition related services	Construction/installation works and procurement of construction materials and equipment	30-90 days, payable by bank transfer	4	11,393	15.7
2	Supplier C	A company incorporated in the PRC with scope of business including among others, the provision of advertising, marketing and exhibition related services	Construction/installation works, procurement of construction materials and leasing of equipment and furnitures	30 days, payable by bank transfer	5	6,691	9.2
3	Supplier B	A company incorporated in the PRC with scope of business including among others, the provision of exhibition related services	Construction/installation works, procurement of construction materials and leasing of equipment and furnitures	30-60 days, payable by bank transfer	3	6,341	8.7
4	Supplier A	A company incorporated in the PRC with scope of business including among others, the provision of exhibition related services	Construction/installation works, procurement of construction materials and leasing of equipment and furnitures	30-90 days, payable by bank transfer	4	5,672	7.8
5	Supplier F	A company incorporated in the PRC with scope of business including among others, the provision of exhibition related services	Construction/installation works and procurement of construction materials and equipment	30 days, payable by bank transfer	1	4,547	6.3
Total cost of service incurred from our five largest suppliers						34,644	47.7

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None of our Directors, their close associates, or any Shareholders who owned more than 5% of the number of issued shares of our Company as at the Latest Practicable Date had any interest in any of the five largest suppliers of our Group during the Track Record Period.

During the Track Record Period, we had not experienced any significant delay caused by our major suppliers. We do not commit to any minimum amount of purchase with our major suppliers as we only place purchase orders with our suppliers as and when necessary.

QUALITY CONTROL

We believe that service quality is crucial to our success. Our major customers, which are mostly internationally renowned automobile companies, have high standards on the quality of their exhibitions and events. We devote significant efforts to ensure the services provided by us meet our customers' requirements and are up to industry standards.

Our senior management team is primarily responsible for monitoring the overall implementation of our quality management system. Our project management team is responsible for the day-to-day monitoring of quality and progress of the works undertaken by our suppliers and ensuring that our design and layout plans are properly executed and implemented.

To ensure the quality of our projects, we have implemented the following procedures:

- (a) To ensure the quality of our designs meet the requirements of our customers, our in-house design team will work closely with our project manager to understand and fulfil our customers' requests. To communicate our design ideas efficiently with our customers, our in-house designers will provide feedback and advice to our customers' comments and queries on our designs. Our Directors believe that having an in-house design team enables our Group to have a high level of control in the quality of our designs and work efficiently and effectively.
- (b) During the execution of project management, we assign our project managers to manage and supervise the construction and installation works and coordinate with our suppliers to implement our design and layout proposals. Our project managers prepare daily reports and meet our customers from time to time to report the progress of the construction and installation works and to ensure that they have full knowledge and understanding of the progress of our projects. Further, our site supervisors work closely with the suppliers at work sites and inspect the work quality to ensure that the final works meet our customers' requirements. Any issues that may arise are immediately brought to the attention of our management.
- (c) Our Group has an approved list of suppliers including those we have worked with. Our Group will select suppliers for our projects from the approved list of suppliers as we have a better understanding and experience of the work quality provided by our approved suppliers. To ensure our suppliers procure suitable construction materials and equipment for our projects, our project managers are responsible for monitoring the quality of the construction materials and equipment on-site. Products and equipment that do not meet our standards or specifications will be rejected.

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Since 2013 and up to the Latest Practicable Date, we have been assessed and certified to have complied with the requirements of GB/T 19001–2008/ISO 9001:2008 quality management system standard in respect of design, construction and exhibition management services.

On-going training is provided to our employees with a view to continuously improving our quality and performance. During the Track Record Period and up to the Latest Practicable Date, we did not receive any major incident or complaint from our customers.

WORK PLACE SAFETY

Work place safety

Our occupational health and safety management system in respect of exhibition services and related management activities has been accredited with GB/T 28001–2011/OHSAS 18001:2007 occupational health and safety management system standards. The certificate in respect of our occupational health and safety management system was issued by Beijing Head International Certification Company Limited on 9 March 2016 and remains effective until 8 March 2019.

We have developed and implemented various safety policies to monitor and record employee occupational health and safety. We strive to minimise work-related accidents and injuries. We provide our employees with an annual body check programme to ensure that they are physically fit for work. Vocational training is also provided to the employees on a regular basis.

As we engage third party suppliers to undertake on-site construction and installation works for the exhibitions and events managed and coordinated by us, pursuant to the terms of the service contract with our suppliers, our suppliers are required to comply with the relevant PRC laws and regulations relating to work place safety. Moreover, our project management department is responsible for the overall development and implementation of safety policy and the project manager has on-site responsibility to monitor the implementation by the suppliers.

Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we have complied with the PRC workplace safety regulatory requirements in all material respects. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material penalties associated with any material violation of any PRC workplace regulatory requirements and have not had any material claim against us as a result of any accident.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Group has maintained an internal control system and our Directors are responsible for monitoring the implementation of our internal control measures and reviewing its effectiveness. With a view to manage our business risks to ensure our smooth operation and to avoid future recurrence of historical non-compliance incidents, we have engaged an independent internal control adviser (the “Internal Control Adviser”) to assist our Group to review and provide recommendations on improving our internal control system including corporate governance, enterprise risk assessment, internal audit, compliance consultancy and relevant business processes including revenue, purchase, expenses and cost management, fixed assets management, human resources, financial management and information technology. The Internal Control Adviser has

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conducted review during the period from June to July 2017 and provided recommendations to our internal control system. No material internal control deficiencies were identified. During July to September 2017, our Group has subsequently adopted the internal control measures and rectified the weaknesses in the internal control system as recommended by the Internal Control Adviser. Major internal control measures and policies adopted by our Group include the following:

- (i) Our Group has improved our existing internal control systems by adopting a set of internal control manual and policies as recommended by the Internal Control Adviser, including legal matters, accounting and finance, risk management, operations and corporate governance;
- (ii) We have designated our compliance officer to be responsible for overseeing all compliance matters. Our senior management personnel and the finance team have been briefed by our Directors on the importance of regulatory and compliance matters and we require all of our management and staff to report any non-compliance or potential non-compliance matters to the Directors as soon as practicable. Our compliance officer is authorised to seek professional assistance and advice from external professional advisor if and whenever he deems appropriate;
- (iii) We will establish the Audit Committee prior to the Listing, which will establish formal arrangement for financial reporting, internal control and compliance. The Audit Committee is also responsible for supervising our internal control and risk assessment function that our Group has already established including various policies and procedures to project management, selection of supplier and finance and accounting. For the qualification and experience of these audit committee members, please refer to the section headed “Directors and Senior Management — Independent non-executive Directors” of this prospectus;
- (iv) We will appoint an external internal control advisor after the Listing to perform regular or ad hoc review on our internal control system, risk assessment and compliance procedure and provide recommendation, if necessary; and
- (v) We have appointed RaffAello Capital Limited as our compliance adviser to advise us on compliance matters in relation to the GEM Listing Rules and various requirements relating to directors’ duties and corporate governance.

Based on the recommendations of the Internal Control Adviser and the follow-up review procedures conducted by the Internal Control Adviser in early October 2017, the Directors confirmed that our Group had adopted all of the internal control measures and policies suggested by the Internal Control Adviser and did not have any significant or material deficiencies in its internal control system as at the Latest Practicable Date.

MARKET AND COMPETITION

According to Frost & Sullivan, the exhibition industry in the PRC is highly fragmented with a large number of small-and-medium sized participants scattered over tier 1, tier 2, tier 3 and lower tier cities and towns, though the market in the exhibition industry in PRC is expected to grow continuously in the future. The entry barrier of the exhibition industry is low because the

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industry does not require very high capital cost nor specific regulatory certification or licence to start up a new business and to operate. Furthermore, the supply of workers in the industry is sufficient and easily accessible. We may face keen competition in the future if there are new entrants who are able to offer services of higher quality at lower prices. Each individual market participant may have its own core competence and strengths in competing with others and the core competence and strengths leading to the success of each market participant in the industry may be different. In general, market participants in the industry compete mainly on quality of services, brand and reputation, economies of scale and connection with suppliers. Therefore, a widespread reputation of the capability to deliver designs, project management services and overall planning works with high quality, having a good corporate branding and scale as well as maintaining good partnership/connection with quality suppliers are the key factors for success in the industry. Market participants in the industry may leverage on their own core competence to differentiate themselves from their competitors and to stand out in this highly competitive market. For example, some participants, particularly international market participants may have competitive advantages on brand and scale and thus place relatively more emphasis on their worldwide brand and platform, their completed projects around the world and their global resources. Local market participants with better acquaintance with local suppliers may primarily compete in quality of works and services at competitive prices through extensive network and close relationships with their customers.

Our Directors believe that our core competence, being our competitive strengths, as illustrated in the paragraphs headed “Competitive Strengths” in this section have enabled us to stand out from our competitors in the industry. Our Directors are of the view that, unlike some of the international market participants which may emphasise their worldwide brand and global resources, we differentiate ourselves from other participants by leveraging on our own core competence and strengths, particularly our extensive industry experience, our capability to provide integrated services for our works, our ability to develop tailor-made designs effectively and efficiently and our relationship with our major suppliers.

Please refer to the section headed “Industry Overview” of this prospectus for details of the competitive landscape of the industry.

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AWARDS AND ACCREDITATIONS

In recognition of the high quality and standard of services provided by our Group, we have obtained the following awards and recognitions:

Date of grant	Description of award/ recognition	Awarding organisations/ Institutions
February 2013	Member	China Association For Exhibition Centers (CAEC)
October 2015 (expiry date: October 2019)	Member	China Convention/Exhibition/ Event Society* (中國會展經 濟研究會)
12 December 2015	Goldfinger Award; Top 50 Exhibition Service Brands in China	China Events Industry Fair Committee* (中國會展產業 交易會組委會)
28 May 2016 (expiry date: 28 May 2019)	First Qualification, Exhibition Engineering	China Association For Exhibition Centers (CAEC)
19 December 2016 (expiry date: 19 December 2019)	Second Qualification, Integration of Exhibition Display Design and Construction	China Association For Exhibition Centers (CAEC)
22 March 2018 (expiry date: 21 March 2019)	AAA credit rating	Lianhe Credit Information Service Co., Ltd., Beijing Branch (聯合信用管理有限 公司北京分公司)

INSURANCE

We maintain insurance policies for third party liability and personal injuries that may occur during the operation of our business. Depending on the circumstances and nature of the specific exhibition or event, we will determine on a case by case basis on the need to obtain different insurance coverage and we will review our insurance needs regularly.

In accordance with applicable PRC laws and regulations, construction and installation service providers as employers are required to purchase insurance for their workers. As we engage third party suppliers to undertake on-site construction and installation works for the exhibitions and events managed and coordinated by us, we typically require our suppliers to purchase insurance for their workers.

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Our Directors are of the view that the insurance coverage of our Group is consistent with the customary industry standard adopted by other exhibition and event management services providers in the PRC. As at the Latest Practicable Date, we had not made nor had we been the subject of any material insurance claims.

LICENCES AND PERMITS

As confirmed by our Directors and our PRC Legal Advisers, no specific regulatory certification or licence is required for our current business which is the provision of exhibition and event management services, and we have obtained all the necessary licences and qualifications which are generally required to carry out business activities in the PRC during the Track Record Period and up to the Latest Practicable Date.

CORPORATE GOVERNANCE

Our Board is responsible for reviewing and approving our strategic development, devising our risk management strategies and operational plans as well as appointing senior management. Our Board has three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. For further details of their composition and duties, please refer to the section headed “Directors and Senior Management — Board Committees” in this prospectus.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group has obtained three registered trademarks in the PRC and a series of three registered trademarks in Hong Kong. In addition, we have obtained six software copyrights, as well as twelve registered patents, which are invention patents, in the PRC. We are also the registered owner of two domain names, namely “www.dowway-exh.com” and “www.dowway-culture.com”, whereas the information contained in these websites do not form part of this prospectus. Please refer to the section headed “Statutory and General Information — Further Information about the Business — Intellectual Property Rights of our Group” in Appendix IV to this prospectus for further details of our intellectual property rights.

Save for the above, as at the Latest Practicable Date, we did not have any material intellectual property rights (whether registered or pending registration) that are significant to our business operations or financial positions.

As at the Latest Practicable Date, we had not received any claims against our Group for infringement of any trademarks nor was our Group aware of any pending or threatened claims in relation to any actual or potential infringement.

As at the Latest Practicable Date, we were not aware of any material infringement (i) by our Group of any intellectual property rights owned by any third parties; or (ii) by any third party of any intellectual property rights owned by us that would constitute material adverse impact to our operations.

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RESEARCH AND DEVELOPMENT

Although we do not have a separate team or department for research and development, we are attentive to the latest technology and development in the exhibition and event management industry. Any new technology in the exhibition and event management industry will be reviewed and adopted if we consider it will improve the efficiency of our operations.

EMPLOYEES

Number of employees

As at the Latest Practicable Date, we had 83 full-time employees. All of our employees are stationed in the PRC. The following table shows a breakdown of our employees by function:

Function	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at the Latest Practicable Date
Design	6	10	12	9
Management	6	6	7	8
Operation	25	22	53	56
Finance	4	2	3	5
Human resources and other administration	3	4	7	4
Sales and marketing	3	6	2	1

During the Track Record Period, we mainly recruit employees through advertisement. Our staff costs, including directors' emoluments, were approximately RMB4.0 million, RMB4.9 million and RMB6.1 million for the years ended 31 December 2015, 2016 and 2017, respectively. We sign individual employment agreements with each of our employees, covering provisions on, amongst other things, responsibilities, salaries, benefits, training, workplace safety, hygiene and grounds for termination in accordance with relevant laws and regulations. We generally recruit talented employees based on education background and/or relevant working experiences.

We believe we maintain a good working relationship with our employees. During the Track Record Period, we have not experienced any significant labour disputes which have had or are likely to have a material adverse impact on our business, financial conditions and results of operations.

Training

In order to maintain the quality, knowledge and skills of our employees, we provide various training opportunities to our employees, which include on-the-job training, technical training and professional training. During the Track Record Period, our employees attended various training courses and seminars, including project management training courses, induction training seminars and financial management programs.

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Remuneration

The remuneration payable to our employees include salaries, benefits and discretionary bonuses. We conduct periodic performance reviews with our employees and determine their remuneration based on factors including qualifications, contributions, year of experience and performance.

In accordance with the applicable PRC laws and regulations, we have made contributions to social security insurance and housing provident funds for all our qualified employees. For the years ended 31 December 2015, 2016 and 2017, the total amounts of social security insurance and housing provident fund required to be contributed by our Group were approximately RMB0.7 million, RMB1.1 million and RMB1.8 million, respectively. As confirmed by our PRC Legal Advisers, as at the Latest Practicable Date, we had complied with all applicable social security insurance and housing provident fund obligations applicable to us under the PRC laws and regulations.

PROPERTIES

We occupy certain properties in the PRC in connection with our business operations. These properties are used for non-property activities as defined under Rule 8.01(2) of the GEM Listing Rules. As at the Latest Practicable Date, we did not own any property and we leased the following properties for our business operations:

Address	Use	Term	Gross floor area	Rental per annum (RMB)	Tenant	Landlord
Flat 12B, Block 1, 6th Building, Tayuan Diplomatic Residence Compound, No. 1 Xindong Road, Chaoyang District, Beijing	Office use	1 December 2017 till 30 November 2018	60 square meters	72,000	Beijing Dowway	Beijing Housing Service Corporation for Diplomatic Missions (北京外交人員房屋服務公司)
Flat 22, Block 1, 6th Building, Tayuan Diplomatic Residence Compound, No. 1 Xindong Road, Chaoyang District, Beijing	Office use	1 December 2017 till 30 November 2018	169 square meters	276,000	Beijing Dowway	Beijing Housing Service Corporation for Diplomatic Missions (北京外交人員房屋服務公司)
Flat 12A, Block 1, 6th Building, Tayuan Diplomatic Residence Compound, No. 1 Xindong Road, Chaoyang District, Beijing	Office use	1 December 2017 till 30 November 2018	105 square meters	168,000	Beijing Dowway	Beijing Housing Service Corporation for Diplomatic Missions (北京外交人員房屋服務公司)

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Address	Use	Term	Gross floor area	Rental per annum (RMB)	Tenant	Landlord
Room 1202, No. 888 Yuncheng West Road, Baiyun District, Guangzhou	Office use	15 May 2018 till 14 May 2019	86.64 square meters	127,200	Beijing Dowway	Ms. Huang Feng E
Flat 151, Block 2, 6th Building, Tayuan Diplomatic Residence Compound, No. 1 Xindong Road, Chaoyang District, Beijing	Office use	10 September 2017 till 9 September 2018	169 square meters	312,000	Beijing Dowway	Beijing Housing Service Corporation for Diplomatic Missions (北京 外交人員房屋服 務公司)

As at the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 8.01A of the GEM Listing Rules to include in this prospectus any valuation reports. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

LEGAL PROCEEDINGS AND MATERIAL CLAIMS

As at the Latest Practicable Date, we were not involved in any litigation, arbitration or claims of material importance, and we were not aware of any litigation, arbitration or claims of material importance, pending or threatened against us that would have a material adverse effect on our business, financial condition, results of operations or reputation.

REGULATORY COMPLIANCE

Our Directors confirmed that we had no material and systemic non-compliance of applicable laws and regulations in the PRC that had or would reasonably be expected to have material financial or operational impact on our business during the Track Record Period and up to the Latest Practicable Date. Our PRC Legal Advisers also confirmed that each of the PRC subsidiaries of our Company has obtained all the necessary governmental authorisations, approvals and certificates under the relevant PRC laws and regulations that are material to conduct its current business. As at the Latest Practicable Date, such authorisations, approvals and certificates had not been revoked.

Please also refer to the section headed “Regulatory Overview” which sets out the relevant PRC laws and regulations applicable to our operations and business.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS OF OUR COMPANY

Immediately upon completion of the Capitalisation Issue and the Share Offer, Mr. Huang will, through his 100% shareholding in A&B, indirectly own approximately 63.65% of the issued share capital of our Company taking no account any Share which may be issued pursuant to the exercise of any option that may be granted under the Share Option Scheme, and hence Mr. Huang and A&B are our Controlling Shareholders. A&B is an investment holding company and has not commenced any substantive business activities as at the Latest Practicable Date. For further information of Mr. Huang, please see the section headed “Directors and Senior Management — Executive Directors” in this prospectus.

Business Delineation

Companies	Date of Incorporation	Registered business scope	Equity holding by Mr. Huang or his associates in such companies during the Track Record Period	Relevant transaction during Track Record Period (For details, please refer to the section headed “Financial Information — Related-party Transactions and Balances” and the Accountant’s Report in this prospectus)	Reason for non-competition and independence of our Group from such companies
(i) Bafang Wuxian	16 February 2015	Includes provision of cultural and art exhibition and events services and graphic design	On 20 April 2015, Beijing Dowway acquired 15% equity interest in Bafang Wuxian from an Independent Third Party.	N/A	On 3 May 2016, Beijing Dowway subsequently disposed of all its equity interest in Bafang Wuxian to an Independent Third Party.
(ii) Xingao Xinyuan	2 November 2011	Includes provision of cultural and art exhibition and events services, graphic design and corporate image planning	Since its incorporation and up to 17 February 2016, Xingao Xinyuan was owned as to 30% by Mr. Huang.	On 30 October 2014, Beijing Dowway entered into a tenancy agreement with Xingao Xinyuan, pursuant to which, Xingao Xinyuan agreed to sub-lease a premises situated in Beijing for a term of 13 months commencing from 1 November 2014 with a monthly rental of RMB18,500. Our Directors considered that such transaction was on normal commercial terms which were fair and reasonable and the entering into of such tenancy agreement was in the ordinary and usual course of business of Beijing Dowway.	On 17 February 2016, Mr. Huang disposed of all his equity interest in Xingao Xinyuan to an Independent Third Party.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Companies	Date of Incorporation	Registered business scope	Equity holding by Mr. Huang or his associates in such companies during the Track Record Period	Relevant transaction during Track Record Period (For details, please refer to the section headed “Financial Information — Related-party Transactions and Balances” and the Accountant’s Report in this prospectus)	Reason for non-competition and independence of our Group from such companies
(iii) Tianping Jiaoyang	28 September 2012	Includes organising cultural and art exhibition and events	On 14 October 2014, Mr. Yin acquired 60% equity interest in Tianping Jiaoyang from an Independent Third Party.	<p>In 2014, Beijing Dowway entered into a service agreement with Tianping Jiaoyang, pursuant to which, Tianping Jiaoyang agreed to provide construction related services for an automobile exhibition event at a consideration of RMB7,827,500.</p> <p>Our Directors considered that such transaction was on normal commercial terms which were fair and reasonable and the entering into of such service agreement was in the ordinary and usual course of business of Beijing Dowway.</p>	On 31 July 2015, Mr. Yin disposed of all his equity interest in Tianping Jiaoyang to an Independent Third Party.
(iv) Baifenzhiba	14 June 2013	Includes organising cultural and art exhibition and events and sale of electronic products and ancillary products	Since its incorporation, Baifenzhiba had been owned as to 98% by Mr. Huang.	N/A	Baifenzhiba has applied for deregistration which is expected to be completed by May 2018.
(v) TPCX	10 March 2016	Includes advertising, corporate management consultation and computer software development	TPCX was established as a limited partnership by Mr. Huang as the general partner and nine employees and the then legal adviser of Beijing Dowway as limited partners.	N/A	It was initially incorporated and set up as an investment platform for the sole purpose of enabling those employees to share the economic benefit arising from the Proposed PRC Listing, which was subsequently aborted as the expected equity capital market funding from such proposed listing was unable to match the financial needs of Beijing Dowway.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Companies	Date of Incorporation	Registered business scope	Equity holding by Mr. Huang or his associates in such companies during the Track Record Period	Relevant transaction during Track Record Period (For details, please refer to the section headed “Financial Information — Related-party Transactions and Balances” and the Accountant’s Report in this prospectus)	Reason for non-competition and independence of our Group from such companies
(vi) Lanse Shenyu	13 August 2014	Includes software development and computer internet technology development	Since its incorporation, Lanse Shenyu has been owned as to 15% by Mr. Huang.	N/A	Save for its investments in Beijing Dowway, TPCX did not have any business operation from the date of its establishment up to 2 April 2018, being the date of its deregistration.
					The registered business scope of Lanse Shenyu was changed with the deletion of “organisation of cultural exhibitions and events” on 16 June 2017, up until which, Lanse Shenyu had had no business operation since its incorporation. Following the aforesaid change, the principal business of Lanse Shenyu has been computer and internet technology and computer software development.

All businesses aforementioned have been disposed of, deregistered, applying for deregistration, or arranged for change of business scope by Mr. Huang or his respective associates in order to focus on the business development of the Group and/or to avoid any potential competition against the business of provision of integrated exhibition and event management services carried out by our Group. As such, the Company takes the view that there is no issue of competition or potential competition, concerning the excluded businesses, with the business of our Group and that there is no conflict of interest in respect of Mr. Huang and any of his associates.

As confirmed by our Directors, the aforesaid companies were not involved in any material non-compliance or litigation and claims prior to its disposal or deregistration or as at the Latest Practicable Date. Our PRC Legal Advisers have also confirmed that they did not note any evidence to the contrary when conducting searches on the relevant official government websites.

INDEPENDENCE OF OUR GROUP

Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on our Group's business independently from, and do not place undue reliance on, our Controlling Shareholders and their respective close associates after the Listing:

Financial independence

Our Company has an independent financial system and makes financial decisions according to our Group's own business needs. We have sufficient capital to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. On 25 April 2014, Mr. Huang provided a guarantee in an amount up to approximately RMB7,560,000 for a bank facility granted by a commercial bank to Beijing Dowway. Subsequent to the repayment of the bank facility, such guarantee was discharged on 21 July 2017. During the Track Record Period, Mr. Huang had certain amounts due to and from our Group. As at 31 December 2017, there were recorded receivables from Mr. Huang of approximately RMB0.7 million which will be settled prior to the Listing. For details, please refer to note 29 to the Accountant's Report set out in Appendix I to this prospectus.

Our Directors are of the view that there has been sufficient cash flow to support the operation of our business. For the years ended 31 December 2015, 2016 and 2017, our Group has relied principally on cash generated from operations to carry on our businesses and this is expected to continue after the Listing. Our Directors also believe that our Group is capable of obtaining financing from independent third parties, if necessary, without reliance on the Controlling Shareholders after the Listing. Therefore, our Group will be financially independent from the Controlling Shareholders after the Listing.

Operational independence

On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders or other companies controlled by our Controlling Shareholders:

- (i) our Group has established its own organisational structure made of individual departments, each with specific areas of responsibilities;
- (ii) our Group did not share its operational resources, such as suppliers, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their close associates during the Track Record Period;
- (iii) our Group has also established a set of internal controls to facilitate the effective operation of its business;
- (iv) our Group's major customers and major suppliers are all independent from our Controlling Shareholders;
- (v) our Group does not rely on our Controlling Shareholders or their close associates and has its independent access to customers and suppliers; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (vi) our Group is the holder of all relevant licences material to the operation of our business and has sufficient capital, equipment and employees to operate the business independently.

Management Independence

On the basis of the following reasons, our Directors consider that our Directors and members of the senior management of our Group are able to manage the business independently from our Controlling Shareholders:

- (i) with three independent non-executive Directors out of a total of six Directors in the Board, which complies with the requirements under the GEM Listing Rules, there will be a sufficiently robust and independent voice within the Board to counter-balance any situation involving a conflict of interest and protect the interests of the independent Shareholders, in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant meetings of the Board in respect of such transactions and shall not be counted in the quorum;
- (ii) save for Mr. Huang who is the sole director of A&B, none of the Directors or senior management serves any executive or management role in our Controlling Shareholders or any of their respective close associates. Since A&B has no business other than holding its shareholding interest in our Company, our Directors do not consider that there is any issue in relation to management independence arising from the overlapping of directors between our Company and A&B;
- (iii) all members of the senior management are full-time employees of our Group and most have, during the entire or most of the Track Record Period, undertaken senior management supervisory responsibilities in the business. The responsibilities of the senior management team include managing operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategies of our Group. This ensures the independence of the daily management and operations of our Group from those of its Controlling Shareholders;
- (iv) each of our Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he or she acts for the benefit and in the best interests of the Company as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests to affect the performance of his or her duties as a Director;
- (v) connected transactions (if any) between our Company and companies controlled by our Controlling Shareholders are subject to the rules and regulations under the GEM Listing Rules including rules relating to announcement, reporting and independent Shareholders' approval requirements (where applicable);

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (vi) all of the exhibition and event coordination and management businesses in the PRC held by our Controlling Shareholders as at the Latest Practicable Date have been consolidated into our Group as part of the Reorganisation. For details, please refer to the section headed “History and Development” to this prospectus. Therefore, there is no competition that would adversely affect the management independence of our Group; and
- (vii) a number of corporate governance measures are in place to avoid any potential conflict of interest between our Company and our Controlling Shareholders, and to safeguard the interests of the independent Shareholders.

Further, each of Mr. Huang’s parents entered into an employment contract with Beijing Dowway on 5 January 2015 for a position at the project department for a term of five years commencing on 5 January 2015 and ending on 4 January 2020 with a monthly salary of RMB10,000. On the same day, Ms. Li Jingyue, a cousin of Mr. Huang, also entered into an service contract with Beijing Dowway for a position of legal adviser for a term of twenty years commencing on 5 January 2015 and ending on 4 January 2035 with a monthly salary of RMB10,000. Each of the aforesaid employment contracts and service contract was terminated between the parties by the respective termination contracts on 30 September 2017. Our Directors considered that the above employments and service engagement were on normal commercial terms which were fair and reasonable and the entering into of such employment contracts and service contract were in ordinary and usual course of business of Beijing Dowway and in the interest of Beijing Dowway and its shareholders as a whole.

On 1 March 2017, Mr. Yin, a cousin of Mr. Huang, entered into an employment contract with Beijing Dowway, pursuant to which Mr. Yin was employed as an accounting manager from the even date to 29 February 2020. Our Directors estimate that the annual salary payable to Mr. Yin shall not exceed RMB148,000, RMB156,000 and RMB156,000 for each of the years ending 31 December 2018, 31 December 2019 and 31 December 2020 respectively, with reference to the contractual amount payable to Mr. Yin under the employment contract, and the expected increase in his salary during the relevant period. All applicable percentage ratios (other than the profits ratio) under Chapter 20 of the GEM Listing Rules for this employment contract are less than 5%, with the annual aggregated values below HK\$3,000,000. Our Directors also considered that such employment contract is on normal commercial terms which are fair and reasonable and the entering into of such employment contract is in the ordinary and usual course of business of our Group and in the interest of Company and its shareholders as a whole. Save as the aforesaid employment contract, the Group has not entered into any other contract with Mr. Yin.

Despite the aforesaid employment contract entered into between Mr. Yin and Beijing Dowway, our Directors are satisfied that they are able to perform their roles in our Company independently after having considered the aforesaid factors, and our Directors are of the view that our Group is capable of managing our business independently from its Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

RULE 11.04 OF THE GEM LISTING RULES

As of the Latest Practicable Date, our Controlling Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group's business which competes and is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

NON-COMPETITION UNDERTAKINGS

Mr. Huang and A&B (each the “**Covenantor**” and collectively the “**Covenantors**”) entered into the Deed of Non-Competition dated 16 May 2018 in favour of our Company and its subsidiaries. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to our Company (for itself and for the benefit of our subsidiaries) that, save and except the interest in our Group, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of our Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested, or otherwise be involved, directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group within Hong Kong, the PRC and such other parts of the world where any member of our Group may operate from time to time, or any business activity to be conducted by any member of our Group from time to time after the Listing, save for the holding of not more than 5% shareholding interests (individually or with his/its close associates) in any company listed on a recognised stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with his/its close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of the relevant Covenantor (individually or with his/its close associates).

Each of the Covenantors further undertakes that if he/it or his/its close associates other than any member of our Group is offered or becomes aware of any business opportunity which may compete with any business opportunity of our Group, he/it shall procure that his/its close associates to promptly notify our Group in writing and our Group shall have a right of first refusal to take up such opportunity. Our Group shall, within 30 days after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) whether our Group will exercise the right of first refusal.

Our Group shall only exercise the right of first refusal upon the approval of all independent non-executive Directors who do not have any interest in such opportunity. The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Company will adopt the following procedures to monitor that the Deed of Non-competition is being observed:

- (a) the independent non-executive Director shall review on an annual basis the above undertakings from the Covenantors and to evaluate the effective implementation of the Deed of Non-competition;
- (b) each of the Covenantors undertakes to provide any information as is reasonably required by our Group or the independent non-executive Directors, for their annual review, including but not limited to the confirmation from the Covenantors on the compliance of the Deed of Non-competition by the Covenantors and each of their close associates; and
- (c) our Company shall disclose the decisions on those matters reviewed by its independent non-executive Directors relating to the compliance of the Deed of Non-competition in the annual report of our Company.

The undertakings contained in the Deed of Non-competition are conditional upon the Listing Division granting approval for the listing of and permission to deal in the Shares on the Stock Exchange and all conditions precedent under the Underwriting Agreement having been fulfilled (or where applicable, waived) and the Underwriting Agreement not having been terminated in accordance with its terms. If any such condition is not fulfilled on or before the date agreed among the Joint Bookrunners, the Underwriters and our Company or the Joint Bookrunners, the Underwriters and our Company have agreed to terminate the Underwriting Agreements thereafter, the Deed of Non-competition shall lapse and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-competition.

The Deed of Non-competition shall terminate on the date on which (i) in relation to any Covenantors, when he/it together with his/its close associates, whether individually or taken together, ceases to be interested in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company provided that the Deed of Non-competition shall continue to be in full force and effect as against the other Covenantors; or (ii) the Shares cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of the Shares on the Stock Exchange due to any reason).

As the Controlling Shareholders have given non-competition undertakings in favour of our Company, and other than members of our Group, none of them have interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that we are capable of carrying on the business independently of the Controlling Shareholders following the Listing.

Other than members of our Group, none of the Controlling Shareholders and our Directors or their respective close associates has interests in any business which competes or is likely to compete with the business of our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

- (a) the Articles provide that a Director shall not vote (nor shall he/she be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he/she or any of his/her close associates has/have a material interest, and if he/she shall do so his/her vote shall not be counted (nor shall he/she be counted in the quorum for that resolution), but this prohibition shall not apply to the exceptions as stated in the Articles where such exceptions are consistent with those provided in Appendix 3 to the GEM Listing Rules;
- (b) the independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by the Controlling Shareholders;
- (c) the Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (d) our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of the Controlling Shareholders in the annual reports of our Company;
- (e) the Controlling Shareholders will make an annual declaration on compliance with the Deed of Non-competition in the annual report of our Company;
- (f) the independent non-executive Directors will be responsible for deciding whether or not to allow any Controlling Shareholder and/or his/its close associates to involve or participate in any business in competition with or likely to be in competition with the existing business activity of any member of our Group within Hong Kong, the PRC and such other parts of the world where any member of our Group may operate from time to time and if so, any condition to be imposed; and
- (g) the independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition or connected transaction(s) at the cost of our Company.

Further, any transaction that is proposed between our Group and/or the Controlling Shareholders and their respective close associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out under the paragraphs headed "Corporate Governance Measures" in this section, our Directors believe that the interest of the Company will be protected.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently consists of six Directors comprising three executive Directors and three independent non-executive Directors. The following table sets out the information regarding our Directors:

Name	Age	Present Position	Date of appointment	Year of joining our Group	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Huang Xiaodi (黃曉迪)	32	Chairman of our Board, chief executive officer, compliance officer and executive Director	28 April 2017	2008	Overall management, strategic development, major decision-making of our Group and overseeing compliance matters of our Group	Nil
Ma Yong (馬勇)	37	Executive Director	28 October 2017	2013	Overall financial and operation of our Group	Nil
Yan Jinghui (閔景輝)	33	Executive Director	28 October 2017	2009	Administrative management of our Group	Nil
Xu Shuang (徐爽)	40	Independent non-executive Director	16 May 2018	2018	Supervising and providing independent advice on the operation and management of our Group	Nil
Gao Hongqi (高紅旗)	59	Independent non-executive Director	16 May 2018	2018	Supervising and providing independent advice on the operation and management of our Group	Nil
Ng Yuk Yeung (吳旭陽)	44	Independent non-executive Director	16 May 2018	2018	Supervising and providing independent advice on the operation and management of our Group	Nil

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Huang Xiaodi (黃曉迪), aged 32, is the chairman of the Board, the chief executive officer of our Company, an executive Director, the compliance officer of our Company and a Controlling Shareholder. He was appointed as a Director on 28 April 2017 and re-designated as an executive Director on 28 October 2017. Mr. Huang is responsible for our Group's overall management, strategic development, major decision-making of our Group and overseeing compliance matters of our Group.

He obtained his certificate in arts and design via the Self-Taught Higher Education Examinations (高等教育自學考試) from Wuchang University of Technology (武昌理工學院) in June 2013. Mr. Huang has more than 10 years of professional experience in the area of exhibition and event management industry. He has worked as a senior manager at Beijing Dowway since January 2008 and as the chairman of the board of directors since March 2010, responsible for the overall management and business development and expansion. Mr. Huang is an engineer (construction engineering) recognised by Kunming Construction Engineering (Intermediate Rank) Qualification Committee* (昆明市建築工程中級工程師評審委員會) since November 2015.

Mr. Huang was previously a general partner of TPCX, which was deregistered on 2 April 2018. He confirmed that such entity was solvent immediately before the time of deregistration and he did not incur any debt and/or liabilities because of such deregistration.

Mr. Huang is currently holding 15% of the equity interest in Lanse Shenyu, which does not conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group. He is also an executive director and general manager of Tianjin Dowway.

Mr. Ma Yong (馬勇), aged 37, is an executive Director and a member of the remuneration committee of our Company. He obtained his certificate in information management from the University of Science & Technology Beijing (北京科技大學) in July 2002. Mr. Ma has more than 10 years of professional experience in the area of exhibition and event management industry. Mr. Ma worked as a project manager at Beijing Lihui Huanyu Exhibition Services Company Limited *(北京力輝環宇展覽服務有限公司) from May 2007 to May 2013, the principal business of which includes automobile exhibition. He then joined Beijing Dowway in May 2013 as the project director and has become the vice chairman of the board of Beijing Dowway since July 2017.

Mr. Yan Jinghui (閻景輝), aged 33, is an executive Director and a member of the nomination committee of our Company. He obtained his certificate in arts and design via the Self-Taught Higher Education Examinations (高等教育自學考試) from Wuchang University of Technology (武昌理工學院) in December 2013. Mr. Yan has more than 9 years of professional experience in the area of exhibition and event management industry. He joined Beijing Dowway since August 2009 as the project director and has become the director of Beijing Dowway since July 2017.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Ms. Xu Shuang (徐爽), aged 40, is an Independent non-executive Director, the chairman of the nomination committee of our Company and a member of the audit committee of our Company. She obtained her bachelor degree in craftsmanship and arts from Tsinghua University (清華大學) in July 2000 and her master degree in computer software engineering from Beijing University of Technology (北京工業大學) in January 2016. Ms. Xu has been a qualified lecturer recognised by Beijing Zhuanye Jishu Zhiwu (Intermediate Professional Rank) Qualification Committee (北京市中級專業技術職務評審委員會) since October 2005.

Ms. Xu has been a lecturer of Beijing University of Technology (北京工業大學) since July 2000. She also worked as an administration officer at China Artists Association's committee of sculptural art* (中國美術家協會雕塑藝術委員會) from April 2002 to May 2007 and as the chief editor at Yipin* (《藝品》雜誌) from August 2014 to December 2016.

Mr. Gao Hongqi (高紅旗), aged 59, is an independent non-executive Director, the chairman of the remuneration committee of our Company, a member of each of the audit committee and nomination committee of our Company. He obtained his bachelor degree in civil engineering from Taiyuan Institute of Technology (太原理工學院) (now known as Taiyuan University of Technology (太原理工大學)) in August 1982. He subsequently obtained the certificate of national registered supervising engineer (國家級註冊監理工程師證書), the certificate of outstanding chief supervising engineer of Beijing (北京市優秀總監理工程師證書) and the qualification of bid evaluation expert of Beijing (北京市評標專家) in March 1997, February 2004 and January 2013 respectively. Mr. Gao has over 34 years of experience in construction work engineering and surveying. Between September 1982 to August 1987, he was responsible for conducting research at the Building Structure Research Centre of China Academy of Building Science Research* (中國建築科學研究院建築結構研究所). Subsequently from September 1987 to December 1992, he has worked at the National Construction Engineering Quality Supervision and Testing Centre of China Academy of Building Science Research* (中國建築科學研究院國家建設工程質量監督檢驗測試中心), responsible for quality supervision of construction engineering. He has worked at CABR Construction Engineering Consulting Co., Ltd of China Academy of Building Science Research* (中國建築科學研究院建研凱勃建設工程諮詢有限公司) since January 1993, responsible for monitoring construction work and his last position is chief engineer.

Mr. Gao is currently a shareholder of CABR Construction Engineering Consulting Co., Ltd. (建研凱勃建設工程諮詢有限公司), a company established in the PRC and he confirmed that such company does not conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group.

Mr. Ng Yuk Yeung (吳旭陽), aged 44, is an independent non-executive Director, the chairman of the audit committee of our Company and a member of the remuneration committee of our Company. He obtained his bachelor degree in computer science from the University of Hong Kong in November 1995. He became a member of Hong Kong Society of Accountants in May 2003 and was admitted as a member and a fellow of the Association of Chartered Certified Accountants in September 1999 and September 2004 respectively.

DIRECTORS AND SENIOR MANAGEMENT

He worked at the Audit Department of Deloitte Touche Tohmatsu from February 1996 to December 1999, with his last position as a senior accountant and at the Assurance and Advisory Department of Deloitte Touche Tohmatsu from April 2001 to July 2002, with his last position as manager. He subsequently worked at China Resources Enterprise, Limited (currently known as China Resources Beer (Holdings) Company Limited), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00291) from July 2002 to April 2007, and at Global Cosmetics (HK) Company Limited from May 2007 to November 2008.

He is currently the company secretary and financial controller of Shenguan Holding (Group) Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00829) and an independent non-executive director of BGMC International Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01693).

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed above, each of our Directors confirms with respect to him/her that: (i) he/she does not hold any other position in our Company or any of its subsidiaries; (ii) he/she has not held directorships in the last three years immediately preceding the date of the prospectus in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; and has not been involved in any of the events described under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules that require disclosure in this prospectus; (iii) save as disclosed in the section headed “Statutory and General Information — C. Further Information about Substantial Shareholders, Directors and Experts” in Appendix IV to this prospectus, he/she does not have any interests in the Shares within the meaning of Part XV of the SFO and is independent from and is not related to any of our Controlling Shareholders, substantial shareholders, Directors or senior management; (iv) there is no other information that should be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules; and (v) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets out certain information concerning our senior management of our Group:

Name	Age	Position	Date of appointment	Year of joining our Group	Roles and responsibilities	Relationship with Director(s)/or other senior management
Bao Xianglong (包向龍)	31	Design director	March 2012	2009	Project designs and graphic designs of exhibitions and events	Nil
Xiao Yi (肖毅)	36	Customer relations director	March 2011	2011	Planning customer relations strategies and overseeing customer relations matters	Nil
Tang Hao (湯浩)	33	Sales director	August 2010	2010	Overseeing our Group's sales and business development	Nil

Mr. Bao Xianglong (包向龍), aged 31, is the design director and supervisor of Beijing Dowway and is responsible for the project designs and graphic designs of exhibitions and events and managing the design department. He obtained his bachelor degree in arts and design from Nanchang Institute of Technology (南昌理工學院) in July 2009.

Mr. Bao has more than 8 years of professional experience in the area of exhibition and event management industry. He joined our Group since August 2009 as the designer of Beijing Dowway and was subsequently a design director in March 2012 and appointed as the supervisor of Beijing Dowway in July 2017.

Mr. Bao has not held any directorship in any public listed company in the past three years.

Mr. Xiao Yi (肖毅), aged 36, is the customer relations director of our Group and is responsible for planning customer relations strategies and overseeing customer relations matters. Mr. Xiao has worked as the customer relations director of Beijing Dowway since March 2011. He is also currently an executive director of Dowway Cultural.

He has more than 12 years of experience in corporate public relations and customer relations. Prior to joining our Group, Mr. Xiao worked as a public relation officer at Chinese Artists Association's committee of sculptural art* (中國美術家協會雕塑藝術委員會) from May 2005 to February 2008. From 2008 to 2010, Mr. Xiao worked at Pamco Limited (北京柏高環球展覽展示服務有限公司) as customer relations manager.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xiao obtained his certificate in international trading from Beijing University of Technology (北京工業大學) in July 2004. He subsequently obtained another certificate in business administration via an internet-based distance education program from Beijing Jiaotong University (北京交通大學) in January 2008.

Mr. Xiao has not held any directorship in any public listed company in the past three years.

Mr. Tang Hao (湯浩), aged 33, is the sales director of Beijing Dowway and is responsible for overseeing its sales and business development. Mr. Tang has worked as the sales director of Beijing Dowway since August 2010. He obtained a certificate in accounting from Beijing Information Science and Technology University (北京信息科技大學) in July 2009.

During his term of office as the head of sales department of Beijing Dowway, Mr. Tang was assigned to manage the international automobile exhibitions and events held in Beijing and other cities nearby. He has more than 6 years of experience in managing, designing, coordinating and planning exhibitions and events. Mr. Tang had participated in various main business projects of Beijing Dowway partnered with an internationally renowned automobile company.

Mr. Tang has not held any directorship in any public listed company in the past three years.

COMPANY SECRETARY

Ms. Lam Yuk Ling (林玉玲), aged 36, was appointed as the company secretary of our Group on 16 May 2018. She is responsible for our Group's overall company secretarial matters.

Ms. Lam obtained a degree of bachelor of Hotel and Catering Management from The Hong Kong Polytechnic University in November 2004. She has been qualified as a chartered secretary of the Hong Kong Institute of Chartered Secretaries and was elected associate of The Institute of Chartered Secretaries and Administrators in 2011.

Ms. Lam worked as the corporate secretarial assistant at United Secretaries Limited from April 2006 to April 2008, as the company secretarial officer at Stephenson Harwood from April 2008 to May 2010, as the secretarial officer at KCS Hong Kong Limited from August 2010 to March 2013, and subsequently as company secretarial officer at Prudential Corporation Asia from March 2013 to February 2014.

REMUNERATION POLICY

The Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses with reference to the prevailing market rate, their time commitment to and the performance of our Group. Our Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and senior management and the performance of our Group.

DIRECTORS AND SENIOR MANAGEMENT

After Listing, our remuneration committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, the time devoted to our Group and the performance of our Group. The Directors may also receive options to be granted under the Share Option Scheme.

REMUNERATIONS OF DIRECTORS AND SENIOR MANAGEMENT

For the years ended 31 December 2015, 2016 and 2017, the aggregate emoluments (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) paid by our Group to the Directors, were approximately RMB360,000, RMB488,000 and RMB498,000 respectively.

For the years ended 31 December 2015, 2016 and 2017, the aggregate emoluments paid by our Group to our senior management were approximately RMB297,000, RMB481,000 and RMB499,000 respectively.

Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment of any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of the Directors will be as follows:

Executive Directors

Huang Xiaodi	RMB240,000
Ma Yong	RMB156,000
Yan Jinghui	RMB156,000

Independent non-executive Directors

Xu Shuang	RMB120,000
Gao Hongqi	RMB120,000
Ng Yuk Yeung	HKD180,000

The emoluments in respect of our Group's five highest paid individuals (including our Directors) during the Track Record Period are as follows:

	For the year ended		
	31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wages and salaries	572	461	438
Pension scheme and other social security costs	53	78	152
Housing benefits	31	76	130
Other costs and benefits	—	240	153
	<u> </u>	<u> </u>	<u> </u>
Total	<u> 656</u>	<u> 855</u>	<u> 873</u>

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, no emoluments were paid by our Group to the above highest paid individuals as (i) an inducement to join or upon joining our Group or (ii) as compensation for loss of office as a director or management of any members of our Group. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme under which employees of our Group including executive Directors and other eligible participants may be granted options to subscribe for Shares. The principal terms of the Share Option Scheme are summarised in the section headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus.

CORPORATE GOVERNANCE

Pursuant to code provision A.2.1 of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, our Company does not have a separate chairman and chief executive officer and Mr. Huang currently performs these two roles. In view of the fact that Mr. Huang has been operating and managing our Group since 2008, the Board believes that it is in the best interests of our Group to have Mr. Huang taking up both roles for effective management and business development. The Board also believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Although Mr. Huang performs both roles of chairman and chief executive officer, the division of responsibilities between the two roles is clearly established. While the chairman is responsible for supervising the functions and performance of the Board, the chief executive officer is responsible for the management of our Group’s business. The Board considers that the balance of power and authority for the present arrangement will not be impaired given the appropriate delegation of the power of the Board to the senior management of our Company for the day-to-day management of our Group, the details of which are set out in the paragraph headed “Senior Management” in this section, and the effective functions of the independent non-executive Directors representing more than one-third of the Board such that no one individual has unfettered power of decisions. This structure will also enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Save as disclosed above, our Company expects to comply with the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules. The Directors will review the corporate governance policies of our Group and ensure compliance with the Corporate Governance Code in each financial year.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Audit committee

Our Company established an audit committee on 16 May 2018 with its written terms of reference in compliance with the GEM Listing Rules. Written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C3.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules has been adopted. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance.

The audit committee of our Company consists of three members, being Mr. Ng Yuk Yeung, Mr. Gao Hongqi and Ms. Xu Shuang. Mr. Ng Yuk Yeung currently serves as the chairman of the audit committee.

Remuneration committee

Our Company established a remuneration committee on 16 May 2018 with its written terms of reference in compliance with the GEM Listing Rules. Written terms of reference in compliance with, paragraph B1.2 of Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules has been adopted. The primary duties of the remuneration committee are to make recommendations on the remuneration of our Company's senior management and to recommend members of the Board.

The remuneration committee of our Company consists of three members, being Mr. Gao Hongqi, Mr. Ng Yuk Yeung and Mr. Ma Yong. Mr. Gao Hongqi currently serves as the chairman of the remuneration committee.

Nomination committee

Our Company established a nomination committee on 16 May 2018 with its written terms of reference by reference to paragraph A5.2 of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules has been adopted. The primary duties of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management.

The nomination committee of our Company consists of three members, being Ms. Xu Shuang, Mr. Gao Hongqi and Mr. Yan Jinghui. Ms. Xu Shuang currently serves as the chairman of the nomination committee.

Compliance Officer

Mr. Huang has been appointed as the compliance officer of our Company on 16 May 2018. Please refer to the paragraph headed "Directors" above in this section for the biography of Mr. Huang.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Company has appointed RaffAello Capital Limited as its compliance adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, our Company will consult with and seek advice from the compliance adviser on a timely basis in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of the initial public offering in a manner different from that detailed in the listing document or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in the listing document; and
- (4) where the Stock Exchange makes an inquiry of the listed issuer under Rule 17.11 of the GEM Listing Rules.

The term of appointment of the compliance adviser of our Company shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of the financial results for the second full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons will have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Long position in the Shares

Name	Capacity/ Nature of interest	Number of Shares held/interested in immediately following completion of the Capitalisation Issue and the Share Offer	Approximate Percentage of interest in our Company
A&B	Beneficial owner	1,272,900,000	63.65%
Mr. Huang	Interest of a controlled corporation (Note 1)	1,272,900,000	63.65%

Note:

1. Mr. Huang beneficially owns 100% of the issued share capital of A&B. Therefore, Mr. Huang is deemed, or taken to be, interested in all our Shares held by A&B for the purpose of the SFO. Mr. Huang is the sole director of A&B.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries.

SHARE CAPITAL

SHARE CAPITAL

Without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, the share capital of our Company immediately following the Capitalisation Issue and the Share Offer will be as follows:

Authorised share capital

	<i>US\$</i>
<u>20,000,000,000</u> Shares	<u>2,000,000</u>

Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Share Offer:

	<i>US\$</i>
10,000 Shares in issue at the date of this prospectus	1
1,499,990,000 Shares to be issued pursuant to the Capitalisation Issue	149,999
<u>500,000,000</u> Shares to be issued pursuant to the Share Offer	<u>50,000</u>
<u>2,000,000,000</u> Total	<u>200,000</u>

MINIMUM PUBLIC FLOAT

According to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of our Company’s issued share capital in the hands of the public.

RANKING

The Offer Shares will rank pari passu in all respects with all our Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of Listing other than participation in the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the resolutions of our Shareholders passed on 16 May 2018, subject to the share premium account of our Company being credited as a result of the Share Offer, our Directors are authorised to allot and issue a total of 1,499,990,000 Shares credited as fully paid at par to the holder of Shares on the register of members of our Company at the close of business on 14 May 2018 (or as they may direct) in proportion to their shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of US\$149,999 standing to the credit of the share premium account of our Company, and our Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer (not including Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme); and
- (b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares referred to in the paragraph headed “General Mandate to Repurchase Shares” below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of the options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the sub-paragraph headed “Written resolutions of our Shareholders passed on 16 May 2018” under the paragraph “Further information about our Company” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme).

SHARE CAPITAL

This mandate only relates to repurchases made on GEM, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed “Further information about our Company — Repurchase of our shares by our Company” in Appendix IV to this prospectus.

The general mandates to issue and repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable law of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting,

For further details of this general mandate, please refer to the paragraph headed “Further information about our Company — Repurchase of our shares by our Company” in Appendix IV to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the paragraph headed “Share Option Scheme” in Appendix IV to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in “Summary of the Constitution of the Company and Cayman Islands Company Law” set out in Appendix III to this prospectus.

FINANCIAL INFORMATION

The following discussion of our Group's financial condition and results of operations should be read in conjunction with our Group's consolidated financial information as of and for each of the three financial years ended 31 December 2015, 2016 and 2017, including the notes thereto, included in Appendix I to this prospectus. The financial statements have been prepared in accordance with HKFRS. The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our Group's future results could differ materially from those discussed below as a result of various factors, including those set forth under the section headed "Risk factors" and elsewhere in this prospectus.

OVERVIEW

Our Group was founded in 2002 and has been providing integrated exhibition and event management services. We are primarily engaged in the provision of design, planning, coordination and management services of exhibitions and events in the PRC, with presence in over 40 cities such as Beijing, Shanghai, Guangzhou, Tianjin, Chengdu, Harbin, Shenyang, Kunming, Nanning, and Chongqing. Our Group has been providing such integrated exhibition and event management services to automobile companies since 2009. With an operating history of over 8 years, we have established good relationships with internationally renowned automobile brands such as Lamborghini, Volkswagen and other German and Italian automobile brands.

We categorise our revenue under one reportable segment of the provision of exhibition and event management services. We undertake exhibition and event projects primarily as a project manager, and provide a comprehensive range of services which include design, planning, coordination and management of exhibitions and events covering theme, stage, venue design and overall planning, feasibility study, procurement of construction materials and equipment, project management, coordination with suppliers and/or personnel for construction of backdrop, stage and exhibition booth as well as installation of audio, visual and lighting equipment and facilities and on-site supervision. For details of our business, please refer to the section headed "Business — Our Business" in this prospectus.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 28 April 2017 as an exempted company with limited liability under the Companies Law. As detailed in the section headed "History and Development" in this prospectus, and upon completion of the Reorganisation on 27 October 2017 in preparation for the Listing, our Company became the holding company of our Group. The consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statements of cash flows of our Group including the results of operations are prepared using the respective carrying values of the companies comprising the Group as if the current group structure has been in existence throughout the Track Record Period. The consolidated statements of financial position of our Group as of 31 December 2015, 2016 and 2017 have been prepared to present the financial positions of the companies comprising our Group as of the respective dates as if the current group structure had been in existence at the respective dates.

FINANCIAL INFORMATION

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our operations and financial condition have recently been, and are expected to continue to be affected by a number of factors, including those set out below and in the section headed “Risk Factors” in this prospectus.

Market demand for the exhibitions and events coordinated and managed by us

Our business is primarily affected by general market demand for our integrated exhibition and event management services as well as the development of the automobile exhibition market in the PRC. During the Track Record Period, we have provided our services to internationally renowned automobile companies and rely on such provision of services. During the Track Record Period, we had undertaken around 170 exhibition and event projects and successfully completed over 700 stations of exhibitions and events in the PRC, which contributed revenue of RMB89.8 million, RMB88.3 million and RMB97.0 million for the years ended 31 December 2015, 2016 and 2017, respectively. Our exhibitions and events mainly facilitated the showcase, promotion and/or sales of branded automobiles by different internationally renowned automobile companies. The automobile companies accounted for over 80% of all the exhibitions and events coordinated and managed by us in terms of revenue for each financial year during the Track Record Period. Besides, during the Track Record Period, some of the projects commissioned by non-automobile companies are also related to automobile exhibitions and events. For the years ended 31 December 2015, 2016 and 2017, revenue derived from automobile related exhibitions and events represented approximately 93.1%, 97.7% and 89.1% of the Group’s total revenue, respectively.

According to Frost & Sullivan, automobile is a key sector in China’s exhibition industry. Among the 120 sectors organising exhibitions in China, the automobile sector ranked the top with around 427 exhibitions held in 2016, accounting for around 4.3% in terms of the total number of exhibitions held in 2016 and the automobile sector also accounted for around 7.0% in terms of total revenue in 2016.

The PRC Government has been supporting the development of the exhibition services market by issuing policies and guidelines to drive the standardisation of exhibition industry. For instance, in 2015, the State Council issued the “Opinions for Further Promotion of The Reformation and Development of Exhibition Industry” (《關於進一步促進展覽業改革發展的若干意見》), which laid out a comprehensive plan of the overall development of China’s exhibition services market. Driven by the rapid growth of the automobile market in China, the total revenue of automobile exhibition industry in China also experienced a fast growth from RMB35.2 billion in 2013 to RMB58.0 billion in 2017 with a CAGR of 13.3%. Going forward, supported by the strong prospect of automobile demand and the steady growth in the production and sales of automobiles in China, the automobile exhibition market is expected to continue growing at a rapid pace with an expected total revenue of automobile exhibition industry in China reaching RMB101.8 billion in 2022 with a CAGR of 11.9% from 2017. As a result of the growth of the automobile exhibition industry, automobile exhibition services market in China also grew rapidly from RMB2.5 billion in 2013 to RMB6.5 billion in 2017 in terms of revenue representing a CAGR of approximately 26.5% and is expected to grow to RMB15.2 billion in 2022 with a CAGR of 18.6%.

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The automobile exhibition services industry shows a promising future prospect and an overall increase in customer demand according to Frost & Sullivan, which is driven by the rapid growth of the automobile market in China. Given that the provision of the integrated exhibition and event management services was the mainstream of our revenue during the Track Record Period with a substantial portion of our revenue generated from the automobile industry, we believe that by expanding and improving our services, we would be able to increase our market share and endeavour to become one of the market leaders in the PRC, and therefore further increase our revenue. Please refer to the section headed “Business — Business Strategies — Expand our exhibition and event management services” for more details.

Pricing and cost of service

We adopt a cost-plus-margin pricing policy and estimate the overall cost based on the prevailing market standard. Our results of operations are affected by our ability to price our integrated exhibition and event management services at competitive levels and by controlling our cost of service effectively. We engage various suppliers during the course of provision of our services. We select our suppliers based on the requirements of the relevant exhibitions or events, their fee quotes, quality of their services, the expected timing for delivery of service and/or products and our prior experience with them. During the Track Record Period, we recorded cost of service, mainly comprising those of stage and booth construction, equipment leasing, logistics and transportation, of RMB69.2 million, RMB66.0 million and RMB72.7 million for the years ended 31 December 2015, 2016 and 2017, respectively, representing 77.1%, 74.7% and 74.9% of our revenue for the corresponding periods.

The increase in each of the category set out above would lead to an increase in our overall cost of service. Accordingly, our results of operations and financial condition may be adversely affected.

Competitiveness of our designs and proposals

In the course of providing our integrated exhibition and event management services, we develop various designs and proposals for our customers. We believe our capability to produce designs that suit the ethos or character of the subjects of the exhibitions and events is a key to the success of our business. We have accumulated rich experience and know-how and are dedicated to continue providing quality designs and proposals. However, due to the subjective nature of designing, our competitors may propose designs that echo more the taste of our customers. Also, more participants may enter the market due to its low entry barriers, thereby intensifying future competition and having an influence on our competitiveness and market share. As a result, our ability of offering quality and suitable designs and proposals, and gaining a competitive edge over new and existing competitors will have a significant impact on our results of operations.

Relationship with our customers

Our customers, who are mostly internationally renowned automobile companies, engage us for the provision of our exhibition and event management services. Throughout the Track Record Period, we have maintained good terms with most of our customers and have made them satisfactory of the services we deliver. Our future prospect would depend on our customer

FINANCIAL INFORMATION

relationship and satisfaction. Any adverse change in such relationship could lead to a decrease in the orders or engagement placed by our customers and accordingly, our results of operations and financial condition may be adversely affected.

Seasonality

The demand for our exhibition and event management services is subject to seasonality. During the Track Record Period, there have been more exhibitions and events held in the second half of the year, resulting in us recording a relatively higher revenue during the period which is primarily due to budgeting and planning needs of our customers. Such trend of seasonality is expected to continue to have a significant impact on our periodic results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial information has been prepared in accordance with the HKFRS. We have identified certain accounting policies that are critical to the preparation of our financial information. These accounting policies are important for understanding our financial position and results of operations and are set forth in Note 4 “Summary of significant accounting policies” to the Accountant’s Report in Appendix I to this prospectus.

Revenue recognition

We recognise our revenue under the percentage of completion method, measured by reference to the percentage of contracts costs incurred to date to the estimated total contract costs for each contract. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable to be recoverable.

Trade receivables and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the purchase price of the asset and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Motor vehicles	5 years
Equipment	3 years
Furniture	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth a summary of our results of operations for the periods indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	89,768	88,304	97,000
Cost of service	(69,220)	(65,991)	(72,697)
Gross profit	20,548	22,313	24,303
Selling expenses	(1,117)	(1,182)	(3,251)
Administrative expenses	(4,516)	(6,399)	(19,240)
Other income	—	24	69
Other gains/(losses) — net	—	182	(144)
Operating profit	14,915	14,938	1,737
Finance income	21	26	21
Finance expenses	(262)	(237)	(114)
Profit before income tax	14,674	14,727	1,644
Income tax expense	(4,185)	(3,737)	(2,428)
Profit/(loss) for the year	10,489	10,990	(784)

Revenue

During the Track Record Period, we generate our revenue from the provision of our design, planning, coordination and management services of exhibitions and events in the PRC. The following table sets forth the breakdown of our revenue from our business operations during the Track Record Period:

	Year ended 31 December					
	2015		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Revenue from automobile related exhibitions and events	83,538	93.1	86,280	97.7	86,449	89.1
Revenue from non-automobile related exhibitions and events	<u>6,230</u>	<u>6.9</u>	<u>2,024</u>	<u>2.3</u>	<u>10,551</u>	<u>10.9</u>
Total	<u><u>89,768</u></u>	<u><u>100.0</u></u>	<u><u>88,304</u></u>	<u><u>100.0</u></u>	<u><u>97,000</u></u>	<u><u>100.0</u></u>

For the years ended 31 December 2015, 2016 and 2017, our revenue was RMB89.8 million, RMB88.3 million and RMB97.0 million, respectively. The major source of our revenue during the Track Record Period was from automobile related exhibitions and events, which amounted to 93.1%, 97.7% and 89.1%, respectively for each of the corresponding periods.

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Cost of service

Our cost of service mainly represents (i) cost of exhibition and event related services provided by suppliers; (ii) staff costs; (iii) transportation and logistics expenses; (iv) travelling expenses; and (v) depreciation of property, plant and equipment. Our cost of service amounted to approximately RMB69.2 million, RMB66.0 million and RMB72.7 million for the years ended 31 December 2015, 2016 and 2017, respectively, representing 77.1%, 74.7% and 74.9% of our revenue for the corresponding periods. The following table sets forth a breakdown of our costs of service for the periods indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of exhibition and event related services provided by suppliers	65,979	60,215	67,142
Staff costs	1,493	1,978	2,562
Transportation and logistics expenses	956	1,542	748
Travelling expenses	716	1,683	1,744
Office supplies	36	181	19
Subsidies paid to our staff	33	23	41
Entertainment expenses	7	1	—
Depreciation of property, plant and equipment	<u>—</u>	<u>368</u>	<u>441</u>
Total	<u><u>69,220</u></u>	<u><u>65,991</u></u>	<u><u>72,697</u></u>

For the years ended 31 December 2015, 2016 and 2017, the cost of exhibition and event related services provided by suppliers constituted 95.3%, 91.2% and 92.4% of our total cost of service, respectively.

As shown above, the cost of exhibition and event related services provided by suppliers was the most significant component among our cost of service during the Track Record Period. According to Frost & Sullivan, human resources and costs of construction materials and equipment are the major components in the cost of exhibition and event related services. According to the National Bureau of Statistics of the PRC, the average annual salary of employees in urban private enterprises in services industry in China grew from RMB31,796 in 2012 to RMB53,245 in 2017, representing a CAGR of 10.9%. Besides, the average consumer price, the major factor influencing the price trend of the construction materials and equipment, in China has been showing an upward trend from 96.7 in 2013 to 103.6 in 2017, representing a CAGR of 1.7%. With further economic development and increase in disposable income, the average consumer price in China is expected to keep the stably growing trend at a CAGR of 2.7%, reaching 118.3 in 2022, according to IMF.

As most of the fees stipulated under our supplier contracts comprise a comprehensive scope of services including the provision of labour services, logistics and transportation services and/or procurement of construction materials, etc. and as the allocation of such cost to a particular type of service cannot be easily conducted, the cost of exhibition and event related services provided by suppliers is considered as a lump-sum. The table below sets forth a sensitivity analysis for our cost of exhibition and event related services provided by suppliers, illustrating its impact on our profit

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before income tax if our cost of exhibition and event related services provided by suppliers had been 3%, 7% and 11% higher or lower during the Track Record Period, assuming all other variables were held constant:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
If cost of exhibition and event related services provided by suppliers had been 3% higher/lower			
(Decrease)/increase in profit before income tax	(1,979)/1,979	(1,806)/1,806	(2,014)/2,014
If cost of exhibition and event related services provided by suppliers had been 7% higher/lower			
(Decrease)/increase in profit before income tax	(4,619)/4,619	(4,215)/4,215	(4,700)/4,700
If cost of exhibition and event related services provided by suppliers had been 11% higher/lower			
(Decrease)/increase in profit before income tax	(7,258)/7,258	(6,624)/6,624	(7,386)/7,386

Selling expenses

Our selling expenses mainly represent (i) staff costs; (ii) travelling expenses; (iii) entertainment expenses; and (iv) others. Our selling expenses amounted to RMB1.1 million, RMB1.2 million and RMB3.3 million for the years ended 31 December 2015, 2016 and 2017, respectively, representing 1.2%, 1.3% and 3.4% of our revenue for the corresponding periods. The following table sets forth a breakdown of our selling expenses for the periods indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs	340	422	330
Travelling expenses	152	252	530
Office supplies	6	—	20
Subsidies paid to our staff	2	81	13
Entertainment expenses	365	177	362
Conference and training expenses	—	34	78
Market consulting expenses	—	20	120
Others	252	196	1,798 ⁽¹⁾
Total	<u>1,117</u>	<u>1,182</u>	<u>3,251</u>

Note:

(1) These mainly include advertising and marketing expenses.

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Administrative expenses

Our administrative expenses mainly comprise of (i) staff costs; (ii) travelling expenses; (iii) office supplies; (iv) subsidies paid to our staff; (v) operating lease rentals in respect of buildings and related expenses; (vi) management consulting and other services expenses; (vii) Listing expenses; and (viii) others. Our administrative expenses amounted to RMB4.5 million, RMB6.4 million and RMB19.2 million for the years ended 31 December 2015, 2016 and 2017, respectively, representing 5.0%, 7.2% and 19.8% of our revenue for the corresponding periods. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs	1,779	1,988	2,556
Travelling expenses	897	239	281
Office supplies	612	247	302
Subsidies paid to our staff	354	364	644
Entertainment expenses	97	249	18
Conference and training expenses	37	152	18
Listing expenses	—	—	11,346
Operating lease rentals in respect of buildings and related expenses	380	447	669
Management consulting and other services expenses	157	1,182	2,496
Business taxes and surcharges	99	120	200
Depreciation of property, plant and equipment	83	232	386
Provision for impairment of trade and other receivables	—	1,178	307
Others ⁽¹⁾	<u>21</u>	<u>1</u>	<u>17</u>
Total	<u>4,516</u>	<u>6,399</u>	<u>19,240</u>

Note:

(1) These mainly included out-of-pocket expenses, etc.

Other income

Other income consists of a one-off investment income amounting to RMB24,000 for the year ended 31 December 2016 and RMB69,000 for the year ended 31 December 2017 as a result of income from investment products.

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Other gains/(losses)-net

Other gains for the year ended 31 December 2016 consist of a one-off income amounting to approximately RMB0.2 million as a result of the disposal of motor vehicles.

Other losses for the year ended 31 December 2017 consist of a one-off foreign exchange loss amounting to approximately RMB0.1 million.

Finance income

Our finance income consist of interest income on bank balances and deposits. For the years ended 31 December 2015, 2016 and 2017, such income amounted to RMB21,000, RMB26,000 and RMB21,000, respectively.

Finance expenses

Our finance expenses mainly represented interest expenses on our bank borrowings obtained to finance our general business operations. For the years ended 31 December 2015, 2016 and 2017, our finance expenses amounted to approximately RMB0.3 million, RMB0.2 million and RMB0.1 million, respectively.

Income tax expense

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law and is exempted from Cayman Islands income tax.

We are subject to taxation on entity basis for profit arising in or derived from the PRC where our operating subsidiaries are domiciled and operate. During the Track Record Period, the PRC corporate income tax was provided on the taxable profit for the year at the rate of 25%.

For the years ended 31 December 2015, 2016 and 2017, our income tax expenses amounted to approximately RMB4.2 million, RMB3.7 million and RMB2.4 million, respectively.

The following table sets out the breakdown of income tax expense for the years/periods indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	4,185	4,032	2,775
Deferred income tax	—	(295)	(347)
Income tax expense	<u>4,185</u>	<u>3,737</u>	<u>2,428</u>

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Other than the PRC, our Group did not operate in other tax jurisdictions and hence was not subject to any other income tax during the Track Record Period. As of the Latest Practicable Date and during the Track Record Period, we have paid or provided for all relevant taxes that our Group was subject to. We are not aware of any disputes/unresolved tax issues with any tax authorities.

Profit/(loss) for the year

We recorded an accumulated deficit of approximately RMB3.6 million as at the beginning of the Track Record Period (*Please refer to “Consolidated Statement and Changes in Equity” of the Accountant’s Report in this prospectus*), which was mainly due to the abortion of a one-off joint exhibition organisation project that we ventured into in 2014. In such project, we were primarily responsible for the design of the exhibition project and expenses regarding the installation and construction work for setting up the facilities and venues of the exhibition; and our business partner was primarily responsible for, among others, marketing, advertising and soliciting participant exhibitors. During the course of preparation, we entered into a number of supplier contracts for procurement of construction materials and provision of construction and installation services. However, we were later notified that the demand for the project was sub-par, which resulted in the abortion of the project. As we had entered into supplier contracts pursuant to which our suppliers have performed their respective contractual duties, we were bound to settle the contractual sum without having generated any revenue from such one-off project, causing an accumulated non-recoverable expenses of approximately RMB7.3 million and the resulting accumulated deficit was carried forward to the beginning of 2015 which was then reversed to a positive retained earning as at 31 December 2015.

However, as the Company confirms that the subject project was a one-off event and there has been no other similar exhibition organisation project undertaken by the Group during the Track Record Period and the Directors have no current intention or plan to conduct similar exhibition organisation project in the forthcoming 3 to 5 years, the Group does not expect such one-off project will have any material impact on the Group’s results and financial position in the foreseeable future.

Despite the above, our Group recorded profit of approximately RMB10.5 million and RMB11.0 million for the years ended 31 December 2015 and 2016, respectively. Our Group recorded a net loss of approximately RMB0.8 million for the year ended 31 December 2017, which was mainly due to the one-off Listing expenses of approximately RMB11.3 million charged to our consolidated statement of comprehensive income during the year and by excluding the effect of such non-recurring Listing expenses, the Group would have recorded a positive profit for the year. The profit recorded during the Track Record Period is attributable to the following reasons:

(i) Increased customer recognition

Our Group first engaged most of our major customers prior to the Track Record Period. For instance, Customer A and Customer B, being the Group’s top 5 customers during the Track Record Period, both engaged our Group in 2013 until now. As disclosed in the section headed “Risk Factors — Risks Relating to Our Business — Our business strategies may not materialise and future growth could be limited” in this prospectus, we may deliberately lower our expected profit margin in the short run when submitting tenders to new customers as part

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of our business development strategy for future expansion in the market. As a result, our Group underwent a ramp-up period with our major customers, which contributed to the previous loss incurred. Over the years of continuous co-operation with our major customers, we have developed stable relationship with them and have gained better understanding of their requirements and have been able to gradually increase our profit margin to the current level, which contributed to the turnaround of our Group's profit.

(ii) Effective cost control

Our Group currently has an approved list that offers a variety of suppliers and has accumulated experience in cooperating with suppliers specialising in difference types of services and products. However, our preliminary screening and trial for quality suppliers often resulted in an inevitable cost borne by us. Our Group has been engaging a group of stable and quality suppliers during the Track Record Period, which resulted in our better knowledge of them and thus a more effective cost control on our projects. A higher gross profit margin is achieved which contributed to the turnaround of our Group's profit.

(iii) Rapid growth of industry

According to Frost & Sullivan, along with the growth of the total area of exhibitions and the continuous increase in the overall quality of exhibitions, the total revenue of the exhibition industry in China has grown by a CAGR of 10.5% from 2013 to 2017, evidencing an increase from RMB387.0 billion in 2013 to RMB578.0 billion in 2017. The total revenue of the automobile exhibition industry in the PRC has also experienced a fast growth from RMB35.2 billion in 2013 to RMB58.0 billion in 2017 at a CAGR of 13.3%. We have been providing exhibition and event management services since 2009 and our Group's business has developed in line with such growth, which favored the turnaround of our Group's profit.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2017 compared to year ended 31 December 2016

Revenue

Revenue increased from approximately RMB88.3 million for the year ended 31 December 2016 to approximately RMB97.0 million for the year ended 31 December 2017, representing an increase of approximately 9.8% or RMB8.7 million. Such increase was primarily due to (i) the increase in revenue of approximately RMB7.0 million contributed by Customer B for the year ended 31 December 2017 as compared with the year ended 31 December 2016; and (ii) the increase in number of exhibition and event projects undertaken by us, from 56 in 2016 to 62 in 2017.

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Cost of service

Cost of service increased from RMB66.0 million for the year ended 31 December 2016 to approximately RMB72.7 million for the year ended 31 December 2017, representing an increase of approximately 10.2% or approximately RMB6.7 million. Such increase was primarily due to the increase in number of exhibition and events projects undertaken by us, leading to the overall increase in the cost of exhibition and event related services provided by suppliers.

Gross profit and gross profit margin

Our gross profit increased from approximately RMB22.3 million for the year ended 31 December 2016 to approximately RMB24.3 million for the year ended 31 December 2017, representing an increase of approximately 8.9% or approximately RMB2.0 million. Our gross profit margin remained relatively stable despite a slight decrease from 25.3% for the year ended 31 December 2016 to 25.1% for the year ended 31 December 2017, which was primarily due to our stable procurement cost control measures by consolidating our procurement and by engaging suppliers with more competitive pricing, thereby leading to a similar average cost of services for our projects during the periods.

Selling expenses

Selling expenses increased from approximately RMB1.2 million for the year ended 31 December 2016 to approximately RMB3.3 million for the year ended 31 December 2017, representing an increase of approximately 175.0% or approximately RMB2.1 million. Such increase was primarily due to (i) an increase in advertising and marketing expenses as we promoted our brand through an internet platform during the year ended 31 December 2017, which amounted to RMB1.3 million; (ii) an increase in travelling expenses in the course of marketing our services of approximately RMB0.3 million; and (iii) an increase in the other selling related expenses of approximately RMB0.2 million incurred during the course of preparing and submitting tenders which we subsequently did not win.

Administrative expenses

Our administrative expenses increased from approximately RMB6.4 million for the year ended 31 December 2016 to approximately RMB19.2 million for the year ended 31 December 2017, representing an increase of approximately 200.7% or RMB12.8 million, primarily due to (i) the one-off Listing expenses of approximately RMB11.3 million charged to the consolidated statement of comprehensive income during the year ended 31 December 2017 (2016:nil); (ii) the increase in the management and other consultancy services expenses of approximately RMB1.3 million; and (iii) the increase in the staff costs for administrative purposes of approximately RMB0.6 million, partially offset by the decrease in provision for impairment of trade and other receivables of approximately RMB0.9 million.

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Other income

Our other income increased from RMB24,000 for the year ended 31 December 2016 to RMB69,000 for the year ended 31 December 2017, primarily due to an income from investment products.

Finance income

Our finance income represented interest income on bank balances and deposits. Our finance income slightly decreased from RMB26,000 for the year ended 31 December 2016 to RMB21,000 for the year ended 31 December 2017.

Finance expenses

Our finance expenses mainly represented interest expenses on bank borrowings and decreased from approximately RMB237,000 for the year ended 31 December 2016 to RMB114,000 for the year ended 31 December 2017 due to the repayment of all interest-bearing borrowings by 31 May 2017.

Profit before income tax

As a result of the forgoing, our Group recorded a decrease in profit before income tax to approximately RMB1.6 million for the year ended 31 December 2017 as compared to profit before income tax of approximately RMB14.7 million for the year ended 31 December 2016, representing a decrease of approximately 88.8% or approximately RMB13.1 million, which was mainly due to (i) the increase of approximately RMB2.1 million of selling expenses; and (ii) the increase of approximately RMB12.8 million of administrative expenses, partially offset by the increase of approximately RMB2.0 million of gross profit as mentioned above.

Income tax expenses

Income tax expenses decreased by approximately RMB1.3 million, or 35.0%, from approximately RMB3.7 million for the year ended 31 December 2016 to approximately RMB2.4 million for the year ended 31 December 2017. Such decrease was primarily due to the decrease in profit before income tax recorded for the year ended 31 December 2017, which is assessable subject to income tax in the PRC. The effective tax rate (calculated as income tax expense for the year divided by profit before income tax) for the year ended 31 December 2016 and the year ended 31 December 2017 were approximately 25.4% and 147.7%, respectively as certain non-recurring Listing expenses are non-deductible for tax purposes.

Profit/(loss) for the year and net profit/(loss) margin

As a cumulative effect of the above, we recorded net loss for the year attributable to owners of our Company of approximately RMB0.8 million for the year ended 31 December 2017 as compared to the profit for the year attributable to owners of our Company of approximately RMB11.0 million for the year ended 31 December 2016, representing a decrease of approximately 107.1% or approximately RMB11.8 million.

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Our net profit margin changed from 12.4% for the year ended 31 December 2016 to a net loss margin of approximately 0.8% for the year ended 31 December 2017, which was mainly attributable to the increase in selling and administrative expenses primarily driven by the one-off Listing expenses charged of approximately RMB11.3 million, as mentioned above.

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Revenue slightly decreased from approximately RMB89.8 million for the year ended 31 December 2015 to approximately RMB88.3 million for the year ended 31 December 2016, representing a slight decrease of approximately 1.6% or approximately RMB1.5 million. Such decrease was primarily due to the decrease in the number of exhibition and event projects managed by us from 63 to 56, leading to a decrease in service fees received from our customers.

Cost of service

Cost of service decreased from approximately RMB69.2 million for the year ended 31 December 2015 to approximately RMB66.0 million for the year ended 31 December 2016, representing a decrease of approximately 4.7% or approximately RMB3.2 million. Such decrease was primarily due to the decrease in the cost of exhibition and event related services provided by suppliers as a result of the decrease in the number of exhibition and event projects managed by us and thus a slight decrease in revenue as discussed above.

Gross profit and gross profit margin

Our gross profit increased from approximately RMB20.5 million for the year ended 31 December 2015 to approximately RMB22.3 million for the year ended 31 December 2016, representing an increase of approximately 8.6% or approximately RMB1.8 million. Our gross profit margin increased from 22.9% for the year ended 31 December 2015 to 25.3% for the year ended 31 December 2016. Our Group showed an increase in gross profit margin in 2016 as we maintained stable business relationships with our major suppliers and our cumulative experience in cooperating with various suppliers in our approved supplier list enabled us to understand their pricing strategies and our bargaining power. This allowed us to procure at a more cost effective way as a result of our effective procurement cost control.

Selling expenses

Selling expenses remained stable at approximately RMB1.1 million for the year ended 31 December 2015 and approximately RMB1.2 million for the year ended 31 December 2016.

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Administrative expenses

Our administrative expenses increased from approximately RMB4.5 million for the year ended 31 December 2015 to approximately RMB6.4 million for the year ended 31 December 2016, representing an increase of approximately 41.7% or approximately RMB1.9 million. Such increase was primarily due to the professional fees paid to consultants for their services as well as the increase in provision made for certain trade receivables past due and impaired.

Other income

Our other income increased from nil for the year ended 31 December 2015 to RMB24,000 for the year ended 31 December 2016, primarily due to an income from investment products.

Other gains

Our other gains increased from nil for the year ended 31 December 2015 to RMB0.2 million for the year ended 31 December 2016, primarily due to a one-off disposal of motor vehicles.

Finance income

Our finance income represented interest income on bank balances and deposits. Our finance income increased slightly from RMB21,000 for the year ended 31 December 2015 to RMB26,000 for the year ended 31 December 2016.

Finance expenses

Our finance expenses mainly represented interest expense on bank borrowings and remained stable at RMB262,000 for the year ended 31 December 2015 and RMB237,000 for the year ended 31 December 2016, respectively.

Profit before income tax

As a result of the foregoing, our profit before income tax remained stable at approximately RMB14.7 million for the year ended 31 December 2015 and approximately RMB14.7 million for the year ended 31 December 2016 as a result of the increase in administrative expenses of approximately RMB1.9 million offsetting the increase in gross profit of RMB1.8 million.

Income tax expense

Income tax expense decreased by approximately RMB0.4 million, or 10.7%, from approximately RMB4.2 million for the year ended 31 December 2015 to approximately RMB3.7 million for the year ended 31 December 2016. The effective tax rate (calculated as income tax expense for the year divided by profit before income tax) for the years ended 31 December 2015 and 2016 were approximately 28.5% and 25.4%, respectively.

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Profit for the year and net profit margin

As a cumulative effect of the above, our profit for the year attributable to owners of our Company increased from approximately RMB10.5 million for the year ended 31 December 2015 to approximately RMB11.0 million for the year ended 31 December 2016, representing an increase of approximately 4.8% or approximately RMB0.5 million.

Our net profit margin increased from 11.7% for the year ended 31 December 2015 to 12.4% for the year ended 31 December 2016.

LIQUIDITY AND CAPITAL RESOURCES

We met our liquidity requirements principally through a combination of internal resources and bank borrowings during the Track Record Period. Our Group's principal uses of cash have been, and are expected to continue to be, operational costs, investing activities and financing activities. During the Track Record Period, our working capital and other liquidity requirements were principally financed by cash generated from our operations and bank loans. As of 31 December 2015, 2016 and 2017, our Group had cash and cash equivalents of RMB21.4 million, RMB13.2 million and RMB20.2 million, respectively.

Upon the Listing, our sources of funds will be a combination of cash generated from our operations, net proceeds from the Share Offer and other possible equity and debt financings as and when appropriate.

For details regarding the historical and planned capital expenditure of our Group, please refer to the paragraph headed "Capital Expenditure and Commitments" in this section.

Cash flows

The following table sets forth the selected cash flow data from the Consolidated Statements of Cash Flows for the periods indicated:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from/(used in) operating activities	10,717	(2,773)	4,334
Net cash generated from/(used in) investing activities	7,517	(5,612)	8,305
Net cash (used in)/generated from financing activities	(259)	266	(5,522)
Net increase/(decrease) in cash and cash equivalents	17,975	(8,119)	7,117
Cash and cash equivalents at the end of the year	21,356	13,237	20,163

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Net cash generated from/(used in) operating activities

We derive our cash flow principally from the provision of our services.

For the year ended 31 December 2015, we recorded net cash generated from operating activities of approximately RMB10.7 million. This amount reflected approximately RMB14.7 million of profit before income tax, adjusted by (i) depreciation of approximately RMB83,000; (ii) net finance expenses of approximately RMB0.2 million; (iii) increase in trade and other payables amounting to approximately RMB0.4 million; (iv) increase in trade and other receivables amounting to approximately RMB4.4 million; and (v) income tax paid amounting to approximately RMB0.2 million.

For the year ended 31 December 2016, we recorded net cash used in operating activities of approximately RMB2.8 million. This amount reflected approximately RMB14.7 million of profit before income tax, adjusted by (i) depreciation of RMB0.6 million; (ii) impairment provision of trade and other receivables amounting to approximately RMB1.2 million; (iii) gain from disposals of property, plant and equipment amounting to approximately RMB0.2 million; (iv) net finance expenses of approximately RMB0.2 million; (v) decrease in trade and other payables amounting to approximately RMB19.1 million; (vi) decrease in trade and other receivables amounting to approximately RMB2.2 million; and (vii) income tax paid amounting to approximately RMB2.4 million. The decrease in net cash generated from operating activities for the year ended 31 December 2016 as compared to that for the year ended 31 December 2015 was mainly attributable to (i) the increase in income tax paid of approximately RMB2.2 million; and (ii) the settlement of a large portion of our trade payables as at 31 December 2016 which decreased by approximately RMB17.5 million as compared with that of 2015 and consisted of payables incurred as a result of the increase in our services rendered in the last quarter of 2015 that were not settled until early 2016. For instance, we settled more than RMB19.0 million trade payables in the first two months of 2016. Such net cash in operating activities position had improved and we recorded net cash generated from operating activities of approximately RMB4.3 million for the year ended 31 December 2017.

For the year ended 31 December 2017, we recorded net cash generated from operating activities of approximately RMB4.3 million. This amount reflected approximately RMB1.6 million of profit before income tax, adjusted by (i) depreciation of approximately RMB0.8 million; (ii) impairment provision of trade and other receivables of approximately RMB0.3 million; (iii) gain on financial assets of approximately RMB69,000; (iv) net finance expenses of approximately RMB86,000; (v) foreign exchange losses of approximately RMB0.2 million; (vi) increase in trade and other payables amounting to RMB24.2 million; (vii) increase in trade and other receivables amounting to approximately RMB17.9 million; and (viii) income tax paid amounting to approximately RMB4.9 million. The increase in net cash generated from operating activities for the year ended 31 December 2017 as compared to that for the year ended 31 December 2016 was mainly attributable to the increase in trade payables by approximately RMB17.3 million due to an increase in cost of service as a result of an increase in number of exhibition and event projects undertaken by us in 2017, leading to the overall increase in the cost of exhibition and event related services provided by suppliers.

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Net cash generated from/(used in) investing activities

Net cash generated from investing activities was approximately RMB7.5 million for the year ended 31 December 2015. This reflected cash outflows for (i) purchases of property, plant and equipment of approximately RMB0.6 million; and (ii) payment for investment in available-for-sale financial assets of approximately RMB0.8 million, partially offset by (i) interest of RMB21,000 received; as well as (ii) decrease in advances to the Controlling Shareholder of approximately RMB8.9 million.

Net cash used in investing activities was approximately RMB5.6 million for year ended 31 December 2016. This reflected cash outflows for (i) purchase of property, plant and equipment of approximately RMB3.3 million; (ii) payment for investment in available-for-sale financial assets of RMB8.5 million; (iii) increase in advances to the Controlling Shareholder of approximately RMB0.8 million; and (iv) loan to employee of RMB0.2 million, partially offset by cash inflow of (i) the proceeds from disposal of property, plant and equipment of approximately RMB0.9 million; (ii) interest received amounting to RMB26,000; and (iii) proceeds from the disposal of available-for-sale financial assets of approximately RMB6.3 million.

Net cash generated from investing activities was approximately RMB8.3 million for the year ended 31 December 2017. This reflected cash inflow of (i) decrease in advances to the Controlling Shareholder of approximately RMB5.4 million; (ii) proceeds from the disposal of available-for-sale financial assets of RMB3.0 million; and (iii) interest received of approximately RMB90,000, partially offset by the purchases of property, plant and equipment of RMB169,000.

Net cash (used in)/generated from financing activities

For the year ended 31 December 2015, net cash used in financing activities was approximately RMB0.3 million. This primarily reflected cash outflows of interest paid for bank borrowings in the amount of approximately RMB0.3 million.

For the year ended 31 December 2016, net cash generated from financing activities was approximately RMB0.3 million. This primarily reflected cash inflows from proceeds from bank borrowings in the amount of RMB5.0 million, partially offset by the repayment of bank borrowings in the amount of RMB4.5 million and interest paid in the amount of approximately RMB0.2 million.

For the year ended 31 December 2017, net cash used in financing activities was approximately RMB5.5 million. This primarily reflected cash outflows of (i) the consideration paid of RMB19.6 million during the Reorganisation which had been treated as deemed distribution to shareholders; (ii) dividend paid of RMB10.0 million; (iii) repayment of our bank borrowings in the amount of RMB5.0 million; and (iv) interest paid of approximately RMB0.1 million, partially offset by the proceeds from issuance of new ordinary shares of approximately RMB29.2 million.

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CURRENT ASSETS AND LIABILITIES

The following table sets forth the breakdown of our current assets, current liabilities, and net current assets as of the dates indicated:

	As of 31 December			As of
	2015	2016	2017	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)
Current Assets				
Trade and other receivables	34,816	32,483	44,727	34,987
Available-for-sale financial assets	—	3,000	—	—
Cash and cash equivalents	<u>21,356</u>	<u>13,237</u>	<u>20,163</u>	<u>10,511</u>
	56,172	48,720	64,890	45,498
Current liabilities				
Trade and other payables	32,528	13,424	37,639	22,528
Current income tax liabilities	3,945	5,583	3,426	3,182
Borrowings	<u>4,500</u>	<u>5,000</u>	<u>—</u>	<u>—</u>
	40,973	24,007	41,065	25,710
Net current assets	15,199	24,713	23,825	19,788

Our current assets as of 31 December 2015, 2016 and 2017 amounted to approximately RMB56.2 million, RMB48.7 million and RMB64.9 million, respectively, which primarily consisted of trade and other receivables, available-for-sale financial assets as well as cash and cash equivalents. Our current liabilities as of 31 December 2015, 2016 and 2017 amounted to approximately RMB41.0 million, RMB24.0 million and RMB41.1 million, respectively, comprising trade and other payables, current income tax liabilities and bank borrowings.

Our net current assets position improved by approximately RMB9.5 million, from approximately RMB15.2 million as of 31 December 2015 to approximately RMB24.7 million as of 31 December 2016, which was primarily attributable to the decrease in the amount of trade and other payables by approximately RMB19.1 million, partially offset by the decrease in cash and cash equivalents by approximately RMB8.1 million and the increase in current income tax liabilities by approximately RMB1.6 million.

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Our net current assets position slightly decreased by approximately RMB0.9 million, from approximately RMB24.7 million as of 31 December 2016 to approximately RMB23.8 million as of 31 December 2017, which was primarily attributable to the increase in our trade and other payables by approximately RMB24.2 million as well as the decrease of available-for-sale financial assets of approximately RMB3.0 million, partially offset by the increase in trade and other receivables by approximately RMB12.2 million, the increase in cash and cash equivalents by approximately RMB6.9 million and the decrease in interest-bearing bank borrowings of RMB5.0 million.

Our net current assets position further decreased by approximately RMB4.0 million, from approximately RMB23.8 million as of 31 December 2017 to approximately RMB19.8 million as of 31 March 2018, which is primarily attributable to the decrease in cash and cash equivalents by approximately RMB9.7 million as a result of the settlement of our trade payables subsequent to 31 December 2017 as well as the decrease in trade and other receivables by approximately RMB9.7 million, partially offset by the decrease in trade and other payables by approximately RMB15.1 million.

Please refer to the section headed “Financial Information — Analysis of Selected Items from the Consolidated Balance Sheet” below for more details about different financial position items.

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ANALYSIS OF SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

	As of 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	922	2,853	2,195
Deferred income tax assets	—	295	642
Available-for-sale financial assets	<u>750</u>	<u>—</u>	<u>—</u>
Total non-current assets	<u>1,672</u>	<u>3,148</u>	<u>2,837</u>
Current assets			
Trade and other receivables	34,816	32,483	44,727
Available-for-sale financial assets	—	3,000	—
Cash and cash equivalents	<u>21,356</u>	<u>13,237</u>	<u>20,163</u>
Total current assets	<u>56,172</u>	<u>48,720</u>	<u>64,890</u>
Total assets	<u><u>57,844</u></u>	<u><u>51,868</u></u>	<u><u>67,727</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	32,528	13,424	37,639
Current income tax liabilities	3,945	5,583	3,426
Borrowings	<u>4,500</u>	<u>5,000</u>	<u>—</u>
Total current liabilities	<u>40,973</u>	<u>24,007</u>	<u>41,065</u>
Total liabilities	<u><u>40,973</u></u>	<u><u>24,007</u></u>	<u><u>41,065</u></u>

Property, plant and equipment

Our property, plant and equipment mainly consist of equipment, furniture and motor vehicles. As of 31 December 2015, 2016 and 2017, the carrying value of our property, plant and equipment was approximately RMB0.9 million, RMB2.9 million and RMB2.2 million, respectively. The increase in balance of property, plant and equipment in 2016 was primarily due to the purchase of audio and visual equipment and two motor vehicles in 2016 which are estimated to be depreciated over 3 to 5 years.

FINANCIAL INFORMATION

Trade and other receivables

Trade receivables

Trade receivables represented our service fees to be paid by our customers following the completion of projects or the reaching of a payment stage of a project. As of 31 December 2016 and 31 December 2017, we have assessed the recoverability of the receivables past due and established a provision for impairment based on experience. The provision for impairment is recorded once we are aware that the recovery becomes remote. As at 31 December 2015, 2016 and 2017, trade receivables of nil, approximately RMB1.2 million and RMB1.5 million were impaired respectively and fully provided for. Such impaired trade receivables mainly relate to three customers whose payment record fell below standard that were in unexpected difficult financial situations accounting for an aggregate amount of allowance for impairment of trade receivables of approximately RMB1.3 million as at 31 December 2017. The management assessed at each of the reporting date whether there was objective evidence that any individual trade receivables were impaired and became irrecoverable, and made provisions accordingly.

As of 31 December 2015, 2016 and 2017, our trade receivables, net of allowance for impairment amounted to approximately RMB29.0 million, RMB23.1 million and RMB35.9 million respectively. Our invoices are normally due within 30 to 180 days after issuance. The decrease in net trade receivables as of 31 December 2016 as compared with that as at 31 December 2015 was primarily due to the decrease in number of exhibition and event projects managed and coordinated by us, leading to a decrease in the amount of service fees payable to us. The increase in balance of trade receivables as of 31 December 2017 as compared to that of 31 December 2016 was due to certain exhibitions and events completed and invoiced in November and December 2017 for customers which we grant credit terms of up to three months, the aggregate amount of which was approximately RMB19.8 million.

The following table sets out the trade receivables turnover days of our Group for the Track Record Period:

	As of 31 December		
	2015	2016	2017
Trade receivable turnover days ⁽¹⁾	107	108	111

- (1) We calculate trade receivable turnover days by dividing average trade receivables by revenue and multiplied by 365 days for each of the years ended 31 December 2015, 2016 and 2017. Average trade receivables is calculated by dividing the sum of the net amount of trade receivables at the beginning of the period and the net amount of trade receivables at the end of the period by two.

FINANCIAL INFORMATION

The ageing analysis of our trade receivables based on the invoice dates were as follows:

	As of 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to three months	28,320	18,238	35,137
Over three to six months	683	4,352	1
Over six months	<u>—</u>	<u>1,731</u>	<u>2,285</u>
	<u>29,003</u>	<u>24,321</u>	<u>37,423</u>

The ageing analysis of trade receivables which are past due but not considered to be impaired is as follows:

	As of 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to three months	13	3,145	—
Over three to six months	683	3,824	—
Over six months	<u>—</u>	<u>1,081</u>	<u>800</u>
	<u>696</u>	<u>8,050</u>	<u>800</u>

Our trade receivables aged over three months totalled approximately RMB0.7 million, RMB6.1 million and RMB2.3 million as of 31 December 2015, 2016 and 2017, respectively, representing 2.4%, 25.0% and 6.1% of our total trade receivables for the corresponding periods. These amounts past due over three months primarily consists of service fees owed by a number of independent customers. Save for those provided for impairment, we are not aware that such customers experience financial difficulties and based on past experience, we believe such non-impaired overdue amounts can be recovered. The increase in trade receivables past due for over six months as of 31 December 2017 primarily consists of service fees due to us. As at the Latest Practicable Date, we have recovered approximately RMB1.4 million or 60.1% of such trade receivables past due for over six months.

Our trade receivable turnover days remained relatively stable from 107 days as at 31 December 2015 to 108 days as at 31 December 2016. Our trade receivable turnover days then slightly increased to 111 days as at 31 December 2017 due to the increase in trade receivables as at 31 December 2017 as a result of certain exhibitions and events completed and invoiced in November and December 2017 for customers which we grant credit terms of up to three months.

FINANCIAL INFORMATION

We record our trade receivables when our customers confirm initial acceptance of our services. However, we only issue our invoice after we have conducted the internal procedures for issuing the invoices, which may take an extended period of time. During the Track Record Period, our trade receivables turnover days was longer than our credit periods that we granted to our major customers due to the following reasons:

- Time difference between initial acceptance of our services and issuance of invoice: Since our credit periods begin on the invoice date which is after the final confirmation of acceptance, while our trade receivables were recorded on the date of completion and initial acceptance of our services when the control of service transfers to a customer, the time difference had lengthened our trade receivables turnover days. Upon handing over the premises of the exhibitions or events to our customer, the customer will first inspect our work at the venue of the exhibitions or events and initially accept our services. After the initial acceptance, the customer will conduct its internal procedures which leads to final confirmation to us issuing invoices upon completion of agreed number of stations of exhibitions or events, the process of which may take weeks or months. For details, please refer to the section headed “Business — Operation Workflow” in this prospectus. During the Track Record Period, the time taken between the initial acceptance of our services by our customers and invoice issuance after the final confirmation was within approximately 15 to 75 days for most of our orders;
- Seasonal factor: Due to that the demand for our exhibition and event management services is subject to seasonality, our peak season usually occurs during the second half of the year and most of our exhibition and events projects were conducted towards the end of the year. As a result, our trade receivables balance as at 31 December of each year is typically higher than the average monthly balances over the year; and
- Delays due to batch payment: During the Track Record Period, our exhibition and event projects usually prescribe a number of stations to be held in different cities or regions, our customers typically group the invoices that we issued to them and pay us in batches or pay us the total sum until all stations under the exhibition and event project are completed due to administrative convenience whilst our revenue and trade receivables are recognized under percentage of completion method. Since we have good relationship with our major customers, we usually allow them to make their payments according to the above arrangement even if the credit period has passed for some of the invoices.

As at the Latest Practicable Date, we had collected approximately RMB28.3 million, or 75.7% of the total trade receivables outstanding as of 31 December 2017.

FINANCIAL INFORMATION

Other receivables

Other receivables consisted of (i) prepayments to suppliers; (ii) deposits; (iii) advances to the Controlling Shareholder; (iv) loan to employee; (v) staff advances; (vi) prepayments for professional services fee in respect of listing preparation; and (vii) others. The following table sets out the details of our other receivables as of the dates indicated:

	As of 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments to suppliers	142	1,843	1,775
Deposits ⁽¹⁾	50	278	368
Advances to Controlling Shareholder ⁽²⁾	5,211	6,050	666
Loan to employee ⁽³⁾	—	200	200
Staff advances ⁽⁴⁾	14	735	959
Prepayments for professional services fee in respect of listing preparation	—	—	4,769
Others ⁽⁵⁾	<u>396</u>	<u>234</u>	<u>52</u>
Total	<u>5,813</u>	<u>9,340</u>	<u>8,789</u>

- (1) Such amount represents the security deposit paid to venue owners prior to the exhibition.
- (2) Such amount represents an advance to Mr. Huang for personal use.
- (3) Such amount represents a loan to an employee, which was unsecured, interest free, and had no fixed maturity date.
- (4) Such amount represents the petty cash advanced to employees who are required to be on a business trip for a longer period of time.
- (5) Such amount represents value-added tax pending deduction on purchase.

The increase in other receivables of approximately RMB3.5 million, or 60.7%, from RMB5.8 million as of 31 December 2015 to RMB9.3 million as of 31 December 2016 was primarily due to (i) the increase in prepayments to suppliers by approximately RMB1.7 million; (ii) the increase in staff advances by approximately RMB0.7 million for the purpose of expense for business trips for a longer period of time; and (iii) the increase in advances to the Controlling Shareholder by approximately RMB0.8 million.

The decrease in other receivables of approximately RMB0.6 million, or 5.9%, from approximately RMB9.3 million as of 31 December 2016 to approximately RMB8.8 million as of 31 December 2017 was primarily due to the decrease in advances to Controlling Shareholder by approximately RMB5.4 million, partially offset by the increase in prepayments for professional services fee in respect of listing preparation of approximately RMB4.8 million.

FINANCIAL INFORMATION

Available-for-sale financial assets

Our available-for-sale financial assets consisted of non-current portion and current portion. The non-current portion as of 31 December 2015 consisted of our Group's investment in 15% of the equity interest of Bafang Wuxian, the shares of which was subsequently disposed of on 3 May 2016 at a consideration equal to the initial investment sum. The current portion as of 31 December 2016 represented the investment product purchased by our Group from a bank which was subsequently disposed of during the year ended 31 December 2017. The following table sets out the details of our available-for-sale financial assets as of the dates indicated:

	As of 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current portion			
Unlisted investment	750	—	—
Current portion			
Investment product	<u>—</u>	<u>3,000</u>	<u>—</u>
Total	<u><u>750</u></u>	<u><u>3,000</u></u>	<u><u>—</u></u>

Our Group has a stringent investment policy in place and no investment shall be made without prior management approval. A potential short-term investment shall first be assessed by the management and it shall not hinder the capital needs of our Group. In the case of a prospective long-term investment, the Group will carry out a more in-depth study of the proposed investment and prepare a feasibility report for management's approval. The Directors will be responsible for overseeing the daily management of the investment. Apart from the investment in the available-for-sale financial assets during the Track Record Period, our Group has no intention of investing in similar and/ or other available-for-sale investment in the future.

Trade and other payables

Trade payables

Our trade payables were approximately RMB30.1 million, RMB12.6 million and RMB29.8 million as of 31 December 2015, 2016 and 2017, respectively. They consisted primarily of payables to suppliers for their stage construction, equipment leasing, logistics and transportation services. During the Track Record Period, we are generally granted a credit term of 30 to 90 days. The fluctuations in trade payables were mainly attributable to the long duration of some of our projects. We receive payment requests from our suppliers following completion of their work, and such amount is partially offset by the payment of amount due to them.

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The following table sets forth the turnover days of our trade payables during the Track Record Period:

	As of 31 December		
	2015	2016	2017
Trade payables turnover days ⁽¹⁾	155	118	106

(1) We calculate trade payables turnover days by dividing average trade payables by cost of service and multiplied by 365 days for each of the years ended 31 December 2015, 2016 and 2017. Average trade payables is calculated by dividing the sum of trade payables at the beginning of the period and trade payables at the end of the period by two.

Our trade payable turnover days decreased from 155 days as at 31 December 2015 to 118 days as at 31 December 2016 mainly due to a decrease of trade payables of approximately RMB17.5 million from approximately RMB30.1 million as at 31 December 2015 to approximately RMB12.6 million as at 31 December 2016. Our trade payable turnover day further decreased to 106 days as at 31 December 2017 primarily due to an increase in cost of service as a result of an increase in number of exhibition and event projects undertaken by us in 2017, leading to the overall increase in the cost of exhibition and event related services provided by suppliers, as mentioned above.

During the Track Record Period, we usually settled our trade payables according to the typical credit terms ranging from 30 to 90 days generally granted to us by our suppliers. However, our settlement pattern of trade payables during the Track Record Period was also influenced by (i) the seasonality pattern where there have been more exhibitions and events held in the second half of the year, resulting in us recording a relatively higher cost of exhibition and event related services provided by suppliers during the period and thus a higher year-end trade payable balance; and (ii) the time difference between the date of completion of the services and/or delivery of the products by the suppliers and the invoice date. We record the trade payable amount upon accepting such delivery of services and/or products but our credit period begins as of the invoice date. The invoice may be issued days or weeks after acceptance depending upon the billing cycle of the supplier and the time required to process its billing. As a result, for services and/or products rendered in the last quarter of one year, we may settle the relevant trade payables in the beginning of the next year subject to the supplier's billing practice.

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Other payables

The following table sets forth our other payables as of the dates indicated:

	As of 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advances from customers	10	10	36
Employee benefit payables	1,328	659	849
Other tax payables	1,028	80	1,112
Accrued professional services fee in respect of listing preparation	—	—	5,704
Others	<u>67</u>	<u>119</u>	<u>93</u>
Total	<u><u>2,433</u></u>	<u><u>868</u></u>	<u><u>7,794</u></u>

The following table shows the ageing analysis of our trade and other payables based on invoice dates, as of the dates indicated:

	As of 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0–90 days	27,708	11,301	37,619
91–180 days	—	1,000	1
181–365 days	4,820	113	—
Over 365 days	<u>—</u>	<u>1,010</u>	<u>19</u>
	<u><u>32,528</u></u>	<u><u>13,424</u></u>	<u><u>37,639</u></u>

The amount of trade and other payables for over 180 days as of 31 December 2015 primarily consists of services fees amounting to approximately RMB4.8 million payable to Supplier E, which was a result of the late issuance of their invoice to us. The amount of trade and other payables for over 180 days as of 31 December 2016 primarily consists of service fees amounting to approximately RMB1.0 million payable to one of our non-top 5 suppliers, which occurred due to a change in the responsible personnel of such supplier leading to a transition period and a delay in settlement. As at 31 December 2017, trade and other payables for over 180 days decreased to RMB19,000.

As of the Latest Practicable Date, approximately 80.5% or RMB24.0 million of our RMB29.8 million trade payables as of 31 December 2017 were settled.

FINANCIAL INFORMATION

WORKING CAPITAL SUFFICIENCY

Our Directors have confirmed that after taking into account the existing financial resources available to us, the expected internally generated funds and the estimated net proceeds from the Share Offer, we have sufficient working capital for our requirements for at least the next 12 months from the date of this prospectus.

INDEBTEDNESS

Bank borrowings

We had bank borrowings of RMB4.5 million and RMB5.0 million as of 31 December 2015 and 31 December 2016, respectively, which were denominated in RMB with annual interest rate of 5.89% and at 4.79%, respectively. The purpose of obtaining such bank borrowings was for general working capital. The bank borrowings were secured by a property owned by Mr. Huang. Both bank borrowings were fully repaid by 31 May 2017 with the security subsequently released, and there was no outstanding borrowing balance as of 31 December 2017.

Indebtedness as of 31 March 2018

As of 31 March 2018, we did not have any bank overdrafts, unutilised banking facilities, debt securities, term-loan borrowings, other similar indebtedness, acceptance credits, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees outstanding. We currently do not have plans for any material external debt financing.

As at the Latest Practicable Date, we did not have any unutilized banking facilities.

We confirm that there has been no material adverse change in our indebtedness and contingent liabilities since 31 March 2018 and up to the date of this prospectus.

CAPITAL EXPENDITURE AND COMMITMENTS

Our capital expenditure primarily comprise purchase of motor vehicles, equipment and furniture. During the Track Record Period, our Group did not incur material capital expenditures due to our business model. Our capital expenditures during the Track Record Period amounted to approximately RMB4.1 million in aggregate, which comprised approximately RMB2.5 million for motor vehicles and approximately RMB1.6 million for equipment and furniture. Please refer to the section headed “Future plans and Use of Proceeds” in this prospectus for our plans for future capital expenditures.

RELATED-PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, our Group entered into certain related party transactions, details of which are set out in Note 29 — Related-party transactions in Appendix I to this prospectus.

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The following table sets forth the significant transactions we had with related parties during the Track Record Period when these parties were our related parties:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchases of services from:			
Tianping Jiaoyang ⁽¹⁾	992	—	—
Xingao Xinyuan ⁽²⁾	204	—	—
Mr. Huang Xing ⁽³⁾	100	120	90
Ms. Qiao Hong ⁽⁴⁾	100	120	90
	<u>1,396</u>	<u>240</u>	<u>180</u>

Note:

- (1) As of 31 December 2014, Tianping Jiaoyang was owned as to 60% by Mr. Yin, who is a cousin of Mr. Huang and the key financial personnel of Beijing Dowway. On 31 July 2015, Mr. Yin transferred his entire shareholdings of 60% equity interest of Tianping Jiaoyang to the other shareholder of Tianping Jiaoyang who was an Independent Third Party. Thereafter, Tianping Jiaoyang was not considered as a related party of our Group.
- (2) For the year ended 31 December 2015, Xingao Xinyuan was owned as to 30% by Mr. Huang. On 17 February 2016, Mr. Huang transferred his entire shareholdings of 30% equity interest of Xingao Xinyuan to the other shareholder of Xingao Xinyuan who was an Independent Third Party. Thereafter, Xingao Xinyuan was not considered as a related party of our Group.
- (3) Mr. Huang Xing is a close family member of Mr. Huang.
- (4) Ms. Qiao Hong is a close family member of Mr. Huang.

Beijing Dowway entered into a service agreement with Tianping Jiaoyang in 2014, pursuant to which, Tianping Jiaoyang agreed to provide construction related services at the exhibition venue for an automobiles exhibition event at a consideration of RMB7,827,500.

Our purchase of services from Tianping Jiaoyang during the period in which it was considered our related party constituted approximately 1.4% of our cost of service for the year ended 31 December 2015.

Beijing Dowway entered into a tenancy agreement with Xingao Xinyuan on 30 October 2014, pursuant to which, Xingao Xinyuan agreed to sub-lease a premises situated in Beijing for a term of 13 months commencing on 1 November 2014 and ending on 30 November 2015 with a monthly rent of RMB18,500.

Our leasing fee payable to Xingao Xinyuan during the period in which it was considered our related party constituted approximately 4.5% of our administrative expenses for the year ended 31 December 2015.

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Further, each of Mr. Huang's parents, Mr. Huang Xing and Ms. Qiao Hong, entered into an employment contract with Beijing Dowway on 5 January 2015 for a position at the project department for a term of five years commencing on 5 January 2015 and ending on 4 January 2020 with a monthly salary of RMB10,000. The aforesaid employment contracts were terminated between the parties by the respective termination contracts on 30 September 2017.

Related party balances

Our amount due from related parties amounted to approximately RMB5.2 million, RMB6.1 million and RMB0.7 million as of 31 December 2015, 2016 and 2017, respectively. Such amount consisted of advances to the Controlling Shareholder for personal use, the details of which are set out in the paragraph headed "Other receivables" above. All of these outstanding balances due from related parties will be settled prior to the Listing.

Our Directors confirm that each of these related-party transactions was conducted on an arm's length basis in the normal course of business and on normal commercial terms, and they would not distort our track record results or make our historical results not reflective of our future performance.

CONTRACTUAL COMMITMENTS

Our total future aggregate minimum lease payments under non-cancellable operating leases fall due as follows:

	As of 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
within one year	407	440	734

These amounts are in relation to office leases with a term of no more than one year, renewable at the end of the lease period.

KEY FINANCIAL RATIOS

The following table shows certain key financial ratios as of the dates or for the periods indicated:

	Year ended 31 December		
	2015	2016	2017
Net profit/(loss) margin ⁽¹⁾	11.7%	12.4%	(0.8)%
Return on equity ^{(2) (4)}	62.2%	39.4%	N/A
Return on total assets ^{(3) (4)}	18.1%	21.2%	N/A
Interest coverage (times) ⁽⁵⁾	61.9	70.8	18.7

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	As of 31 December		
	2015	2016	2017
Current ratio ⁽⁶⁾	1.4	2.0	1.6
Quick ratio ⁽⁷⁾	1.4	2.0	1.6
Gearing ratio ⁽⁸⁾	26.7%	17.9%	N/A

- (1) Net profit/(loss) margin is calculated by dividing profit/(loss) for the year by revenue and multiplying the resulting value by 100%.
- (2) Return on equity is calculated by dividing profit for the year by total equity as of the end of year and multiplying the resulting value by 100%.
- (3) Return on total assets is calculated by dividing profit for the year by total assets as of the end of year and multiplying the resulting value by 100%.
- (4) The ratio as at 31 December 2017 is not applicable as the Group recorded a net loss for the year.
- (5) Interest coverage is calculated by dividing operating profit by net finance expenses for the year.
- (6) Current ratio is calculated by dividing total current assets by total current liabilities.
- (7) Quick ratio is calculated by dividing total current assets (excluding inventories) by total current liabilities.
- (8) Gearing ratio is calculated by dividing total interest-bearing borrowings by total equity.

Net profit margin

Our net profit margin increased from 11.7% for the year ended 31 December 2015 to 12.4% for the year ended 31 December 2016, mainly due to the slight decrease in revenue while we recorded an increase in profit for the year ended 31 December 2016 as compared to that for the year ended 31 December 2015 as mentioned above.

For the year ended 31 December 2017, we recorded a net loss margin of 0.8% mainly attributable to the increase in selling and administrative expenses primarily driven by the one-off Listing expenses of approximately RMB11.3 million partially offset by the increase in gross profit as mentioned above.

Return on equity

Our return on equity decreased from 62.2% for the year ended 31 December 2015 to 39.4% for the year ended 31 December 2016, mainly due to increase in equity as a result of an increase in retained earnings by approximately RMB9.9 million as of 31 December 2016 as compared to that as of 31 December 2015.

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Return on total assets

Our return on total assets increased from 18.1% for the year ended 31 December 2015 to 21.2% for the year ended 31 December 2016, mainly due to decrease in total assets primarily as a result of a decrease in cash and cash equivalents to settle our trade payables and to purchase property, plant and equipment and available-for-sale financial assets as of 31 December 2016 as compared to that as of 31 December 2015.

Interest coverage

Our interest coverage increased from approximately 61.9 times for the year ended 31 December 2015 to approximately 70.8 times for the year ended 31 December 2016, which was mainly due to the decrease in net finance expenses of our bank borrowings. Our interest coverage for the year ended 31 December 2017 was approximately 18.7 times as compared to approximately 70.8 times for the year ended 31 December 2016, which was mainly a result of the increase in selling and administrative expenses primarily driven by the one-off Listing expenses and thus reducing the operating profit, partially offset by the decrease in net finance expenses mainly due to the full repayment of bank borrowings by 31 May 2017.

Current ratio

Our current ratio increased from 1.4 as of 31 December 2015 to 2.0 as of 31 December 2016, mainly due to the decrease in current liabilities primarily as a result of a decrease in our trade payables as of 31 December 2016 as compared to that as of 31 December 2015.

Our current ratio decreased from 2.0 as of 31 December 2016 to 1.6 as of 31 December 2017, primarily as a result of an increase in our trade and other payables by approximately RMB24.2 million as well as a decrease of available-for-sale financial assets of approximately RMB3.0 million, partially offset by the increase in trade and other receivables by approximately RMB12.2 million, the increase in cash and cash equivalents by approximately RMB6.9 million and the decrease in bank borrowing of RMB5.0 million as of 31 December 2017 as compared to those as of 31 December 2016.

Quick ratio

Our quick ratio as of 31 December 2015, 2016 and 2017 were the same as the current ratio as of the same dates, as our Group did not maintain any inventory balance as of the respective dates.

Gearing ratio

Our gearing ratio decreased from 26.7% as of 31 December 2015 to 17.9% as of 31 December 2016, mainly due to the increase in equity as a result of increase in retained earnings as of 31 December 2016 as compared to that as of 31 December 2015.

As of 31 December 2017, the Group had no interest-bearing borrowings.

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OFF BALANCE SHEET ARRANGEMENTS

Except for the contractual commitments set forth above, during the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet arrangements.

CONTINGENT LIABILITIES

Our Directors have confirmed that, as of the Latest Practicable Date, there has not been any material change in the contingent liabilities of our Group since 31 December 2017.

MARKET AND OTHER FINANCIAL RISKS

We are exposed to foreign exchange risk, credit risk and liquidity risk in the normal course of business. Our overall risk management strategy seeks to minimise potential adverse effects on our financial performance. Risk management is carried out by our senior management and approved by our Board.

Our exposure to these risks and the financial risk management policies and practices used by our Group to manage these risks are described below.

Credit risk

Our credit risk is primarily attributable to trade receivables and deposits in banks. With respect to trade receivables from current customers, we have maintained frequent communications with our points of contact at our customers in order to get hold of their latest business development and financial conditions. Moreover, our customers are mainly internationally branded automobile companies that are well-established both overseas and in the PRC. Taking into account also the years of business relationship we have developed with such customers, as well as the past service fee collection history, our Directors are of the view that the credit risk with respect to current customers are low.

In relation to new customers, we perform credit check and analysis, including those against their financial position, past payment record and other relevant factors on these new customers before accepting their engagement or offering our standard payment and delivery terms and conditions. In view of the aforementioned, our Directors are of the view that the credit risk with respect to new customers are controlled.

We place our deposits in state-owned financial institutions in the PRC and in reputable international financial institutions. Our Directors believe that these financial institutions are of high credit-quality without significant credit risk.

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Our maximum exposure to credit risk in relation to financial assets is the carrying amounts of these assets, which as of 31 December 2015, 2016 and 2017 were as follows:

	As of 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables — net	29,003	23,143	35,938
Cash and cash equivalents	<u>21,356</u>	<u>13,237</u>	<u>20,163</u>
	<u><u>50,359</u></u>	<u><u>36,380</u></u>	<u><u>56,101</u></u>

Our Directors are satisfied with the credit quality of our financial assets.

Liquidity risk

Our policy is to regularly monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash to meet our liquidity requirements in the short and long run. We monitor our liquidity position through rolling forecasts of our liquidity requirements in order to ensure we have sufficient cash to satisfy operational needs.

The following table shows our non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date:

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>
As of 31 December 2017				
Borrowings and interests	—	—	—	—
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	<u>35,642</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><u>35,642</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>
As of 31 December 2016				
Borrowings and interests	5,098	—	—	—
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	<u>12,675</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><u>17,773</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

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	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>
As of 31 December 2015				
Borrowings and interests	4,590	—	—	—
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	30,162	—	—	—
	34,752	—	—	—

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of our Group which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Share Offer on the audited consolidated net tangible assets of our Group attributable to equity holders of our Company as of 31 December 2017, as if the Share Offer had taken place on 31 December 2017.

The unaudited pro forma statement of adjusted net tangible assets of our Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of our Group attributable to equity holders of our Company had the Share Offer been completed as of 31 December 2017 or at any future date. It is prepared based on the audited consolidated net tangible assets of our Group attributable to equity holders of our Company as of 31 December 2017 as set out in the Accountant's Report in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of our Group attributable to equity holders of our Company as of 31 December 2017 <i>RMB'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Share Offer <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted net tangible assets attributable to the owners of our Company <i>RMB'000</i>	Unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company per Share <i>RMB</i> <i>(Note 3)</i>	<i>HK\$</i> <i>(Note 4)</i>
Based on the Offer Price of HK\$0.12 per Share	26,662	35,800	62,462	0.03	0.04
Based on the Offer Price of HK\$0.16 per Share	26,662	51,932	78,594	0.04	0.05

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Notes:

- (1) The amount is calculated based on audited consolidated net assets of our Group attributable to equity holders of our Company as of 31 December 2017 amounting to approximately RMB26,662,000, as extracted from the Accountant's Report of our Group set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 500,000,000 new Shares at the indicative Offer Prices of HK\$0.12 and HK\$0.16 per Share, respectively, after deduction of the underwriting fees and other related expenses expected to be recognised by our Group subsequent to 31 December 2017 and takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate to issue shares or General mandate to repurchase shares as described in the section headed "Share Capital" in this prospectus.
- (3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 2,000,000,000 Shares, being the number of Shares expected to be in issue assuming that the Share Offer and the Capitalisation Issue had been completed on 31 December 2017 but takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the General mandate to issue shares or General Mandate to repurchase shares as described in the section headed "Share Capital" in this prospectus.
- (4) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of RMB1.00 to HK\$1.196301. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustments have been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2017.

LISTING EXPENSES

The total estimated Listing expenses in connection with the Listing are approximately RMB26.0 million (based on the mid-point of the Offer Price of HK\$0.14). We did not incur any Listing expenses for the years ended 31 December 2015 and 2016. For the year ended 31 December 2017, we incurred approximately RMB16.1 million of Listing expenses, of which RMB11.3 million was charged to our consolidated statement of comprehensive income and RMB4.8 million was recorded as prepayment. Upon Listing, we expect to further incur RMB9.9 million in 2018, of which RMB7.3 million will be charged to our consolidated statement of comprehensive income and RMB2.6 million (together with the previous incurred Listing expenses recorded as prepayment) will be accounted for as a deduction from equity.

DIVIDEND

We do not have a fixed dividend policy.

Pursuant to the board resolutions dated 28 August 2017, the board of directors of Beijing Dowway resolved to distribute a dividend of RMB10.0 million to Mr. Huang, Mr. Zhao and Mr. Shao according to their respective equity interests. As such, Mr. Huang, Mr. Zhao and Mr. Shao were each entitled to a dividend amount of RMB9.1 million, RMB0.7 million and RMB0.2 million, respectively. The dividend has been fully settled as of 31 December 2017.

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Declaration of dividends is subject to the discretion of our Board, depending on our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which our Directors may consider relevant. In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) our Articles, which require any final dividends to be declared by our Shareholders at a general meeting, and (ii) the Companies Law, which provides that dividends may be paid out of the profits of a company or out of sums standing to the credit of its share premium account. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future. Any future declarations and payments of dividends will be at the absolute discretion of our Directors. Under applicable PRC law, our subsidiary in the PRC may only distribute after-tax profits after it has made allocations or allowances for recovery of accumulated losses and allocations to the statutory reserves.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 28 April 2017. As of 31 December 2017, our Company had no reserves available for distribution to our Shareholders.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which, had they been required to comply with Rules 17.15 to 17.21 of the GEM Listing Rules, would have given rise to a disclosure requirement under such rules.

RECENT DEVELOPMENTS

Subsequent to 31 December 2017 (being the date of our latest audited consolidated balance sheet as set out in the Accountant's Report in Appendix I to this prospectus) and as at the Latest Practicable Date, our business continued to record relatively stable performance.

Subsequent to the Track Record Period and up to the Latest Practicable Date, there was no material change to our principle business, which continued to include the provision of integrated exhibition and event management services.

Our Group recorded a net loss of approximately RMB0.8 million for the year ended 31 December 2017 as compared to the net profit of approximately RMB11.0 million for the year ended 31 December 2016, which was mainly due to the one-off Listing expenses of approximately RMB11.3 million charged to our consolidated statement of comprehensive income.

In the same regard, we expect to record net losses for the year ending 31 December 2018 primarily as a result of (i) the Listing expenses to be charged to our consolidated statement of comprehensive income; (ii) the maintenance and compliance costs after the Listing including but not limited to the annual listing fee, the professional advisory fee and the expenses to be incurred in relation to the publication of disclosure announcements and periodic financial information in compliance with the GEM Listing Rules; and (iii) the increase in operating expenses following the implementation of our business objectives, such as the anticipated increase in employees benefit expenses resulting from the recruitment of staff members as detailed in the paragraphs below,

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which is expected to be incurred after the Listing. We estimate Listing expenses of approximately RMB9.9 million to be recorded for the year ending 31 December 2018 among which RMB7.3 million will be charged to our consolidated statement of comprehensive income. The majority of the above is expected to constitute cash outflows used in operating activities and consequently have a negative impact on our cash flows generated from operating activities for the year ending 31 December 2018.

In addition, the Group recorded an increase in full-time employees by 34 staff members, including technical director, managers at construction site and other technical personnel, or by 68% to 84 staff members as at 31 December 2017 as compared with 50 staff members as at 31 December 2016 mainly for the expansion of our exhibition and event management services including but not limited to undertaking exhibition showroom services and meeting the personnel requirements for obtaining the Grade II Qualification for building decoration. For further details of the personnel requirements, please refer to the section headed “Regulatory Overview — Laws and Regulations relating to Building Decoration — Qualifications for Building Decoration” in this prospectus.

Further, our Group’s business belongs to a labour intensive industry where each exhibition and event project (if including building decoration work) would require a minimum of 16 staff members, including 3 to 5 designers, 6 to 10 managerial and execution staff and at least 7 staff (with no upper limit) for building decoration work which may vary according to the scale of the project, according to Frost and Sullivan. Taking into account (i) the management estimate of the future manpower capacity; (ii) the non-legally binding letters of intent and invitations for cooperation for potential exhibition showroom related projects in 2018 and 2019 obtained from various potential customers; and (iii) the flexibility of the Group in allocating resources to exhibition showroom projects demanded by customers at different time during the year, the Directors expect to undertake around 6 to 8 exhibition showroom service projects annually under its current expansion plan, subject to the then potential customers’ demand and market conditions.

To capitalise the market opportunities and future growth of demand for the exhibition and event management services and to further increase the market share of the Group, we are required to expand our manpower capacity and reserve. We expect to recruit 45 to 65 additional staff members up to 30 June 2020 for (i) undertaking exhibition showroom services and handling the management and quality control of our exhibition and event projects; (ii) strengthening our design capabilities; (iii) executing our marketing plans; and (iv) providing administration services to support our business operations, the details of which are set out in the section headed “Future Plans and Use of Proceeds” in this prospectus: including 35 to 45 managerial and execution staff for the exhibition and event management services comprising exhibition showroom services, 3 to 7 staff for the selling and marketing department and also 7 to 13 administrative staff to support our daily operations. Among the 45 to 65 additional staff members expected to be hired, 10 to 15 staff would be hired to support the branch offices in Guangzhou and the remaining 35 to 50 staff is expected for the Beijing offices; and that 10 to 14, 20 to 22, 5 to 9 additional managerial and execution staff for the exhibition and event management services (including exhibition showroom services) will be hired for the years ending 31 December 2018 and 2019 and the six months ending 30 June 2020, respectively. The estimated individual monthly salary package for those new staff

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will range from approximately RMB5,500 to RMB45,000, with reference to the prevailing market conditions and individual merits, such as skills, experiences and scope of responsibility and accountability required.

Taking into account the effect of full-time employees recruited as at the Latest Practicable Date for the expansion of our exhibition and event management services as mentioned above and the additional staff members for the expansion of our manpower capacity to support our future business expansion, the Directors estimate that the staff costs for the year ending 31 December 2018 to be almost doubled when compared with that in 2017 the figure of which, however, is subject to uncertainty and the actual figure may differ significantly from such estimate due to the eventual implementation of our business strategies and the then market conditions. Furthermore, subject to the successful implementation of our business plans, we may record a decrease in our gross profit margin and/or net profit margin for the years ending 31 December 2018 and 2019 as compared to that for the year ended 31 December 2017, primarily due to the anticipated increase in employee benefit expenses resulting from the increase in staff members as mentioned above.

Based on the unaudited financial information of our Group, our revenue decreased for the three months ended 31 March 2018 when compared with the corresponding period in 2017, mainly attributable to the decrease in revenue generated from Customer B as a result of its marketing plans, which resulted in a drop in revenue contributed by such customer for the first quarter of 2018 as compared to the same period in 2017.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save for the expenses in connection with the Listing, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 December 2017, and there have been no events since 31 December 2017 which would materially affect the information shown in our consolidated financial information included in the Accountant's Report set forth in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVE AND STRATEGIES

Our business goal is to be a leading exhibition and event management services provider in China. Please refer to the section headed “Business — Business Strategies” for our business goal and strategies.

IMPLEMENTATION PLAN

In pursuit of the business goal and strategies, our implementation plans are set forth below from the Listing Date to 31 December 2018 and for each of the six-month periods until 30 June 2020. Investors should note that the following implementation plans are formulated on the basis and assumptions referred to in the paragraph headed “Bases and assumptions” below in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk Factors” in this prospectus. There is no assurance that our business objectives will be achieved or our business plans will be implemented according to the estimated timeframe or at all. While the implementation plans may be affected by unforeseeable factors and matters outside our control, we will use our endeavours to anticipate and pre-empt such factors and matters to minimise disruptions to the implementation of our plans.

For the period from the Listing Date to 31 December 2018

Business Strategies	Implementation activities	Use of proceeds
Expand our exhibition and event management services	<ul style="list-style-type: none">• Development of exhibition showroom services which include planning, coordination and management of exhibition showrooms in the premises or venues as agreed with our customers for a fixed contractual period• Purchase of multimedia audiovisual equipment, including but not limited to amplifier, projector, LCD/LED monitors, speaker and stage lighting system. These equipment will be used for enhancing our exhibition and event management services• Installation and/or upgrade of our information technology systems and/or computer hardware and software to enhance our financial and project management capabilities	To be funded by the net proceeds from the Share Offer of approximately HK\$7.5 million

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Business Strategies	Implementation activities	Use of proceeds
Expand our existing offices and/or set up branch or representative offices in different cities and regions of the PRC	<ul style="list-style-type: none"> ● Expansion of our offices and/or set up branch or representative offices ● Payment of rental and management fee of our expanded offices and/or branch or representative offices ● Decoration, fixture, furniture and office equipment for our expanded offices and/or branch or representative offices 	To be funded by the net proceeds from the Share Offer of approximately HK\$1.3 million
Expand our workforce to support our business expansion	<ul style="list-style-type: none"> ● Recruitment of 20–25 additional staff for (i) undertaking exhibition showroom services and handling the management and quality control of our exhibition and event projects; (ii) strengthening our design capabilities; (iii) executing our marketing plans; and (iv) providing administration services to support our business operations ● Provision of training to our existing and newly recruited staff 	To be funded by the net proceeds from the Share Offer of approximately HK\$2.3 million
Strengthen our marketing efforts	<ul style="list-style-type: none"> ● Carrying out marketing and promotional campaigns in different cities and regions in the PRC ● Printing of company brochures and leaflets, advertising on internet and software applications, and bolstering company website 	To be funded by the net proceeds from the Share Offer of approximately HK\$0.9 million

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 June 2019

Business Strategies	Implementation activities	Use of proceeds
<p>Expand our exhibition and event management services</p>	<ul style="list-style-type: none"> ● Development of exhibition showroom services which include planning, coordination and management of exhibition showrooms in the premises or venues as agreed with our customers for a fixed contractual period ● Purchase of multimedia audiovisual equipment, including but not limited to amplifier, projector, LCD/LED monitors, speaker and stage lighting system. These equipment will be used for enhancing our exhibition and event management services 	<p>To be funded by the net proceeds from the Share Offer of approximately HK\$6.4 million</p>
<p>Expand our existing offices and/or set up branch or representative offices in different cities and regions of the PRC</p>	<ul style="list-style-type: none"> ● Expansion of our offices and/or set up branch or representative offices ● Payment of rental and management fee of our expanded offices and/or branch or representative offices ● Decoration, fixture, furniture and office equipment for our expanded offices and/or branch or representative offices 	<p>To be funded by the net proceeds from the Share Offer of approximately HK\$0.7 million</p>
<p>Expand our workforce to support our business expansion</p>	<ul style="list-style-type: none"> ● Recruitment of 15–20 additional staff for (i) undertaking exhibition showroom services and handling the management and quality control of our exhibition and event projects; (ii) strengthening our design capabilities; (iii) executing our marketing plans; and (iv) providing administration services to support our business operations 	<p>To be funded by the net proceeds from the Share Offer of approximately HK\$4.6 million</p>

FUTURE PLANS AND USE OF PROCEEDS

Business Strategies	Implementation activities	Use of proceeds
Strengthen our marketing efforts	<ul style="list-style-type: none"> ● Payment of staff costs of the additional staff recruited ● Provision of training to our existing and newly recruited staff ● Carrying out marketing and promotional campaigns in different cities and regions in the PRC ● Printing of company brochures and leaflets, advertising internet and software applications, and bolstering company website 	To be funded by the net proceeds from the Share Offer of approximately HK\$0.9 million

For the six months ending 31 December 2019

Business Strategies	Implementation activities	Use of proceeds
Expand our existing offices and/or set up branch or representative offices in different cities and regions of the PRC	<ul style="list-style-type: none"> ● Expansion of our offices and/or setting up branch or representative offices 	To be funded by the net proceeds from the Share Offer of approximately HK\$0.5 million

FUTURE PLANS AND USE OF PROCEEDS

Business Strategies	Implementation activities	Use of proceeds
	<ul style="list-style-type: none"> ● Payment of rental and management fee of our expanded offices and/or branch or representative offices ● Decoration, fixture, furniture and office equipment for our expanded offices and/or branch or representative offices 	
Expand our workforce to support our business expansion	<ul style="list-style-type: none"> ● Recruitment of 5–10 additional staff for (i) undertaking exhibition showroom services and handling the management and quality control of our exhibition and event projects; (ii) strengthening our design capabilities; (iii) executing our marketing plans; and (iv) providing administration services to support our business operations ● Payment of staff costs of the additional staff recruited ● Provision of training to our existing and newly recruited staff 	To be funded by the net proceeds from the Share Offer of approximately HK\$5.6 million
Strengthen our marketing efforts	<ul style="list-style-type: none"> ● Carrying out marketing and promotional campaigns in different cities and regions in the PRC ● Printing of company brochures and leaflets, advertising on internet and software applications, and bolstering company website 	To be funded by the net proceeds from the Share Offer of approximately HK\$0.9 million

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 June 2020

Business Strategies	Implementation activities	Use of proceeds
Expand our existing offices and/or set up branch or representative offices in different cities and regions of the PRC	<ul style="list-style-type: none"> ● Payment of rental and management fee of our expanded offices and/or branch or representative offices 	To be funded by the net proceeds from the Share Offer of approximately HK\$0.7 million
Expand our workforce to support our business expansion	<ul style="list-style-type: none"> ● Recruitment of 5–10 additional staff for (i) undertaking exhibition showroom services and handling the management and quality control of our exhibition and event projects; (ii) strengthening our design capabilities; (iii) executing our marketing plans; and (iv) providing administration services to support our business operations ● Payment of staff costs of the additional staff recruited ● Provision of training to our existing and newly recruited staff 	To be funded by the net proceeds from the Share Offer of approximately HK\$1.8 million
Strengthen our marketing efforts	<ul style="list-style-type: none"> ● Carrying out marketing and promotional campaigns in different cities and regions in the PRC ● Printing of company brochures and leaflets, advertising on internet and software applications, and bolstering company website 	To be funded by the net proceeds from the Share Offer of approximately HK\$0.9 million

In terms of the resulting financial and operational impact of the business strategies adopted by the Group, the Directors consider that the profitability and business prospect of the Group will be further improved and strengthened by the increased number of projects to be undertaken by the Group as a result of (i) the recruitment of additional staff to expand our manpower capacity; (ii) the potential new projects for provision of exhibition showroom services; (iii) the reduction in cost of services in long run by the purchase of multimedia audiovisual equipment; and (iv) the potential business opportunities secured by the Group through its branch and representative offices in the PRC. Regarding the cost structure upon implementation of the expansion of our exhibition and event management services into exhibition showroom services, the Directors consider that the cost structure shall remain substantially similar as apart from undertaking certain building decoration work in the course of provision of exhibition showroom services upon obtaining Grade II

FUTURE PLANS AND USE OF PROCEEDS

Qualification for building decoration under the Qualification Standards for Construction Enterprises(《建築業企業資質標準》), the Group would continue to engage third party suppliers for stage and booth construction and logistics and transportation services. Nonetheless, in line with the expected increase in revenue, there will be corresponding increase in costs for (i) the salary and compensation of the additional staff; (ii) the purchase and maintenance of the additional multimedia audiovisual equipment; (iii) the operational expenses for providing building decoration work; and (iv) the rental payment for the branch and representative offices in the PRC.

The Directors consider that the additional costs would be fully recovered by the increased revenue generated from the expanded services provided by the Group. In addition, the current management team of the Group will continue to oversee and supervise the implementation of the business strategies of the Group including the expansion and development of exhibition showroom services, with the assistance of the technician and qualified staff for monitoring and executing the building decoration work.

BASES AND ASSUMPTIONS

Potential investors should note that the attainability of our business goal and strategies depend on a number of bases and assumptions, in particular:

- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of our Group's future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in the existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no material changes in the bases or rates of taxation in those countries in which our Group operates;
- the Share Offer will be completed in accordance with and as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus;
- there will be no significant changes in the interest rates or the foreign currency exchange rates from those currently prevailing;
- our Group will be able to retain key personnel in the management and the main operational departments;
- our Group will be able to obtain new customers or retain our customers and suppliers;
- we continue our existing operations in substantially the same manner as they were carried out during the Track Record Period and we will also be able to carry out our development plans without material disruptions;

FUTURE PLANS AND USE OF PROCEEDS

- there will be no disasters, natural, political or otherwise, which would materially disrupt our Group's businesses or operations; and
- our Group will not be materially and adversely affected by any risk factors set out in the section headed "Risk Factors" in this prospectus.

REASONS FOR THE LISTING

We aim to further facilitate the coordination and management of a variety of exhibitions and events to cater for the needs of our customers. Our Directors believe that the Listing would be instrumental in enabling us to achieve our business strategies and provide us with the following:

Wider access to capital for future growth

The Listing can provide access for our Company to raise fund not only initially from the Share Offer but also potentially from future issuances of equity or debt securities after the Listing. As disclosed in the section headed "Business — Business Strategies" in this prospectus, we intend to expand and improve our existing exhibition and event management services by diversifying our customer base, promoting our brand, improving our brand recognition and strengthening our marketing efforts, pursuing and exploring strategic acquisition opportunities as well as setting up branch and/or representative offices, all of which require capital investment and resources. We currently have sufficient internal cash flow for the purpose of our Group's daily operations, however it would be difficult for us to utilise our existing cash inflow generated from our revenue to fully implement our development and expansion plans without exploring more alternative financing sources. Our Directors are of the view that since it may take an extended period of time to generate additional cash internally and it may raise additional operational cost from the expansion plan, the flexibility of being able to use a wider range of financing sources will benefit our Group and will enable us to implement any future expansion plans more readily and in a timely manner. The Listing can provide us with external financial resources from the Share Offer, and can broaden our shareholder base at the same time. Moreover, our status as a listed company would give us more bargaining power in our negotiation to obtain more favorable terms with financial institutions as and when considered appropriate, which will in turn enable us to implement any future expansion plans and better withstand any possible market fluctuations.

Strengthen our corporate profile and market position thus widening our customer base

Due to its nature, the exhibition industry in the PRC is highly competitive and involves a large number of market participants. During the Track Record Period, we have been collaborating with international automobile brands and we obtained most of our customer contracts through submitting tenders or quotations where invited to. As most of the companies holding exhibitions, events or exhibition showrooms are sizeable with international background, they are more inclined towards engaging a service provider with proven track record and solid corporate status and reputation. We believe that the Listing can enhance our corporate image and market position, on which we can leverage in receiving more tender submission or quotation invitations from new customers therefore widening our customer base. It could also assist us in winning tenders and providing more confidence to

FUTURE PLANS AND USE OF PROCEEDS

our existing and potential customers. Besides, the Listing would enhance our corporate profile which would potentially lead to more business opportunities to the Group as our Company will be more visible and approachable to potential customers. This is of significant importance since we intend to build upon our existing marketing efforts to further promote our brand and increase our market share by enhancing awareness of our brand in the exhibition and event management services industry, so that our potential customers in different regions of the PRC are able to easily relate our brand to quality and reliable exhibition and event management services. On the whole, we consider that our strengthened corporate profile, brand recognition and market position as a result of the Listing is vital to our future growth and success in the industry we operate in.

Stronger ability to attract talent and to retain existing staff members

Our customer relationship is maintained through the services and/or products we deliver and the day-to-day communication between our staff members and our customers and therefore, staff members with good communication and execution skills are vital to our business operations and future development. As disclosed in the section headed “Business — Business Strategies” in this prospectus, we intend to strengthen our business development capability by enhancing our relationships with the customers and expand our customer base through various marketing activities. For example, we intend to employ additional personnel to liaise with our current and potential customers for testimonials of our Group and produce a showcase of the exhibitions and events managed by us. We believe that the Listing would enable us to retain currently employed staff members as well as reach out to and attract a wider pool of talents by offering competitive remuneration packages, all of which would further our future development.

Based on the above, our Directors are of the view that the Listing will benefit our Group as a whole.

USE OF PROCEEDS

The net proceeds from the Share Offer, after deducting underwriting commission and estimated expenses in relation to the Share Offer, are estimated to be approximately HK\$38.9 million, assuming an Offer Price of HK\$0.14 per Share, being the mid-point of the indicative Offer Price range of HK\$0.12 to HK\$0.16 per Share. We intend to use such net proceeds for the following purposes:

- Approximately HK\$14.3 million (approximately 36.8% of our total estimated net proceeds) for expanding our workforce to support our business expansion including recruitment of additional staff for (i) providing exhibition showroom services; (ii) handling the management and quality control of our exhibition and event projects; (iii) executing our marketing plans; and (iv) supporting our business operations; and provision of training to our staff.

FUTURE PLANS AND USE OF PROCEEDS

- Approximately HK\$13.9 million (approximately 35.7% of our total estimated net proceeds) for expanding our exhibition and event management services including provision of exhibition showroom services, installation and/or upgrade of our information technology systems and/or computer hardware and software, and purchase of multimedia audiovisual equipment.
- Approximately HK\$3.6 million (approximately 9.2% of our total estimated net proceeds) for strengthening our marketing efforts including carrying out marketing and promotional campaigns, advertising on internet and software applications and bolstering company's website.
- Approximately HK\$3.2 million (approximately 8.3% of our total estimated net proceeds) for expanding our existing offices and/or setting up branch or representative offices in different cities and regions of the PRC.
- Approximately HK\$3.9 million (approximately 10.0% of our total estimated net proceeds) for working capital and general corporate purposes.

In summary, the implementation of our business strategies from the Listing Date up to the six months ending 30 June 2020 will be funded by the net proceeds of the Share Offer as follows:

	From the Listing Date to 31 December 2018 <i>HK\$'000</i>	For the six months ending 30 June 2019 <i>HK\$'000</i>	For the six months ending 31 December 2019 <i>HK\$'000</i>	For the six months ending 30 June 2020 <i>HK\$'000</i>	Total <i>HK\$'000</i>	Approximate percentage of net proceeds %
Expand our exhibition and event management services	7,525	6,376	—	—	13,901	35.7
Expand our existing offices and/or set up branch or representative offices in different cities and regions of the PRC	1,280	720	543	675	3,218	8.3
Expand our workforce to support our business expansion	2,266	4,622	5,575	1,867	14,330	36.8
Strengthen our marketing efforts	891	891	891	891	3,564	9.2
Working capital and other general corporate purposes	973	973	973	973	3,892	10.0
Total	12,935	13,582	7,982	4,406	38,905	100

In the event that the Offer Price is set at the high-end or the low-end of the indicative Offer Price range, the estimated net proceeds from the Share Offer will increase to approximately HK\$48.6 million or decrease to approximately HK\$29.3 million, after deducting the related Listing expenses, respectively. In such event, we will adjust the intended use of the net proceeds for the above purpose on a pro-rata basis.

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To the extent that the net proceeds from the Share Offer are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest bearing bank accounts with licensed banks or financial institutions.

In the event of any material change in our use of net proceeds from the purposes described above or in our allocation of the net proceeds among the purposes described above, a formal announcement will be issued in accordance with the GEM Listing Rules.

UNDERWRITING

PUBLIC OFFER

PUBLIC OFFER UNDERWRITERS

RaffAello Securities (HK) Limited

Pacific Foundation Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer, our Company is offering the Public Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, amongst other matters, (i) the Listing Division granting the listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus; and (ii) the satisfaction of certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed to subscribe for or procure subscribers to subscribe for the Public Offer Shares, subject to the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to (among others) the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination by notice in writing issued by the Joint Bookrunners (for themselves and on behalf of the other Public Offer Underwriters) to our Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date upon the occurrence of any of the following events:

- (a) there shall develop, occur, exist or come into effect:
 - (i) any local, national, regional or international event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or
 - (ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market

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conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting Hong Kong, the PRC, the British Virgin Islands, the Cayman Islands or any other jurisdiction relevant to any member of our Group (the “**Relevant Jurisdictions**”); or

- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange or the Shanghai Stock Exchange; or
- (iv) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of our Company or of any other member of our Group listed or quoted on a stock exchange or an over-the-counter market; or
- (v) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (vi) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation, implementation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or on, any of the Relevant Jurisdictions; or
- (viii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or RMB against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (ix) any litigation or claim of any third party being threatened or instigated against any member of our Group, the Executive Directors or the Controlling Shareholders; or
- (x) any change or development involving a prospective change or materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus;
- (xi) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

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- (xii) the chief executive officer of our Company vacating his or her office; or
- (xiii) an authority or a political body or organisation in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
- (xiv) save as disclosed in this prospectus, a contravention by any member of our Group of the GEM Listing Rules or applicable laws; or
- (xv) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares pursuant to the terms of the Share Offer; or
- (xvi) non-compliance of the this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws; or
- (xvii) other than with the approval of the Sole Sponsor and/or the Joint Bookrunners, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xviii) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole opinion of the Joint Bookrunners (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (2) has or will have or may have a material adverse effect on the success of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or (3) makes or will make or may make it inappropriate or inadvisable or inexpedient or impracticable for the Share Offer to proceed or to market the Share Offer; or (4) has or will have or may have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

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- (b) there has come to the notice of the Joint Bookrunners:
- (i) that any statement contained in any of this prospectus and the Application Forms, the Formal Notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of this prospectus and the Application Forms, the Formal Notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of this prospectus and the Application Forms, the Formal Notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto); or
 - (iii) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement or the Placing Agreement (other than upon any of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters or the Placing Underwriters); or
 - (iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties under the Public Offer Underwriting Agreement; or
 - (v) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group taken as a whole; or
 - (vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings of our Company, the Controlling Shareholders and the Executive Directors under the Public Offer Underwriting Agreement; or
 - (vii) that approval by the Listing Division of the listing of, and permission to deal in, the Shares to be issued or sold under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (viii) a withdrawal by our Company of this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer; or

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- (ix) any person (other than the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus as expert or to the issue of this prospectus.

UNDERTAKINGS

Undertakings by our Company to the Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Capitalisation Issue, the Share Offer, the exercise of the Share Options which may be granted under the Share Option Scheme or for the circumstances as prescribed under Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders to the Stock Exchange pursuant to the GEM Listing Rules

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders (namely, A&B and Mr. Huang) has undertaken to each of the Stock Exchange and our Company respectively that, save as permitted under the Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of its/his shareholding is made in this prospectus and ending on the date which is six months from the Listing Date, it/he shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it/he is shown by this prospectus to be the beneficial owners; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, it/he shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it/he is shown by this prospectus to be the beneficial owners if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders has further undertaken to each of the Stock Exchange and our Company that within the period commencing on the date by reference to which disclosure of its/his shareholding is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he shall:

- (a) when he/it pledges/charges any Shares beneficially owned by it/him in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) as security for a bona fide commercial loan pursuant to Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock

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Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, immediately inform our Company in writing of the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

- (b) when he/it receives indications, whether verbal or written, from the pledgee/chargee that any of the pledged/charged Shares will be disposed of or intended to be disposed of, immediately inform our Company in writing of such indications.

Our Company shall inform the Stock Exchange in writing as soon as we have been informed of any of the matters referred to above (if any) by our Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the GEM Listing Rules as soon as possible.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Pursuant to the Public Offer Underwriting Agreement, we have undertaken to each of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, except pursuant to the Share Offer, the Capitalisation Issue, and the exercise of any options which may be granted under the Share Option Scheme, during the period commencing on the date of the Public Offer Underwriting Agreement and ending on, and including the date that is six months after the Listing Date (the “**First Six-Month Period**”), not to, and to procure each other member of our Group not to, without the prior written consent of the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the GEM Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any

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securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or

- (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (i) or (ii) above
- (iv) offer or agree to or announce any intention to effect any transaction specified in paragraph (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-month Period). In the event that, during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in paragraph (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of the Controlling Shareholders undertakes to each of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters to procure our Company to comply with the above undertakings.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders undertakes to each of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, and the Public Offer Underwriters that, without the prior written consent of the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the GEM Listing Rules:

- (i) He/it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company with a depository in connection with the issue of depository receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer or agree to or announce any intention to effect any transaction

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specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

- (ii) he/it will not, during the Second Six-Month Period, enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he/it will cease to be a “controlling shareholder” (as the term is defined in the GEM Listing Rules) of our Company; and
- (iii) until the expiry of the Second Six-Month period, in the event that he/it enters into any of the transactions specified in (i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, he/it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Each of our Controlling Shareholders has further undertaken to our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that he/it will, at any time within the period commencing on the date of the Public Offer Underwriting Agreement and ending on the date which is twelve months after the Listing Date:

- (i) upon any pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of our Company beneficially owned by him/it for a bona fide commercial loan, immediately inform our Company, the Joint Bookrunners and the Sole Sponsor in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and
- (ii) upon any indication received by him/it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of our Company will be disposed of, immediately inform our Company, the Joint Bookrunners and the Sole Sponsor in writing of such indications.

and our Company agrees and undertakes to each of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, that, upon receiving such information in writing from our Controlling Shareholders, it will, as soon as practicable, notify the Stock Exchange and make an announcement in accordance with the GEM Listing Rules.

Indemnity

Each of our Company, our executive Directors and our Controlling Shareholders has agreed to jointly and severally indemnify, amongst others, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters for certain losses which they may suffer, including losses arising from or in connection with their performance of their obligations under the Public Offer Underwriting Agreement and any breach by our Company, our executive Directors and our Controlling Shareholders of any provision in the Public Offer Underwriting Agreement.

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PLACING

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, among other, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below. Under the Placing Underwriting Agreement, the Placing Underwriters will severally (and not jointly or jointly and severally) agree to subscribe or procure subscribers for the Placing Shares being offered pursuant to the Placing.

It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company and each of our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the paragraph headed “Underwriting Arrangements and Expenses — Undertakings — Undertakings pursuant to the Public Offer Underwriting Agreement” in this section.

It is expected that each of our Controlling Shareholders will undertake to the Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of our Shares held by him/it in our Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Underwriting Arrangements and Expenses — Undertakings — Undertakings Pursuant to the Public Offer Underwriting Agreement” in this section.

UNDERWRITING COMMISSION AND EXPENSES

According to the Public Offer Underwriting Agreement, the Public Offer Underwriters will receive an underwriting commission of 8.5% of the aggregate Offer Price in respect of all the Public Offer Shares initially offered under the Public Offer. The Placing Underwriters are expected to receive similar underwriting commission on the aggregate Offer Price payable for the Placing Shares subject to the terms and conditions of the Placing Underwriting Agreement.

The total sponsor fee payable to the Sole Sponsor by the Company amounts to approximately HK\$6.0 million for acting as the sole sponsor in the Share Offer.

Based on the Offer Price of HK\$0.14 per Offer Share (being the mid-point of the indicative Offer Price range between HK\$0.12 and HK\$0.16), such underwriting commissions, together with the Stock Exchange listing fee, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Share Offer which are estimated to be approximately RMB26.0 million in aggregate, are payable by our Company.

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UNDERWRITERS' INTERESTS IN OUR COMPANY

The Joint Bookrunners and the Underwriters will receive underwriting commissions pursuant to the Underwriting Agreements. Particulars of the said underwriting commissions and expenses relating to the Share Offer are set forth in the paragraph headed “Underwriting Arrangements and Expenses — Underwriting Commission and Expenses” in this section. Following the completion of the Share Offer, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Save as disclosed in this prospectus and other than pursuant to the Share Offer and the Underwriting Agreements, none of the Joint Bookrunners and the Underwriters or any of its respective associates is, or is expected to be, interested legally or beneficially in the Shares or shares and other securities of any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or purchase or to nominate persons to subscribe for any Shares or purchase shares and other securities in any member of our Group nor any interest in the Share Offer.

MINIMUM PUBLIC FLOAT

Our Company, the Controlling Shareholders and our executive Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23 of the GEM Listing Rules immediately after completion of the Share Offer.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into among our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or around the Price Determination Date, when market demand for the Share Offer will be determined. The Price Determination Date is expected to be on or around Friday, 1 June 2018 but in any event, no later than Sunday, 10 June 2018. If, for any reason, our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by Sunday, 10 June 2018, the Share Offer will not proceed and will lapse.

Prospective investors should be aware that the Offer Price to be determined on or around the Price Determination Date may be, but not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$0.16 per Share and is currently expected to be not less than HK\$0.12 per Share. If, based on the level of interest expressed by prospective investors during the book-building process (for instance, if the level of interest expressed by prospective investors is below the indicative Offer Price range as stated in this prospectus), the Joint Bookrunners (for themselves and on behalf of the Underwriters) and with the consent of our Company and the Sole Sponsor, may reduce the number of Offer Shares and/or the indicative Offer Price range below that as stated in this prospectus at any time no later than the morning of the day which is the last day for lodging applications under the Public Offer.

In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause to be published on our Company's website at www.dowway-exh.com and the website of the Stock Exchange at www.hkexnews.hk notice of such reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed among the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" in this prospectus, the use of proceeds from the Share Offer as set out in the section headed "Future Plans and Use of Proceeds" in this prospectus and any other financial information which may change as a result of such reduction.

In the absence of any notice being published on our Company's website at www.dowway-exh.com and the website of the Stock Exchange at www.hkexnews.hk of a reduction in the number of Offer Shares and/or the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed among the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

In the event of a reduction in the number of Offer Shares, the Joint Bookrunners may, at their discretion, reallocate the number of Offer Shares to be offered in the Public Offer and the Placing, provided that the number of Offer Shares comprised in the Public Offer shall not be less than 10% of the total number of Offer Shares available under the Share Offer. The Offer Shares to be offered in the Public Offer and the Offer Shares to be offered in the Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Bookrunners.

Our Company expects to announce the final Offer Price, the level of indication of interests under the Placing, the basis of allotment of the Public Offer Shares and results of application under the Public Offer on or before Monday, 11 June 2018 on our Company's website at www.dowway-exh.com and the website of the Stock Exchange at www.hkexnews.hk. Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration certificate numbers of successful applicants (where supplied) and the number of Public Offer Shares successfully applied for will be made available as described under the section headed "How to Apply for Public Offer Shares" in this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$0.16 per Offer Share and is currently expected to be not less than HK\$0.12 per Offer Share, unless otherwise announced by no later than the morning of the last day for lodging applications under the Public Offer as set out above. You must pay the maximum Offer Price of HK\$0.16 per Offer Share plus a brokerage of 1%, a SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005%, amounting to a total of HK\$3,232.25 per a board lot of 20,000 Offer Shares. The Application Forms have tables showing the exact amount payable for multiple board lots of Offer Shares.

If the Offer Price, as finally determined in the manner as set out above, is lower than the maximum Offer Price of HK\$0.16 per Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application money) will be made to applicants, without interest. Further details in this regard are set out in the section headed "How to Apply for Public Offer Shares" in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of your application for the Offer Shares is conditional upon:

- (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued under the Share Offer, the Capitalisation Issue and any Shares which may fall to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange);
- (ii) the Price Determination Agreement being entered into among our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or around the Price Determination Date;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (iii) the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated, on or before 8:00 a.m. on the Listing Date. Details of the Underwriting Agreements and its conditions and grounds for termination are set out in the section headed “Underwriting” in this prospectus.

If the above conditions are not fulfilled or waived prior to the times specified, the Share Offer will lapse. Notice of the lapse of the Share Offer will be published by our Company on our Company’s website at www.dowway-exh.com and the website of the Stock Exchange at www.hkexnews.hk on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Public Offer Shares” in this prospectus. In the meantime, your money will be held in one or more separate bank accounts with the receiving banker licensed under the Banking Ordinance (Chapter 155 of the laws of Hong Kong).

Share certificates will only become valid at 8:00 a.m. on the Listing Date, provided that the Share Offer has become unconditional and right of termination described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Public Offer Underwriting Agreement — Grounds for Termination” in this prospectus has not been exercised.

ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into the CCASS.

OFFER MECHANISM

This prospectus is published in connection with the Share Offer, which comprises the Placing and the Public Offer. Initially, 450,000,000 Shares (subject to reallocation as mentioned below), representing 90% of the Offer Shares available under the Share Offer, are to be offered pursuant to the Placing to professional, institutional and other investors, and initially 50,000,000 Shares (subject to reallocation as mentioned below), representing 10% of the Offer Shares available under the Share Offer, are to be offered to the public in Hong Kong under the Public Offer. References to applications, Application Forms, application monies or to the procedure for application in this

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

prospectus relate solely to the Public Offer. The Offer Shares will represent 25% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme).

The Public Offer is fully underwritten by the Public Offer Underwriters, subject to the terms and conditions of the Public Offer Underwriting Agreement which include, among others, our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. Information relating to the underwriting arrangements in respect of the Share Offer is set out in the section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus. The Share Offer is sponsored by the Sole Sponsor and managed by the Joint Bookrunners.

Investors may apply for Public Offer Shares under the Public Offer or indicate an interest for Placing Shares under the Placing, but may not do both. Investors who have not received Shares in the Public Offer tranche may receive Shares in the Placing tranche.

PLACING

Our Company is initially offering, subject to possible reallocation on the basis discussed below, 450,000,000 new Shares, representing 90% of the total number of Shares being offered under the Share Offer, for subscription by way of the Placing.

Under the Placing, the Placing Underwriters, on behalf of our Company, will conditionally place the Placing Shares with professional, institutional and other investors at the Offer Price. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the Placing Shares pursuant to the Placing is based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole. Investors allocated with the Placing Shares cannot apply for the Public Offer Shares under the Public Offer.

The Placing is subject to the conditions stated in the paragraph headed "Conditions of the Share Offer" above. If the Public Offer is not fully subscribed for, the Joint Bookrunners may reallocate all or any unsubscribed Shares originally included in the Public Offer to the Placing. The total number of Placing Shares to be allotted and issued pursuant to the Placing may change as a result of any reallocation of unsubscribed Shares originally included in the Public Offer as described in the paragraph headed "Reallocation of the Offer Shares between the Public Offer and the Placing" in this section of the prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

PUBLIC OFFER

Our Company is initially offering 50,000,000 Shares at the Offer Price under the Public Offer, representing 10% of the total number of Shares being offered under the Share Offer for subscription in Hong Kong, subject to reallocation as mentioned in the paragraph headed “Reallocation of the Offer Shares between the Public Offer and the Placing” in this section of the prospectus. The Public Offer is managed by the Joint Bookrunners and is fully underwritten by the Public Offer Underwriters, subject to the terms and conditions of the Public Offer Underwriting Agreement which include, among others, our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Applicants for the Public Offer Shares under the Public Offer may not apply for Placing Shares under the Placing. An applicant for the Public Offer Shares will be required to give an undertaking and confirmation in the Application Form that he/she/it has not taken up and will not indicate an interest to take up any Placing Shares. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or untrue (as the case may be), such applicant’s application under the Public Offer is bound to be rejected. The Public Offer will be subject to the conditions stated in the paragraph headed “Conditions of the Share Offer” in this section of the prospectus. Multiple applications or suspected multiple applications and any application made for more than 100% of the Shares initially comprised in the Public Offer (i.e. 50,000,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. Where there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares. If the Public Offer Shares are not fully subscribed for, the Joint Bookrunners may reallocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing as described in the paragraph headed “Reallocation of the Offer Shares between the Public Offer and the Placing” in this section of the prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

REALLOCATION OF THE OFFER SHARES BETWEEN THE PUBLIC OFFER AND THE PLACING

The allocation of the Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) In the event that the Placing Shares are fully subscribed or oversubscribed under the Placing:
 - (i) if the Public Offer Shares are undersubscribed, the Joint Bookrunners, at their sole and absolute discretion (but shall not be under any obligation) may reallocate all or any of the unsubscribed Public Offer Shares from the Public Offer to the Placing in such amounts as the Joint Bookrunners deem appropriate;
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed and the number of Offer Shares validly applied for under the Public Offer represents less than 15 times the number of the Offer Shares initially available for subscription under the Public Offer, then up to 50,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 100,000,000 Offer Shares, representing 20% of the Offer Shares initially available for subscription under the Share Offer;
 - (iii) if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from Placing so that, the total number of Offer Shares available for subscription under the Public Offer will be increased to 150,000,000 Offer Shares, representing 30% of the Offer Shares initially available for subscription under the Share Offer;
 - (iv) if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from Placing so that, the total number of Offer Shares available for subscription under the Public Offer will be increased to 200,000,000 Offer Shares, representing 40% of the Offer Shares initially available for subscription under the Share Offer; and
 - (v) if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from Placing so that, the total number of Offer Shares available for subscription under the Public Offer will be increased to 250,000,000 Shares, representing 50% of the Offer Shares initially available for subscription under the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (b) Where the Placing Shares are undersubscribed under the Placing:
- (i) if the Public Offer Shares are undersubscribed, the Share Offer will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreement; and
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Public Offer, then up to 50,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available for subscription under the Public Offer will be increased to 100,000,000 Offer Shares, representing 20% of the Offer Shares initially available for subscription under the Share Offer.

In the event of reallocation of Offer Shares between the Public Offer and the Placing in the circumstances where (a) the Placing Shares are fully subscribed or oversubscribed and the Public Offer Shares are fully subscribed or oversubscribed by less than 15 times under paragraph (a)(ii) above or (b) the Placing Shares are undersubscribed and the Public Offer Shares are fully subscribed or oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK\$0.12 per Offer Share) stated in this prospectus.

In the event of reallocation of Offer Shares from the Placing to the Public Offer in circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

If the Public Offer Shares are undersubscribed, the Joint Bookrunners will have the discretion to reallocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing in such number as they deem appropriate to satisfy the demand under the Placing.

If reallocation of Offer Shares from the Placing to the Public Offer is done other than pursuant to the clawback mechanism under Practice Note 6 to the GEM Listing Rules (including the circumstances specified under paragraph (a)(iii), (a)(iv) or (a)(v) above), the Offer Shares to be offered in the Public Offer and the Placing may be reallocated as between these offerings at the discretion of the Joint Bookrunners (for themselves and on behalf of the Underwriters), subject to the maximum total number of Offer Shares that may be allocated to the Public Offer, being 100,000,000 Offer Shares, representing twice the number of Offer Shares initially allocated to the Public Offer, in accordance with Guidance Letter HKEX-GL-91-18.

Details of any reallocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Share Offer, which is expected to be published on or before Monday, 11 June 2018.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

DEALING ARRANGEMENTS

Assuming that the Share Offer becomes unconditional, it is expected that dealings in the Shares on GEM will commence at 9:00 a.m. (Hong Kong time) on Tuesday, 12 June 2018. The Shares will be traded in board lots of 20,000 Shares each and the stock code of the Shares is 8403.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Bookrunners may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;
- are a Director or chief executive officer of our Company and/or any of our subsidiaries;
- are an associate (as defined in the GEM Listing Rules) of any of the above;
- are a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participated in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **HK eIPO White Form** service at www.hkeipo.hk.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 29 May 2018 until 12:00 noon on Friday, 1 June 2018 from:

- (i) the following address of the Public Offer Underwriters:

RaffAello Securities (HK) Limited

Room 2002 and 2002B, 20/F
Tower Two, Lippo Centre
89 Queensway, Admiralty
Hong Kong

Pacific Foundation Securities Limited

11/F, New World Tower II
16–18 Queen's Road Central
Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

(ii) any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4–4A, Des Voeux Road Central, Central
	Wanchai Southorn Branch	Shop C2 on G/F and 1/F to 2/F, Lee Wing Building, No. 156–162 Hennessy Road, Wanchai
Kowloon	Kwun Tong Branch	G/F & 1/F One Pacific Centre, 414 Kwun Tong Road, Kwun Tong
	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617–623 Nathan Road, Mongkok
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Shatin Plaza Branch	Shop No. 8, Shatin Plaza, 21–27 Shatin Centre Street, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 29 May 2018 until 12:00 noon on Friday, 1 June 2018 from:

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited — Dowway Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, 29 May 2018	—	9:00 a.m. to 5:00 p.m.
Wednesday, 30 May 2018	—	9:00 a.m. to 5:00 p.m.
Thursday, 31 May 2018	—	9:00 a.m. to 5:00 p.m.
Friday, 1 June 2018	—	9:00 a.m. to 12:00 noon

HOW TO APPLY FOR PUBLIC OFFER SHARES

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 1 June 2018, the last application day or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company, the Sole Sponsor, the Joint Bookrunners and/or the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association of the Company;
- (ii) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association of the Company;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents or advisers or any other parties involved in the Share Offer is or will be liable for any information and representations not stated in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (viii) agree to disclose to our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) (if the laws of any place outside Hong Kong apply to your application), agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h) (3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) understand that, where (i) the Placing Shares are fully subscribed or oversubscribed and the Public Offer Shares are fully subscribed or oversubscribed by less than 15 times or (ii) the Placing Shares are undersubscribed and the Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, the total number of the Offer Shares which may be reallocated to the Public Offer from the Placing will be increased to 100,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Share Offer. Further details of the reallocation are stated in the section headed "Structure and Conditions of the Share Offer" in the prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) understand that our Company, the Sole Sponsor, and the Joint Bookrunners, the Joint Lead Managers, the Underwriters and their respective directors, officers or representatives or any other person or party involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xix) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xx) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** service provider; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “2. Who can apply” in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Time for submitting applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9.00 a.m. on Tuesday, 29 May 2018 until 11:30 a.m. on Friday, 1 June 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 1 June 2018 or such later time under “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No multiple applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HOW TO APPLY FOR PUBLIC OFFER SHARES

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square,
8 Connaught Place, Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners, Joint Lead Managers and our Hong Kong Branch Share Registrar.

GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;
 - (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- confirm that you understand that our Company, our Directors, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters nor any of their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

EFFECT OF GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 20,000 Public Offer Shares. Instructions for more than 20,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 29 May 2018	—	9:00 a.m. to 8:30 p.m. ⁽¹⁾
Wednesday, 30 May 2018	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Thursday, 31 May 2018	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Friday, 1 June 2018	—	8:00 a.m. ⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 29 May 2018 until 12:00 noon on Friday, 1 June 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 1 June 2018, the last application day or such later time as described in “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR PUBLIC OFFER SHARES

Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving banker, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 1 June 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

HOW TO APPLY FOR PUBLIC OFFER SHARES

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 20,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 20,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed “Structure and Conditions of the Share Offer — Determining the Offer Price”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

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in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 1 June 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 1 June 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Monday, 11 June 2018 on our Company’s website at www.dowway-exh.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.dowway-exh.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m., Monday, 11 June 2018;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Monday, 11 June 2018 to 12:00 midnight on Sunday, 17 June 2018;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 11 June 2018 to Thursday, 14 June 2018 on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 11 June 2018 to Wednesday, 13 June 2018 at all the receiving bank branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. For further details, please refer to section headed “Structure and Conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR PUBLIC OFFER SHARES

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or

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- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company, the Joint Bookrunners or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.16 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Monday, 11 June 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR PUBLIC OFFER SHARES

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque(s), if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund cheques as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Monday, 11 June 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 12 June 2018 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 11 June 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from

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your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, 11 June 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Monday, 11 June 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 11 June 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offering in the manner described in "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m., Monday, 11 June 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form Service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's

HOW TO APPLY FOR PUBLIC OFFER SHARES

Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 11 June 2018, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates and refund cheques/e-Auto Refund payment instructions.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, 11 June 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 11 June 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "11. Publication of Results" above on Monday, 11 June 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 11 June 2018 or such other date as determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR PUBLIC OFFER SHARES

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 11 June 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 11 June 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DOWWAY HOLDINGS LIMITED AND RAFFAELLO CAPITAL LIMITED

Introduction

We report on the historical financial information of Dowway Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-42, which comprises the consolidated balance sheets of the Group as at 31 December 2015, 2016 and 2017, the Company's balance sheet as at 31 December 2017, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the each of years ended 31 December 2015, 2016 and 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-42 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 May 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 3 and 4.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 3 and 4.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2017 and the consolidated financial position of the Group as at 31 December 2015, 2016 and 2017 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 3 and 4.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 26 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 May 2018

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

(a) Consolidated Statements of Comprehensive Income

	Note	Year ended 31 December		
		2015 RMB'000	2016 RMB'000	2017 RMB'000
Revenue	8	89,768	88,304	97,000
Cost of service	11	<u>(69,220)</u>	<u>(65,991)</u>	<u>(72,697)</u>
Gross profit		20,548	22,313	24,303
Selling expenses	11	(1,117)	(1,182)	(3,251)
Administrative expenses	11	(4,516)	(6,399)	(19,240)
Other income	9	—	24	69
Other gains/(losses) — net	10	<u>—</u>	<u>182</u>	<u>(144)</u>
Operating profit		14,915	14,938	1,737
Finance income	13	21	26	21
Finance expenses	13	<u>(262)</u>	<u>(237)</u>	<u>(114)</u>
Finance expenses — net	13	<u>(241)</u>	<u>(211)</u>	<u>(93)</u>
Profit before income tax		14,674	14,727	1,644
Income tax expense	14	<u>(4,185)</u>	<u>(3,737)</u>	<u>(2,428)</u>
Profit/(loss) for the year		<u>10,489</u>	<u>10,990</u>	<u>(784)</u>
Total comprehensive income/(loss) for the year		<u>10,489</u>	<u>10,990</u>	<u>(784)</u>
Earnings/(losses) per share attributable to owners of the Company — Basic earnings/(losses) per share (in RMB)	15	<u>104,890</u>	<u>109,900</u>	<u>(415)</u>

(b) Consolidated Balance Sheets

	Note	As at 31 December		
		2015 RMB'000	2016 RMB'000	2017 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	17	922	2,853	2,195
Deferred income tax assets	25	—	295	642
Available-for-sale financial assets	18	750	—	—
Total non-current assets		<u>1,672</u>	<u>3,148</u>	<u>2,837</u>
Current assets				
Trade and other receivables	19	34,816	32,483	44,727
Available-for-sale financial assets	18	—	3,000	—
Cash and cash equivalents	20	21,356	13,237	20,163
Total current assets		<u>56,172</u>	<u>48,720</u>	<u>64,890</u>
Total assets		<u>57,844</u>	<u>51,868</u>	<u>67,727</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	21	—	—	—*
Share premium	21	—	—	29,185
Capital reserve	22	10,000	10,000	—
Other reserves	22	687	1,786	(7,147)
Retained earnings		6,184	16,075	4,624
Total equity		<u>16,871</u>	<u>27,861</u>	<u>26,662</u>
LIABILITIES				
Current liabilities				
Trade and other payables	23	32,528	13,424	37,639
Current income tax liabilities		3,945	5,583	3,426
Borrowings	24	4,500	5,000	—
Total current liabilities		<u>40,973</u>	<u>24,007</u>	<u>41,065</u>
Total liabilities		<u>40,973</u>	<u>24,007</u>	<u>41,065</u>
Total equity and liabilities		<u>57,844</u>	<u>51,868</u>	<u>67,727</u>

* The balance stated above was less than RMB1,000

(c) Balance sheet of the Company

	<i>Note</i>	As at 31 December 2017 RMB'000
ASSETS		
Non-current assets		
Investment in subsidiaries	<i>16</i>	—*
Total non-current assets		<u>—*</u>
Current assets		
Amounts due from subsidiaries	<i>19</i>	25,683
Cash and cash equivalents	<i>20</i>	<u>3,106</u>
Total current assets		<u>28,789</u>
Total assets		<u><u>28,789</u></u>
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	<i>21</i>	—*
Share premium	<i>21</i>	29,185
Accumulated deficits		<u>(396)</u>
Total equity		<u><u>28,789</u></u>

* The balance stated above was less than RMB1,000

(d) Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company					
	Share capital <i>RMB'000</i> <i>(Note 21)</i>	Share premium <i>RMB'000</i> <i>(Note 21)</i>	Capital reserve <i>RMB'000</i> <i>(Note 22)</i>	Other reserves <i>RMB'000</i> <i>(Note 22)</i>	(Accumulated deficits)/	Total equity <i>RMB'000</i>
					Retained earnings <i>RMB'000</i>	
Balance at 1 January 2015	—	—	10,000	—	(3,618)	6,382
Total comprehensive income for the year	—	—	—	—	10,489	10,489
Appropriations to statutory reserves	—	—	—	687	(687)	—
Balance at 31 December 2015	<u>—</u>	<u>—</u>	<u>10,000</u>	<u>687</u>	<u>6,184</u>	<u>16,871</u>
Balance at 1 January 2016	—	—	10,000	687	6,184	16,871
Total comprehensive income for the year	—	—	—	—	10,990	10,990
Appropriations to statutory reserves	—	—	—	1,099	(1,099)	—
Balance at 31 December 2016	<u>—</u>	<u>—</u>	<u>10,000</u>	<u>1,786</u>	<u>16,075</u>	<u>27,861</u>
Balance at 1 January 2017	—	—	10,000	1,786	16,075	27,861
Total comprehensive loss for the year	—	—	—	—	(784)	(784)
Appropriations to statutory reserves	—	—	—	667	(667)	—
Proceeds from issuance of new ordinary shares	—	29,185	—	—	—	29,185
Deemed distribution to shareholders	—	—	(10,000)	(9,600)	—	(19,600)
Dividends	—	—	—	—	(10,000)	(10,000)
Balance at 31 December 2017	<u>—</u>	<u>29,185</u>	<u>—</u>	<u>(7,147)</u>	<u>4,624</u>	<u>26,662</u>

(e) Consolidated Statements of Cash Flows

	Note	Year ended 31 December		
		2015 RMB'000	2016 RMB'000	2017 RMB'000
Cash flows from operating activities				
Cash generated from/(used in) operations	27	10,957	(379)	9,266
Income tax paid		<u>(240)</u>	<u>(2,394)</u>	<u>(4,932)</u>
Net cash generated from/(used in) operating activities		<u>10,717</u>	<u>(2,773)</u>	<u>4,334</u>
Cash flows from investing activities				
— Purchases of property, plant and equipment		(634)	(3,264)	(169)
— Proceeds from disposal of property, plant and equipment	27	—	915	—
— Interest received		21	26	90
— Payment for investment in available-for-sale financial assets		(750)	(8,500)	—
— Proceeds from the disposal of available-for-sale financial assets		—	6,250	3,000
— Decrease/(increase) in advances to Controlling Shareholder		8,880	(839)	5,384
— Loan to employee		<u>—</u>	<u>(200)</u>	<u>—</u>
Net cash generated from/(used in) investing activities		<u>7,517</u>	<u>(5,612)</u>	<u>8,305</u>
Cash flows from financing activities				
— Proceeds from borrowings	27	4,500	5,000	—
— Repayments of borrowings	27	(4,500)	(4,500)	(5,000)
— Interest paid		(259)	(234)	(107)
— Dividends paid to the then shareholders of Beijing Dowway	26	—	—	(10,000)
— Proceeds from issuance of new ordinary shares	21	—	—	29,185
— Deemed distribution to shareholders	22	<u>—</u>	<u>—</u>	<u>(19,600)</u>
Net cash (used in)/generated from financing activities		<u>(259)</u>	<u>266</u>	<u>(5,522)</u>
Net increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents at beginning of year		17,975	(8,119)	7,117
Exchange loss on cash and cash equivalents		<u>3,381</u>	<u>21,356</u>	<u>13,237</u>
		<u>—</u>	<u>—</u>	<u>(191)</u>
Cash and cash equivalents at end of year		<u>21,356</u>	<u>13,237</u>	<u>20,163</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 28 April 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together referred to the "Group") principally engages in design, planning, coordination and management of exhibitions and events in the People's Republic of China (the "PRC") (collectively referred to as the "Listing Business").

The ultimate controlling party of the Group is Mr. Huang Xiaodi, who is also the executive Director and Chairman of the Board of the Company (the "Controlling Shareholder" or "Mr. Huang").

2 REORGANISATION

Prior to the incorporation of the Company and the completion of the Reorganisation (as defined below), the main operating activities of the Group were carried out by Beijing Dowway International Exhibition Company Limited ("Beijing Dowway") which was incorporated in the PRC on 3 June 2002. Immediately prior to 1 January 2015, Beijing Dowway was owned by Mr. Huang as to 99.4% and Mr. Yin Lei (a cousin of Mr. Huang) as to 0.6% respectively.

Through a series of subsequent equity transfer in which Mr. Huang remained as the controlling shareholder and has 93% equity interests in Beijing Dowway while Mr. Zhao Tao ("Mr. Zhao") became a 7% shareholder of Beijing Dowway on 12 May 2017.

In preparation for the listing of the Company's shares ("Listing") on GEM of The Stock Exchange of Hong Kong Limited, the Group underwent a group reorganisation (the "Reorganisation"), pursuant to which Beijing Dowway and other companies engaged in the Listing Business were transferred to the Company.

The Reorganisation mainly involved the following:

- (a) On 28 April 2017, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of US\$50,000, consisting of 500,000,000 ordinary shares of US\$0.0001 each. On the same day, 93 and 7 ordinary shares were allotted, fully paid and issued to Mr. Huang and Mr. Zhao respectively. On 27 June 2017, Mr. Huang and Mr. Zhao transferred their respective wholly owned ordinary shares to A&B Development Holding Limited ("A&B"; a company incorporated in the British Virgin Islands ("BVI") and wholly-owned by Mr. Huang) and D&S Development Holding Limited ("D&S"; a company incorporated in BVI and wholly-owned by Mr. Zhao) at par value respectively. Upon completion of the transaction, the Company was owned as to 93% by A&B and 7% by D&S.
- (b) On 19 May 2017, Dowway International Company Limited ("HK Dowway") was incorporated in Hong Kong as a wholly-owned subsidiary of the Company.
- (c) Tianjin Dowway International Exhibition Company Limited ("Tianjin Dowway") was incorporated in the PRC on 24 June 2014 with 100% equity interest held by Mr. Huang. On 15 June 2017, Beijing Dowway acquired 100% equity interest of Tianjin Dowway from Mr. Huang at a consideration of RMB1. Thereafter, Tianjin Dowway has become a wholly-owned subsidiary of Beijing Dowway.
- (d) Beijing Dowway Cultural Development Company Limited ("Dowway Cultural") was incorporated in the PRC on 21 April 2016 with registered capital of RMB1,000,000, and with equity interest held by Beijing Dowway, Mr. Zhou Wenjing and Mr. Xiao Yi (an employee of Beijing Dowway) as to 51%, 30% and 19% respectively. On 15 June 2017, Beijing Dowway acquired 49% equity interest of Dowway Cultural from Mr.

Zhou Wenjing and Mr. Xiao Yi at a consideration of RMB1 each. Thereafter, Dowway Cultural has become a wholly owned subsidiary of the Beijing Dowway. On the same day, the registered capital of Dowway Cultural was increased from RMB1,000,000 to RMB20,000,000.

- (e) On 15 June 2017, Mr. Huang transferred 2.1% equity interest of Beijing Dowway to Mr. Shao Riyao (“Mr. Shao”, an independent offshore investor) at a consideration of RMB546,000. Upon completion of the transaction, the equity interest of Beijing Dowway was owned as to 90.9%, 7% and 2.1% by Mr. Huang, Mr. Zhao and Mr. Shao respectively and Beijing Dowway has become a Sino-foreign own entity.
- (f) On 22 September 2017, HK Dowway entered into three equity transfer agreements separately with Mr. Huang, Mr. Zhao and Mr. Shao for the acquisition of 90.9%, 7% and 2.1% equity interest in Beijing Dowway at a consideration of RMB17,816,400, RMB1,372,000 and RMB411,600, respectively. On 25 September 2017, Beijing Dowway has become wholly owned by HK Dowway and therefore become an indirect wholly-owned subsidiary of the Company.
- (g) On 27 October 2017, the Company allotted and issued 210, 665, 8,393 and 632 ordinary shares at consideration of RMB3,000,000, RMB9,500,000, US\$2,334,300 (equivalent to approximately RMB15,517,000) and US\$175,700 (equivalent to approximately RMB1,168,000) to Mr. Shao, Longling Capital Limited (“Longling Capital”, an independent offshore investor), A&B and D&S respectively. Upon completion of the transaction, the Company is beneficially 84.86%, 6.39%, 6.65% and 2.1% owned by Mr. Huang, Mr. Zhao, Longling Capital and Mr. Shao, respectively.

Upon completion of the above Reorganisation, the Company has become the holding company of the subsidiaries now comprising the Group. As at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Company name	Country/place and date of incorporation/ establishment	Registered/ Issued and paid-in capital	Equity interest held As at 31 December			Principal activities/ place of operation	Statutory auditor
			2015	2016	2017		
Directly owned:							
HK Dowway	Hong Kong/ 19 May 2017	HKD 1	N/A	N/A	100%	Investment holding/Hong Kong	Note (i)
Indirectly owned:							
Beijing Dowway	PRC/3 June 2002	RMB10,000,000	N/A	N/A	100%	Exhibition and event related services/PRC	Note (ii)
Tianjin Dowway	PRC/24 June 2014	RMB500,000	N/A	N/A	100%	Inactive/PRC	Note (iii)
Dowway Cultural	PRC/21 April 2016	RMB20,000,000	N/A	N/A	100%	Exhibition and event related services/PRC	Note (iv)

Note:

- (i) No audited financial statements has been prepared for the subsidiary for the financial year ended 31 December 2017.

- (ii) During the Track Record Period, the subsidiary prepared financial statements in accordance with the generally accepted accounting standards applicable in the PRC (“PRC GAAP”) for the years ended 31 December 2015 and 2016 and have them audited by Beijing Zhongnuoyihua Certified Public Accountants Company Limited (北京中諾宜華會計師事務所有限公司) and Beijing Derui Certified Public Accountants (General Partnership) (北京德瑞會計師事務所(普通合夥)), respectively. No audited financial statements has been prepared for the subsidiary for the financial year ended 31 December 2017 as there is no statutory audit requirement in the PRC.
- (iii) During the Track Record Period, the subsidiary has no business operation after incorporation and no audited financial statements were issued as there is no statutory audit requirement in the PRC.
- (iv) No audited financial statements has been prepared for the subsidiary for the financial years ended 31 December 2016 and 2017 as there is no statutory audit requirement in the PRC.

3 BASIS OF PRESENTATION

Immediately prior to and after the Reorganisation, the Listing Business was carried out by Beijing Dowway which is majority owned by Mr. Huang. Pursuant to the Reorganisation, Beijing Dowway was transferred to and held by the Company. The Company has not involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate majority owner of the Listing Business remain the same as Mr. Huang. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under Beijing Dowway and, for the purpose of this report, the Historical Financial Information has been prepared has been prepared on a combined basis and is presented using the respective carrying values of the companies now comprising the Group for all periods presented.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Basis of preparation

The Historical Financial Information of the Company has been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 6.

4.1.1 Changes in accounting policy and disclosures

All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

The following new standards, amendments to standards and interpretations have been published but are not yet effective for the annual period beginning from 1 January 2017 and which the Group has not early adopted as of the Track Record Period, are as follow:

		Effective for annual periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRIC 22	Foreign currency transactions and advance consideration	1 January 2018
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKAS 28	Investments in associates and joint ventures	1 January 2018
HKFRS 16	Lease	1 January 2019
HKFRIC 23	Uncertainty over income tax treatments	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Directors of the Company have already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and positions of the Group is expected when they become effective except for HKFRS 9 'Financial instruments', HKFRS 15 'Revenue from contracts with customer' and HKFRS 16 'Lease' in which the Directors are in the process to making an assessment of the impact.

HKFRS 9 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

There will be no significant impact on the Group's accounting for financial assets and liabilities, as the new requirements only affect the accounting for financial assets and liabilities that are designated at fair value through profit or loss and the Group does not have any such assets or liabilities. The derecognition rules have been transferred from HKAS 39 'Financial Instruments: Recognition and Measurement' and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 'Revenue from contracts with customers', lease receivables, loan commitments and certain financial guarantee contracts.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

The new standard is effective for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 15 'Revenue from contracts with customers'

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. HKFRS 15 specifies how and when the Group will recognise revenue as well as requiring the Group to provide users of Historical Financial Information with more informative and relevant disclosures.

Management is currently analysing the impact of the new standard on the Group's Historical Financial Information and has initially identified areas which are likely to be affected, including the appropriate treatment for service income, which will need to be reassessed if it meets the criteria of series guidance for a series of distinct goods or services has the same pattern of transfer to the customer under the HKFRS 15. The Group will continue to assess the impact on the Group's Historical Financial Information and does not expect that the adoption of the new standard will result in any material impact on the Group's results and financial position.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

HKFRS 16 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at 31 December 2015, 2016 and 2017, the Group has non-cancellable operating lease commitments of RMB407,000, RMB440,000 and RMB734,000, respectively (Note 28), which are not reflected in the consolidated statements of financial position. According to HKFRS 16, each lease will be mapped in the Group's consolidated balance sheets. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated balance sheets. As for the financial performance impact in the consolidated income statements, the operating lease expenses will decrease, while depreciation and amortization and the interest expenses will increase. The Group will continue to assess the impact and does not expect that the adoption of the new standard will result in any material impact on the Group's results and financial position.

The new standard is effective for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other HKFRS or interpretation that are not yet effective that would be expected to have a material impact on the Group.

4.2 Subsidiaries**4.2.1 Consolidation**

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations under common control*

Business combinations under common control refers to combination where the combining entities are controlled by the same parties before and after the combination and that control is not transitory.

The acquirer measures both the consideration paid and net assets obtained at their carrying amounts. The difference between the carrying amounts of net assets obtained and the carrying amount of the consideration paid is recorded in reserve. All direct transactions cost attributable to the business combination is recorded in the consolidated statement of comprehensive income in the current period. However, the handling fee, commissions and other expenses incurred for the issuance of equity instruments or bonds for the business combination are recorded in the initial measurement of the equity instruments and bonds respectively.

(b) *Business combinations not under common control*

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies

4.2.2 *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the Historical Financial Information of the investee's net assets including goodwill.

4.3 **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management that makes strategic decisions.

4.4 **Foreign currency translation**

(a) Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. income and expenses for each income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the translation dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii. all resulting currency translation differences are recognised in other comprehensive income.

4.5 **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the purchase price of the asset and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Motor vehicles	5 years
Equipment	3 years
Furniture	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4.6).

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised in the consolidated statement of comprehensive income.

4.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

4.7 Financial assets

4.7.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet (Notes 4.10 and 4.11).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

4.7.2 *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

4.8 **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

4.9 **Impairment of financial assets**

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. If, in a

subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

4.10 Trade receivables and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 4.7.2 for further information about the Group's accounting for trade receivables and Note 4.6 for a description of the Group's impairment policies.

4.11 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

4.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

4.15 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.17 Employee benefits

(a) *Pension obligations*

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans. The contributions are recognised as employee benefit expense when they are due.

(b) *Housing funds*

The PRC employees of the Group are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to those funds based on a certain percentage of the employee's salaries. The Group's liabilities in respect of these funds is limited to the contributions payable in each period.

4.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.19 Revenue recognition

Revenue is recognised under the percentage of completion method, measured by reference to the percentage of contracts costs incurred to date to the estimated total contracts costs for each contract. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable to be recoverable.

4.20 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

4.21 Dividend income

Dividend income is recognised when the right to receive payment is established.

4.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Cash flow and fair value interest rate risk

Borrowings obtained at variable rates expose the group to cash flow and interest rate risk which is partially offset by cash and wealth management products held at variable rates. Borrowings obtained at fixed rates expose the group to fair value interest rate risk. The Group is not exposed to significant interest rate risk as the Group has no long-term borrowings with variable rates.

(b) Credit risk

The Group takes on exposure to credit risk, which is the risk that a customer or counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is one of the most significant risks for the Group's business.

Credit risk exposures arise principally in cash and cash equivalents and trade and other receivables shown on consolidated balance sheets.

For cash at bank the Group manages the credit risk by placing its domestic deposits in state-owned financial institutions in the PRC and overseas' deposits with reputable international financial institutions. The Group believes those banks and financial institutions are of high-credit-quality without significant credit risk. Thus it considers credit risk of its cash at bank not of high credit risk.

The Group's trade receivables arise from exhibition and event marketing services fees, a large portion of which are in turn derived from main customers that are renowned automobile companies. Should there be change in the strategic relationships with these main customers that might cause change in the cooperative arrangements; or if they experience financial difficulties themselves which in turn causes difficulties in their settling payables to the Group, the Group's revenue from those automobile companies might be adversely affected due to deterioration in recoverability of trade receivables from them.

To manage this risk, the Group's management team maintains frequent communications with their contacts at those automobile companies to ensure the Group captures the most updated understanding about relevant customer's business status and assesses their credibility. In view of the smooth cooperation history with these automobile companies and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding trade receivable balances due from those automobile companies is low. As for new customers, each local entity is responsible for managing and analysing the credit risk for each of their new customers before they offer such new customers standard payment and delivery terms and conditions. To do such assessment, various factors including their financial position and other factors about these new customers would be considered.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's finance department. The Group's finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2015				
Borrowings and interests	4,590	—	—	—
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	<u>30,162</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><u>34,752</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>
As at 31 December 2016				
Borrowings and interests	5,098	—	—	—
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	<u>12,675</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><u>17,773</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>
As at 31 December 2017				
Borrowings and interests	—	—	—	—
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	<u>35,642</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><u>35,642</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

5.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total interest-bearing borrowings divided by total equity.

The gearing ratios at 31 December 2015, 2016 and 2017 were as follows:

	As at 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total interest-bearing borrowings	4,500	5,000	—
Total equity	16,871	27,861	26,662
Gearing ratio	26.7%	17.9%	Nil

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2015, 2016 and 2017 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are required to be measured at fair value at 31 December 2015 and 2016. As at 31 December 2017, there were no assets and liabilities that are required to be measured at fair value.

	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2015				
Assets				
Available-for-sale financial assets				
— Investment	—	—	750	750
Total assets	—	—	750	750
As at 31 December 2016				
Assets				
Available-for-sale financial assets				
— Financial products as designed by a financial institution	—	—	3,000	3,000
Total assets	—	—	3,000	3,000

There were no transfers between levels 1, 2 and 3 during the Track Record Period.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the years ended 31 December 2015, 2016 and 2017.

	Investment <i>RMB'000</i>	Financial products <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2015	—	—	—
Additions	750	—	750
As at 31 December 2015	<u>750</u>	<u>—</u>	<u>750</u>
Changes in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year ended 31 December 2015	—	—	—
As at 1 January 2016	750	—	750
Additions	—	8,500	8,500
Settlements	(750)	(5,500)	(6,250)
As at 31 December 2016	<u>—</u>	<u>3,000</u>	<u>3,000</u>

	Investment <i>RMB'000</i>	Financial products <i>RMB'000</i>	Total <i>RMB'000</i>
Changes in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year ended 31 December 2016	—	—	—
As at 1 January 2017	—	3,000	3,000
Additions	—	—	—
Settlements	—	(3,000)	(3,000)
As at 31 December 2017	<u>—</u>	<u>—</u>	<u>—</u>
Changes in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year ended 31 December 2017	<u>—</u>	<u>—</u>	<u>—</u>

As at 31 December 2015, the available-for-sale financial assets are investment in unlisted equity securities held by the Group. The investee was incorporated on 16 February 2015 whose capital was fully paid on 24 November 2015. The fair value of the investment is approximate to the book value and relevant fair value gain/loss are minimal because the investee was at pre-operation stage and there was no significant activity occurred nor significant cost incurred during the period from 25 November 2015 to 31 December 2015. As of 31 December 2015, the net assets of the investee was composed mostly of cash and cash equivalents. Therefore, the unobservable input used in the fair value measurement of the investment is the current deposit interest rate. If the current deposit interest rate was 10% higher/lower, the fair value gain/loss would be less than RMB1,000 higher/lower.

As at 31 December 2016, the available-for-sale financial assets are wealth management products held by the Group which was acquired on 5 September 2016 and 6 September 2016, respectively. The unobservable input used in the fair value measurement of the wealth management products is the expected annual interest rate. The fair value of the wealth management products held by the Group is approximate to the book value and relevant fair value gain/loss are minimal because of short term maturity. If the expected annual interest rates were 10% higher/lower, the fair value gain/loss would be RMB3,000 higher/lower.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) *Income taxes*

The Group is mainly subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver exhibition and event related services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. When the final cost incurred by the Group is different from the amounts that were initially budgeted, such differences will impact the revenue and profit or loss recognised in the period in which such determination is made. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

7 SEGMENT INFORMATION

The Group had one single operating and reportable segment, namely the provision of exhibition and event related services. Although exhibition and event related services consist of different business units of the Group, information provided to the chief operating decision-maker is at the revenue level and the Group does not allocate operating costs or assets across business units, as the chief operating decision-maker does not use such information to allocate resources or evaluate the performance of the business units. Details of the Group's revenue are set out in Note 8.

The Group's revenue is derived from within the PRC, no geographical information is presented.

8 REVENUE

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exhibition and event related services	<u>89,768</u>	<u>88,304</u>	<u>97,000</u>

Revenue from transactions with external customers amounting to 10% or more of the Group's revenues are as follows:

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	30,009	19,962	23,763
Customer B	21,779	27,839	34,833
Volkswagen Group Import Company Ltd.	<u>20,749</u>	<u>22,298</u>	<u>19,158</u>

9 OTHER INCOME

	Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investment income	<u>—</u>	<u>24</u>	<u>69</u>

10 OTHER GAINS/(LOSSES) — NET

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Foreign exchange losses — net	—	—	(144)
Gains on disposals of property, plant and equipment	—	182	—
	<u>—</u>	<u>182</u>	<u>(144)</u>

11 EXPENSES BY NATURE

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Cost of exhibition and event related services provided by suppliers	65,979	60,215	67,142
Employee benefit expenses, including directors' emoluments (Note 12)	4,001	4,856	6,146
Depreciation on property, plant and equipment (Note 17)	83	600	827
Transportation and logistics expenses	956	1,542	748
Operating lease rentals in respect of buildings and related expenses	380	447	669
Listing expenses	—	—	11,346
Management consulting and other services expenses	157	1,202	2,616
Travelling and entertainment expenses	2,234	2,601	2,935
Office supplies	654	428	341
Conference and training expenses	37	186	96
Advertising and marketing expenses	—	—	1,330
Business taxes and surcharges	99	120	200
Provision for impairment of trade and other receivables	—	1,178	307
Others	273	197	485
Total cost of service, selling expenses and administrative expenses	<u>74,853</u>	<u>73,572</u>	<u>95,188</u>

12 EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Wages and salaries	2,883	3,291	3,697
Pension scheme and other social security costs	652	658	1,099
Housing benefits	76	439	652
Other costs and benefits	390	468	698
	<u>4,001</u>	<u>4,856</u>	<u>6,146</u>

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2015, 2016 and 2017 included one, two and two directors respectively whose emoluments are reflected in the analysis shown in Note 30. The aggregate amounts of emoluments paid and payable to the remaining four, three and three individuals for the year ended 31 December 2015, 2016 and 2017 respectively are as follows:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Wages and salaries	439	279	263
Pension scheme and other social security costs	42	47	91
Housing benefits	24	41	78
Other costs and benefits	—	144	95
	<u>505</u>	<u>511</u>	<u>527</u>

The emoluments fell within the following bands:

	Number of individuals		
	Year ended 31 December		
	2015	2016	2017
Emoluments bands (in HK\$)			
Nil — HK\$1,000,000	<u>4</u>	<u>3</u>	<u>3</u>

13 FINANCE INCOME AND EXPENSES

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Finance income			
Interest income on bank balances and deposits	<u>21</u>	<u>26</u>	<u>21</u>
Finance expense			
Interest expense on bank borrowings	(259)	(234)	(107)
Others	<u>(3)</u>	<u>(3)</u>	<u>(7)</u>
	<u>(262)</u>	<u>(237)</u>	<u>(114)</u>
Finance expenses — net	<u>(241)</u>	<u>(211)</u>	<u>(93)</u>

14 INCOME TAX EXPENSE

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Current income tax	4,185	4,032	2,775
Deferred income tax	—	(295)	(347)
Income tax expense	4,185	3,737	2,428

- (a) The Company was incorporated in the Cayman Islands. Under current laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Company.
- (b) Provision for the PRC corporate income tax is calculated based on the statutory tax rate of 25% on the assessable income of each of the group companies.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% as follows:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Profit before income tax	14,674	14,727	1,644
Tax expense calculated at applicable PRC statutory tax rate of 25%	3,669	3,682	411
Expenses not deductible for tax purposes	516	55	1,972
Tax effect of unrecognised tax losses	—	—	45
Tax charge	4,185	3,737	2,428

15 EARNINGS PER SHARE

(a) Basic earnings per shares

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Total profit/(loss) attributable to shareholders (RMB)	10,489,000	10,990,000	(784,000)
Weighted average number of ordinary shares in issue	100	100	1,890
Basic earnings/(losses) per share (a) (in RMB)	104,890	109,900	(415)

- (a) The earnings/(losses) per share as presented above is calculated using the weighted average number of ordinary shares of 100, 100 and 1,890 shares for the years ended 31 December 2015, 2016 and 2017 respectively. In determining the weighted average number of ordinary shares, the 100 shares issued upon incorporation were treated as if they have been in issue since 1 January 2015.

The earnings per share as presented above has not taken into account the proposed capitalisation issue of 1,499,990,000 shares pursuant to the shareholders' resolutions passed on 16 May 2018 because the proposed capitalisation issue has not become effective as of the date of this report.

(b) Diluted earnings per shares

No diluted earnings/(losses) per share is presented as the Group has no dilutive potential ordinary shares during the Track Record Period.

16 SUBSIDIARIES

Investment in subsidiaries is recorded at cost, which is the fair value of the consideration paid.

17 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles RMB'000	Equipment and Furniture RMB'000	Total RMB'000
As at 1 January 2015			
Cost	385	79	464
Accumulated depreciation	(18)	(75)	(93)
Net book amount	<u>367</u>	<u>4</u>	<u>371</u>
Year ended 31 December 2015			
Opening net book amount	367	4	371
Additions	609	25	634
Depreciation charge	(82)	(1)	(83)
Closing net book amount	<u>894</u>	<u>28</u>	<u>922</u>
As at 31 December 2015			
Cost	995	103	1,098
Accumulated depreciation	(101)	(75)	(176)
Net book amount	<u>894</u>	<u>28</u>	<u>922</u>
Year ended 31 December 2016			
Opening net book amount	894	28	922
Additions	1,871	1,393	3,264
Disposals	(733)	—	(733)
Depreciation charge	(224)	(376)	(600)
Closing net book amount	<u>1,808</u>	<u>1,045</u>	<u>2,853</u>
As at 31 December 2016			
Cost	1,871	1,496	3,367
Accumulated depreciation	(63)	(451)	(514)
Net book amount	<u>1,808</u>	<u>1,045</u>	<u>2,853</u>
Year ended 31 December 2017			
Opening net book amount	1,808	1,045	2,853
Additions	—	169	169
Depreciation charge	(355)	(472)	(827)
Closing net book amount	<u>1,453</u>	<u>742</u>	<u>2,195</u>
As at 31 December 2017			
Cost	1,871	1,665	3,536
Accumulated depreciation	(418)	(923)	(1,341)
Net book amount	<u>1,453</u>	<u>742</u>	<u>2,195</u>

Depreciation charges were expensed in the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Cost of service	—	368	441
Administration expenses	83	232	386
	<u>83</u>	<u>600</u>	<u>827</u>

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Unlisted investment, at cost (a)	750	—	—
Financial products as designed by a financial institution	—	3,000	—
Less: non-current portion	<u>(750)</u>	<u>—</u>	<u>—</u>
Current portion	<u>—</u>	<u>3,000</u>	<u>—</u>

- (a) On 20 April 2015, Beijing Dowway acquired 15% equity interest of Beijing Bafang Wuxian Cultural Communication Company Limited (“Bafang Wuxian”) at a consideration of RMB750,000. On 3 May 2016, Beijing Dowway disposed of all its 15% equity interest of Bafang Wuxian to an independent third party at consideration of RMB750,000.

19 TRADE AND OTHER RECEIVABLES

Group

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Trade receivables	29,003	24,321	37,423
Less: allowance for impairment of trade receivables	<u>—</u>	<u>(1,178)</u>	<u>(1,485)</u>
Trade receivables — net	29,003	23,143	35,938
Prepayments to suppliers	142	1,843	1,775
Deposits	50	278	368
Advances to Controlling Shareholder (Note 29)	5,211	6,050	666
Loan to employee	—	200	200
Staff advances	14	735	959
Prepayments for professional services fee in respect of listing preparation	—	—	4,769
Others	<u>396</u>	<u>234</u>	<u>52</u>
Total trade and other receivables, and prepayments	<u>34,816</u>	<u>32,483</u>	<u>44,727</u>

The Group's trade receivables were denominated in RMB and the carrying amounts approximated their fair values. At 31 December 2015, 2016 and 2017, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Up to 3 months	28,320	18,238	35,137
3 to 6 months	683	4,352	1
Over 6 months	—	1,731	2,285
	<u>29,003</u>	<u>24,321</u>	<u>37,423</u>

Customers are normally granted credit terms ranging from 30 to 180 days. As at 31 December 2015, 2016 and 2017, trade receivables of RMB696,000, RMB8,050,000 and RMB800,000 were past due but not impaired respectively. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Up to 3 months	13	3,145	—
3 to 6 months	683	3,824	—
Over 6 months	—	1,081	800
	<u>696</u>	<u>8,050</u>	<u>800</u>

As at 31 December 2015, 2016 and 2017, trade receivables of nil, RMB1,178,000 and RMB1,485,000, respectively were impaired and fully provided for. The individually impaired receivables mainly relate to independent customers, which are in unexpected difficult financial situations. The ageing of these receivables is as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
3 to 6 months	—	528	—
Over 6 months	—	650	1,485
	<u>—</u>	<u>1,178</u>	<u>1,485</u>

Movement in allowance for impairment of trade receivables is analysed as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
As at the beginning of the year	—	—	1,178
Provision for impairment of trade receivables	—	1,178	307
As at the end of the year	<u>—</u>	<u>1,178</u>	<u>1,485</u>

The creation and release of provision for impaired trade receivables have been included in administrative expenses in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of trade receivables mentioned above.

Company

The following balances due from subsidiaries are non-interest bearing, unsecured and repayable on demand and are denominated in RMB.

	As at 31 December 2017 RMB'000
Amounts due from subsidiaries	
— Non-trade in nature	
HK Dowway	19,355
Beijing Dowway	<u>6,328</u>
	<u>25,683</u>

20 CASH AND CASH EQUIVALENTS**Group**

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Cash at banks	21,354	13,218	20,100
Cash at hand	<u>2</u>	<u>19</u>	<u>63</u>
	<u>21,356</u>	<u>13,237</u>	<u>20,163</u>

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 December		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
US dollars	—	—	3,099
Hong Kong dollars	—	—	8
RMB	<u>21,356</u>	<u>13,237</u>	<u>17,056</u>
	<u>21,356</u>	<u>13,237</u>	<u>20,163</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The Group's balances of cash at banks which are mainly denominated in RMB are deposited with bank in the PRC. The conversion of these RMB-denominated balances into foreign currencies and the remittance of funds out of the Mainland China are subject to the rules and regulations of foreign exchange control promulgated by the Government of the PRC.

Company

	As at 31 December 2017 RMB'000
Cash at banks	<u>3,106</u>

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 December 2017
	<i>RMB'000</i>
US dollars	3,099
Hong Kong dollars	<u>7</u>
	<u><u>3,106</u></u>

21 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares

	Number of shares (thousands)	Value of ordinary shares US\$
Company		
Authorised:		
Ordinary shares of US\$0.0001 each upon incorporation and as at 31 December 2017	<u>500,000</u>	<u>50,000</u>
	Number of shares	Nominal value of ordinary shares US\$
		Equivalent value of ordinary shares RMB'000
		Share premium RMB'000
		Total RMB'000
Issued and paid:		
As at 28 April 2017 (date of incorporation) (a)	100	0.01
Issuance of ordinary shares (b)	<u>9,900</u>	<u>0.99</u>
	<u>10,000</u>	<u>1</u>
As at 31 December 2017	<u>10,000</u>	<u>1</u>

(a) The Company was incorporated in the Cayman Islands on 28 April 2017 with an authorised share capital of US\$50,000 divided into 500,000,000 shares of a par value of US\$0.0001 each.

(b) As set forth in Note 2, on 27 October 2017, the Company allotted and issued 210, 665, 8,393 and 632 ordinary shares at consideration of RMB3,000,000, RMB9,500,000, US\$2,334,300 (equivalent to approximately RMB15,517,000) and US\$175,700 (equivalent to approximately RMB1,168,000) to Mr. Shao, Longling Capital, A&B and D&S respectively.

22 RESERVES

	Capital reserves RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Total RMB'000
As at 1 January 2015	10,000	—	—	10,000
Profit appropriation to statutory reserves	<u>—</u>	<u>687</u>	<u>—</u>	<u>687</u>
As at 31 December 2015	<u>10,000</u>	<u>687</u>	<u>—</u>	<u>10,687</u>
As at 1 January 2016	10,000	687	—	10,687
Profit appropriation to statutory reserves	<u>—</u>	<u>1,099</u>	<u>—</u>	<u>1,099</u>
As at 31 December 2016	<u>10,000</u>	<u>1,786</u>	<u>—</u>	<u>11,786</u>
As at 1 January 2017	10,000	1,786	—	11,786
Profit appropriation to statutory reserves	<u>—</u>	<u>667</u>	<u>—</u>	<u>667</u>
Deemed distribution to shareholders	<u>(10,000)</u>	<u>—</u>	<u>(9,600)</u>	<u>(19,600)</u>
As at 31 December 2017	<u>—</u>	<u>2,453</u>	<u>(9,600)</u>	<u>(7,147)</u>

(a) Capital reserves and other reserves

The Historical Financial Information has been prepared as if the current group structure had been in existence throughout each of the years ended 31 December 2015, 2016 and 2017 or since the respective dates of incorporation of the combining companies, or since the date when the combining companies first came under the control of Mr. Huang, whenever there is a shorter period. Capital reserves of the Group represented the paid in capital of Beijing Dowway.

Pursuant to the Reorganisation as set forth in Note 2, on 25 September 2017, HK Dowway acquired 90.9%, 7% and 2.1% equity interest in Beijing Dowway at a consideration of RMB17,816,400, RMB1,372,000 and RMB411,600 from Mr. Huang, Mr. Zhao and Mr. Shao, respectively. The consideration paid has been treated as deemed distributions to shareholders among which RMB10,000,000 was debited against capital reserves while the rest RMB9,600,000 was debited against other reserves.

(b) Statutory reserves

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the companies incorporated in the PRC now comprising the Group (the "PRC Subsidiaries"), it is required to appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserves fund before distributing the net profit. When the balance of the statutory reserves fund reaches 50% of the registered capital of the PRC Subsidiaries, any further appropriation is at the discretion of shareholders. The statutory reserves fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding, provided that the remaining balance of the statutory reserves fund after such issue is not less than 25% of registered capital.

23 TRADE AND OTHER PAYABLES

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Trade payables	30,095	12,556	29,845
Advances from customers	10	10	36
Employee benefit payables	1,328	659	849
Other tax payables	1,028	80	1,112
Accrued professional services fee in respect of listing preparation	—	—	5,704
Others	67	119	93
	<u>32,528</u>	<u>13,424</u>	<u>37,639</u>

As at 31 December 2015, 2016 and 2017, the ageing analysis of the trade and other payables based on invoice date are follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
0 — 90 days	27,708	11,301	37,619
91 — 180 days	—	1,000	1
181 — 365 days	4,820	113	—
Over 365 days	—	1,010	19
	<u>32,528</u>	<u>13,424</u>	<u>37,639</u>

24 BORROWINGS

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Current - Bank borrowings	<u>4,500</u>	<u>5,000</u>	<u>—</u>

The carrying amounts of the borrowings at the respective balance sheet dates approximate their fair value as the impact of discounting is not significant. As at 31 December 2015 and 2016, bank borrowings with maturity date of 4 May 2016 and 31 May 2017 respectively, and bore interest at rates of 5.89% and 4.79%, respectively per annum.

As at 31 December 2015 and 2016, all the bank borrowings were secured by one property owned by Mr. Huang.

As at 31 December 2015 and 2016, the Group's borrowings were repayable as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Within 1 year	4,500	5,000	—

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Less than 6 months	4,500	5,000	—

25 DEFERRED INCOME TAX

As at 31 December 2015, 2016 and 2017, the deferred income tax assets recognised are expected to be recovered more than 12 months

The movement in deferred income tax assets during the year, without taking into consideration the offsetting of balances with the same tax jurisdiction, is as follows:

Deferred income tax assets

	Provisions RMB'000	Tax losses RMB'000	Total RMB'000
As at 1 January 2015 and 31 December 2015	—	—	—
As at 1 January 2016	—	—	—
Credited to consolidated statement of comprehensive income	295	—	295
As at 31 December 2016	295	—	295
As at 1 January 2017	295	—	295
Credited to consolidated statement of comprehensive income	76	271	347
As at 31 December 2017	371	271	642

The Group recognised the deferred tax assets of RMB400,000 in respect of provision for impairment of trade receivables to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group recognised the deferred income tax assets of RMB271,000 in respect of tax losses amounting to RMB1,085,000 of Dowway Cultural for the year ended 31 December 2017. There is no material tax losses of other entities in the Group carried forward in respect of which deferred tax assets have not been accounted for.

All of the tax losses will be expired as of 31 December 2022.

According to PRC tax regulations, distribution of profits earning by PRC companies since 1 January 2018 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

Except for the dividend declared by Beijing Dowway of RMB10,000,000 on 28 August 2017, the Group does not have any plan to require the PRC Subsidiaries to distribute the remaining earnings and intends to retain them to operate and expand its business in the PRC. As a result, no deferred tax liability on withholding tax was recognised.

26 DIVIDENDS

Pursuant to a resolution of the board of directors' meeting of Beijing Dowway held on 28 August 2017, a dividend of RMB 10,000,000 to its then shareholders was declared. The dividend has been fully settled as of 31 December 2017.

No dividend has been paid or declared by the Company during each of the years ended 31 December 2015, 2016 and 2017.

27 CASH GENERATED FROM OPERATIONS

	Years ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Profit before income tax	14,674	14,727	1,644
Adjustments for:			
— Depreciation of property, plant and equipment (<i>Note 17</i>)	83	600	827
— Impairment provision of trade and other receivables (<i>Note 11</i>)	—	1,178	307
— Gains on disposal of property, plant and equipment (<i>Note 10</i>)	—	(182)	—
— Gains on financial assets	—	—	(69)
— Finance expenses — net (<i>Note 13</i>)	238	208	86
— Foreign exchange losses	—	—	191
Changes in working capital:			
— Trade and other payables	390	(19,104)	24,215
— Trade and other receivables	(4,428)	2,194	(17,935)
Cash generated from/(used in) operations	10,957	(379)	9,266

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Years ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Net book amount (<i>Note 17</i>)	—	733	—
Gains on disposal of property, plant and equipment	—	182	—
Proceeds from disposal of property, plant and equipment	—	915	—

The reconciliation of borrowings arising from financial activities is as follows:

	Years ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
As at the beginning of the year/period	4,500	4,500	5,000
Cash flows			
— inflow from financing activities	4,500	5,000	—
— outflow from financing activities	<u>(4,500)</u>	<u>(4,500)</u>	<u>(5,000)</u>
As at the end of the year/period	<u>4,500</u>	<u>5,000</u>	<u>—</u>

28 COMMITMENTS

The Group leases office under non-cancellable operating lease agreements. The lease terms are no later than 1 year, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Not later than 1 year	<u>407</u>	<u>440</u>	<u>734</u>

29 RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control. Members of controlling shareholder, key management and their close family member of the Group are also considered as related parties.

Related Party	Relationship
Mr. Huang	Controlling Shareholder
Mr. Huang Xing	Close family member of the Controlling Shareholder
Mrs. Qiao Hong	Close family member of the Controlling Shareholder
Beijing Tianping Jiaoyang Exhibition Company Limited (“Tianping Jiaoyang”) ⁽ⁱ⁾	Entity controlled by the financial manager of Beijing Dowway
Beijing Xingao Xinyuan International Exhibition Service Company Limited (“Xingao Xinyuan”) ⁽ⁱⁱ⁾	Associate owned by the Controlling Shareholder prior to 17 February 2016

Note:

- (i) As of 31 December 2014, Tianping Jiaoyang was owned as to 60% by Mr. Yin, who is the financial manager of Beijing Dowway. On 31 July 2015, Mr. Yin transferred his entire shareholdings of 60% equity interest of Tianping Jiaoyang to the other shareholder of Tianping Jiaoyang. Thereafter, Tianping Jiaoyang is not considered as related party of the Group since 31 July 2015.

- (ii) For the year ended 31 December 2015, Xingao Xinyuan was owned as to 30% by Mr. Huang. On 17 February 2016, Mr. Huang transferred his entire shareholdings of 30% equity interest of Xingao Xinyuan to the other shareholder of Xingao Xinyuan. Thereafter, Xingao Xinyuan was not considered as a related party of our Group.

(a) Significant transactions with related parties

During the Track Record Period, the Group has the following significant transactions with related parties:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Purchases of services from:			
Tianping Jiaoyang	992	—	—
Xingao Xinyuan	204	—	—
Mr. Huang Xing	100	120	90
Mrs. Qiao Hong	100	120	90
	<u>1,396</u>	<u>240</u>	<u>180</u>

(b) Key management compensation

Details of compensation paid or payable to key management (including the senior management and the directors) of the Group are as follows:

	Year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Wages and salaries	588	523	501
Pension scheme and other social security costs	55	94	176
Housing benefits	14	82	148
Other costs and benefits	—	270	172
	<u>657</u>	<u>969</u>	<u>997</u>

(c) Year-end balances

	As at 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Receivables from related parties:			
— Non-trade in nature			
Mr. Huang	<u>5,211</u>	<u>6,050</u>	<u>666</u>

(d) Security from related parties

Bank borrowings amounting to RMB4,500,000, RMB5,000,000 are secured by one property owned by Mr. Huang as at 31 December 2015 and 2016 respectively.

30 BENEFITS AND INTERESTS OF DIRECTORS

Directors' and chief executive's emoluments

The remuneration of each Director during Track Record Period set out below:

	Salary <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Contribution to pension plan, welfare and other expense <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2015				
Name of executive director				
Mr. Huang	93	—	11	104
Mr. Yan Jinghui (“Mr. Yan”)	87	—	18	105
Mr. Ma Yong (“Mr. Ma”)	93	40	18	151
	<u>273</u>	<u>40</u>	<u>47</u>	<u>360</u>

For the year ended 31 December 2016

Name of executive director

Mr. Huang	81	—	63	144
Mr. Yan	91	—	80	171
Mr. Ma	91	—	82	173
	<u>263</u>	<u>—</u>	<u>225</u>	<u>488</u>

	Salary <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Contribution to pension plan, welfare and other expense <i>RMB'000</i>	Total <i>RMB'000</i>
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For the year ended 31 December 2017

Name of executive director

Mr. Huang	78	—	74	152
Mr. Yan	88	—	85	173
Mr. Ma	88	—	85	173
	<u>254</u>	<u>—</u>	<u>244</u>	<u>498</u>

31 SUBSEQUENT EVENT

Pursuant to the shareholders' resolutions of the Company passed on 16 May 2018, the authorized share capital of the Company increased from US\$50,000 to US\$2,000,000 by the creation of an additional of 19,500,000,000 ordinary shares of a par value of US\$0.0001 each, each ranking pari passu with the ordinary shares then in issue in all respects.

Pursuant to the shareholders' resolutions of the Company passed on 16 May 2018, subject to the share premium account of the Company being credited as a result of the share offer, the directors of the Company are authorised to allot and issue a total of 1,499,990,000 ordinary shares credited as fully paid at par to the holders of ordinary shares on the register of members of our Company at the close of business on 14 May 2018 in proportion to their shareholdings (save that no shareholder shall be entitled to be allotted or issued any fraction of an ordinary share) by way of capitalisation of the sum of US\$149,999 standing to the credit of the share premium account of the Company, and the ordinary shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued ordinary shares.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2017 and up to the date of this report.

Other than the dividend declared by Beijing Dowway as disclosed in Note 26 of section II above, no other dividend or distribution has been declared or made by the Company in or any of the companies now comprising respect of any period subsequent to 31 December 2017 and up to the date of this report.

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION
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The information set forth in this appendix does not form part of the Accountant's Report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of our Group which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Share Offer on the audited consolidated net tangible assets of our Group attributable to equity holders of our Company as of 31 December 2017, as if the Share Offer had taken place on 31 December 2017.

The unaudited pro forma statement of adjusted net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of our Group attributable to equity holders of our Company had the Share Offer been completed as of 31 December 2017 or at any future date. It is prepared based on the audited consolidated net tangible assets of the Group attributable to equity holders of our Company as of 31 December 2017 as set out in the Accountant's Report in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of our Group attributable to equity holders of our Company as of 31 December 2017 RMB'000 (Note 1)	Estimated net proceeds from the Share Offer RMB'000 (Note 2)	Unaudited pro forma adjusted net tangible assets attributable to the owners of our Company RMB'000	Unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company per Share	
				<i>RMB</i> (Note 3)	<i>HK\$</i> (Note 4)
Based on the Offer Price of HK\$0.12 per Share	26,662	35,800	62,462	0.03	0.04
Based on the Offer Price of HK\$0.16 per Share	26,662	51,932	78,594	0.04	0.05

Notes:

- (1) The amount is calculated based on audited consolidated net assets of our Group attributable to equity holders of our Company as of 31 December 2017 amounting to approximately RMB26,662,000, as extracted from the Accountant's Report of our Group set out in Appendix I to this prospectus.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (2) The estimated net proceeds from the Share Offer are based on 500,000,000 new Shares at the indicative Offer Prices of HK\$0.12 and HK\$0.16 per Share, respectively, after deduction of the underwriting fees and other related expenses expected to be recognised by the Group subsequent to 31 December 2017 and takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by the Company pursuant to the General Mandate to issue shares or General mandate to repurchase shares as described in the section headed “Share Capital” in this prospectus.
- (3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 2,000,000,000 Shares, being the number of Shares expected to be in issue assuming that the Share Offer and the Capitalisation Issue had been completed on 31 December 2017 but takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by the Company pursuant to the General mandate to issue shares or General Mandate to repurchase shares as described in the section headed “Share Capital” in this prospectus.
- (4) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of RMB1.00 to HK\$1.196301. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustments have been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2017.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Dowway Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Dowway Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 December 2017, and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 29 May 2018, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group’s financial position as at 31 December 2017 as if the proposed initial public offering had taken place at 31 December 2017. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s financial statements for the period ended 31 December 2017, on which an accountant’s report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 December 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 May 2018

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 April 2017 under the Companies Law. The Company's constitutional documents consist of its Memorandum and Articles.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 16 May 2018. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in

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nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Companies Law and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for

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registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

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(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

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(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

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The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

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The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

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(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

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(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

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A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

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(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

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At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the

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time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

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(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual

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general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

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Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

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The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part

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of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 28 April 2017 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Companies Law;

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- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

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A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

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(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

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(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary

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winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

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(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 28 April 2017. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 10 January 2018 and our principal place of business in Hong Kong is at Room 1603, 16/F, 29 Queen's Road Central, Central, Hong Kong. Loong & Yeung of Room 1603, 16/F, 29 Queen's Road Central, Central, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the Cayman Islands, we are subject to the relevant laws of the Cayman Islands and our constitution which comprises the Memorandum of Association and the Articles. A summary of the relevant aspects of the Cayman Companies Law and certain provisions of the Articles is set out in Appendix III to this Prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation of our Company, our authorised share capital was US\$50,000 divided into 500,000,000 Shares of US\$0.0001 each. Upon incorporation, one fully paid Share was allotted and issued to the subscriber. The subscriber transferred such Share to Mr. Huang, and 92 and 7 fully paid Shares were further allotted and issued to Mr. Huang and Mr. Zhao respectively.
- (b) On 27 June 2017, Mr. Huang and Mr. Zhao transferred 93 Shares and 7 Shares to A&B and D&S at par value respectively.
- (c) As part of the Reorganisation, pursuant to the Pre-IPO Investment Agreements and the applications for Shares made to our Company by A&B and D&S on 27 October 2017, 210, 665, 8,393 and 632 Shares were allotted and issued to Mr. Shao, Longling Capital, A&B and D&S respectively.
- (d) On 16 May 2018, our Shareholders resolved to increase the authorised share capital of our Company from US\$50,000 to US\$2,000,000 by the creation of an additional of 19,500,000,000 Shares, each ranking *pari passu* with our Shares then in issue in all respects.

Immediately following completion of the Capitalisation Issue and the Share Offer, the authorised share capital of our Company will be US\$2,000,000 divided into 20,000,000,000 Shares, of which 2,000,000,000 Shares will be issued fully paid or credited as fully paid, and 18,000,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "Written resolutions of our Shareholders passed on 16 May 2018" in this appendix and pursuant to the Share Option Scheme, we do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in the section headed “History and Development” in this prospectus, the section headed “Reorganisation” in the Accountant’s Report in Appendix I and this paragraph headed “Changes in Share Capital of our Company”, there has been no alteration in our Company’s share capital since its incorporation up to the Latest Practicable Date.

3. Written resolutions of our Shareholders passed on 16 May 2018

On 16 May 2018, resolutions in writing were passed by our Shareholders pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum and the Articles, the terms of which are summarised in Appendix III to this prospectus;
- (b) the authorised share capital of our Company was increased from US\$50,000 to US\$2,000,000 by the creation of an additional of 19,500,000,000 Shares of US\$0.0001 each, each ranking pari passu with our Shares then in issue in all respects;
- (c) conditional on the Listing Division granting listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus and on the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
 - (i) the Share Offer was approved and the Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer and any Shares which may be required to be allotted and issued upon the exercise of any share option to rank pari passu with the then existing Shares in all respects;
 - (ii) the Capitalisation Issue was approved and conditional further on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of US\$149,999 standing to the credit of the share premium account of our Company and to appropriate such amount as to capital to pay up in full at par 1,499,990,000 Shares for allotment and issue to the persons whose names appear on the register of members of our Company at the close of business on 14 May 2018 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company, each ranking pari passu in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions;
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” below in this appendix, were approved and adopted and our Directors were authorised, at their absolute discretion but subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of subscription

rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

- (d) a general unconditional mandate was given to the Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Articles or pursuant to a specific authority granted by the Shareholders in general meeting or pursuant to the Share Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements and options which might require the exercise of such power, with such number of Shares not exceeding 20% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue, but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting;
- (e) a general unconditional mandate was given to the Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue, but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting; and

- (f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to such number of Shares which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme.

4. Corporate Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing pursuant to which our Company became the holding company of our Group. For detailed steps of the Reorganisation, please refer to the section headed “History and Development — Reorganisation” in this prospectus.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountant’s Report of our Company, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed “History and Development” in this prospectus, there has been no other alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase of our Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of the Shares by our Company.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, a summary of which is set out below:

(i) Shareholders’ approval

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholders on 16 May 2018, a general unconditional mandate (the “**Repurchase Mandate**”) was granted to the Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such

number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

(ii) Source of Funds

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Company Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) Connected parties

The GEM Listing Rules prohibit our Company from knowingly repurchasing the Shares on GEM from a "core connected person" (as defined in the GEM Listing Rules), which includes a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company on GEM.

(b) Exercise of the Repurchase Mandate

On the basis of 2,000,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue, the Directors would be authorised under the Repurchase Mandate to repurchase up to 200,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid up.

(c) Reasons for repurchases

The Directors believe that it is in the best interests of our Company and its Shareholders for the Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may,

depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Funding of repurchases

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(e) General

None of the Directors or to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable law and regulations from time to time in force in the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the listing of the Shares pursuant to the Repurchase Mandate. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as

the minimum public shareholding under the GEM Listing Rules). No core connected person (as defined in the GEM Listing Rules) has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:





- (a) Tianjin Dowway equity transfer agreement (天平道和(天津)展覽展示有限公司股權轉讓合同) dated 15 June 2017 entered into between Mr. Huang (as transferor) and Beijing Dowway (as transferee), pursuant to which Mr. Huang transferred the entire equity interest in Tianjin Dowway to Beijing Dowway at a consideration of RMB1;
- (b) Dowway Cultural equity transfer agreement (北京天平道和文化發展有限公司股權轉讓合同) dated 15 June 2017 entered into between Mr. Zhou (as transferor) and Beijing Dowway (as transferee), pursuant to which Mr. Zhou transferred 30% of the entire equity interest in Dowway Cultural to Beijing Dowway at a consideration of RMB1;
- (c) Dowway Cultural equity transfer agreement (北京天平道和文化發展有限公司股權轉讓合同) dated 15 June 2017 entered into between Mr. Xiao (as transferor) and Beijing Dowway (as transferee), pursuant to which Mr. Xiao transferred 19% of the entire equity interest in Dowway Cultural to Beijing Dowway at a consideration of RMB1;
- (d) an investment agreement in relation to investment in Dowway (關於投資天平道和事宜之投資協議) dated 15 June 2017 entered into among Mr. Shao, Mr. Huang and Beijing Dowway, pursuant to which, Mr. Shao subscribed for new Shares which represents 2.1% of the enlarged total issued share capital of our Company upon completion of allotment and issue of such Shares, at a consideration of an amount equivalent to RMB3,000,000;
- (e) an investment agreement in relation to investment in Dowway (關於投資天平道和事宜之投資協議) dated 16 June 2017 entered into among Longling Capital Limited, Mr. Huang and Beijing Dowway, pursuant to which, Longling Capital subscribed for new Shares which represents 6.65% of the enlarged total issued share capital of our Company upon completion of allotment and issue of such Shares, at a consideration of an amount equivalent to RMB9,500,000;

- (f) an supplemental agreement to the investment agreement mentioned in paragraph (d) above dated 31 August 2017 entered among Mr. Shao and Mr. Huang and Beijing Dowway, pursuant to which all parties agreed to amend certain terms in such principal investment agreement;
- (g) an supplemental agreement to the investment agreement mentioned in paragraph (e) above dated 31 August 2017 entered among Longling Capital Limited and Mr. Huang and Beijing Dowway, pursuant to which all parties agreed to amend certain terms in such principal investment agreement;
- (h) Beijing Dowway equity transfer agreement (北京天平道和國際展覽有限公司股權轉讓合同) dated 22 September 2017 entered into between Mr. Huang (as transferor) and HK Dowway (as transferee), pursuant to which Mr. Huang transferred 90.9% of the equity interest in Beijing Dowway to HK Dowway at a consideration of RMB17,816,400;
- (i) Beijing Dowway equity transfer agreement (北京天平道和國際展覽有限公司股權轉讓合同) dated 22 September 2017 entered into between Mr. Zhao (as transferor) and HK Dowway (as transferee), pursuant to which Mr. Zhao transferred 7% of the equity interest in Beijing Dowway to HK Dowway at a consideration of RMB1,372,000;
- (j) Beijing Dowway equity transfer agreement (北京天平道和國際展覽有限公司股權轉讓合同) dated 22 September 2017 entered into between Mr. Shao (as transferor) and HK Dowway (as transferee), pursuant to which Mr. Shao transferred 2.1% of the equity interest in Beijing Dowway to HK Dowway at a consideration of RMB411,600;
- (k) a subscription agreement (認購協議) dated 27 October 2017 entered into between A&B and the Company, pursuant to which the Company allotted and issued 8,393 Shares to A&B at a consideration of US\$2,334,300;
- (l) a subscription agreement (認購協議) dated 27 October 2017 entered into between D&S and the Company, pursuant to which the Company allotted and issued 632 Shares to D&S at a consideration of US\$175,700;
- (m) the Deed of Non-Competition (不競爭契據) dated 16 May 2018 executed by A&B and Mr. Huang in favour of our Company, details of which are set out in the section headed “Relationship with Controlling Shareholders — Non-competition Undertakings” in this prospectus;
- (n) the Deed of Indemnity dated 16 May 2018 executed by A&B and Mr. Huang in favour of our Company (for our Company and as trustee for its subsidiaries) containing the indemnities referred to in the paragraph headed “E. Other information — Tax and other indemnities” in this appendix; and
- (o) the Public Offer Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks:

Trademark	Class	Registration Number	Term	Place of Registration	Registered Owner
	37	18710347	7 February 2017 — 6 February 2027	PRC	Beijing Dowway
	40	18710499	7 February 2017 — 6 February 2027	PRC	Beijing Dowway
	41	18710577	7 February 2017 — 6 February 2027	PRC	Beijing Dowway
	37,40,41	304273119	14 September 2017 — 13 September 2027	Hong Kong	Beijing Dowway
					
					

(* a series of three trademarks)

(b) Patents

As at the Latest Practicable Date, our Group has registered the following patents:

Registered Name	Registered No.	Effective Period	Place of Registration	Registered Owner	Type of Patent
A rotating display stand with automatic control setting the rotation angle* (一種設置有旋轉角度自動控制器的旋轉展臺)	201620025989.6	12 January 2016 to 11 January 2026	PRC	Beijing Dowway	Utility model
A track for rotating display stand* (一種旋轉展臺的軌道)	201620026089.3	12 January 2016 to 11 January 2026	PRC	Beijing Dowway	Utility model

Registered Name	Registered No.	Effective Period	Place of Registration	Registered Owner	Type of Patent
A power device for rotating display stand* (一種旋轉展臺的動力裝置)	201620026379.8	12 January 2016 to 11 January 2026	PRC	Beijing Dowway	Utility model
A supporting component for rotating display stand* (一種旋轉展臺的支撐組件)	201620027407.8	12 January 2016 to 11 January 2026	PRC	Beijing Dowway	Utility model
A rotating display stand with carbon brush* (一種設置有碳刷的旋轉展臺)	201620027416.7	12 January 2016 to 11 January 2026	PRC	Beijing Dowway	Utility model
A display stand used in demonstration of carbon fiber performance* (一種用於顯示碳纖維性能的展示櫃)	201620012269.6	7 January 2016 to 6 January 2026	PRC	Beijing Dowway	Utility model
A portable exhibition equipment for automobile performance test* (一種便攜式車輛性能測試展具)	201620012271.3	7 January 2016 to 6 January 2026	PRC	Beijing Dowway	Utility model
A display board with light transmission frame* (一種設置有光能傳遞支架的展示櫃)	201620012878.1	7 January 2016 to 6 January 2026	PRC	Beijing Dowway	Utility model
A quick assembly glass flooring and glass platform* (一種快速拼裝的玻璃地板及玻璃地台)	201620012879.6	7 January 2016 to 6 January 2026	PRC	Beijing Dowway	Utility model
A luminous platform* (一種發光地台)	201620013755.X	7 January 2016 to 6 January 2026	PRC	Beijing Dowway	Utility model
An exhibition equipment for automobile climbing performance test* (一種車輛爬坡性能測試展具)	201620013764.9	7 January 2016 to 6 January 2026	PRC	Beijing Dowway	Utility model

Registered Name	Registered No.	Effective Period	Place of Registration	Registered Owner	Type of Patent
An exhibition equipment for automobile performance test* (一種車輛性能測試器具)	201620013780.8	7 January 2016 to 6 January 2026	PRC	Beijing Dowway	Utility model

(c) Copyright

As at the Latest Practicable Date, our Group has registered the following copyright:

Copyright	Registered No.	Effective Period	Place of Registration	Registered Owner
Dowway 3D exhibition and display system* (天平道和3D展覽顯示系統)	2016SR056246	10 June 2015 to 31 December 2065	PRC	Beijing Dowway
Dowway interactive projection system* (天平道和互動投影系統)	2016SR056251	30 October 2015 to 31 December 2065	PRC	Beijing Dowway
Dowway multi-media digital sandbox display system* (天平道和多媒體數字沙盤展示系統)	2016SR054573	31 October 2014 to 31 December 2064	PRC	Beijing Dowway
Dowway three-dimensional interactive virtual exhibition system* (天平道和三維互動虛擬展館系統)	2016SR060330	8 March 2014 to 31 December 2064	PRC	Beijing Dowway
Dowway cycloramic screen theatre system* (天平道和弧幕影院播放系統)	2016SR053252	31 December 2013 to 31 December 2063	PRC	Beijing Dowway
Dowway quick setup system* (天平道和快速布展系統)	2016SR053261	2 December 2013 to 31 December 2063	PRC	Beijing Dowway

(d) Domain name

As at the Latest Practicable Date, our Group has registered the following domain names:

Domain name	Registrant	Registration Date	Expiration Date
www.dowway-exh.com	Beijing Dowway	29 January 2008	29 January 2023
www.dowway-culture.com	Dowway Cultural	13 July 2017	13 July 2018

3. Information about the PRC subsidiary of our Group**Beijing Dowway**

Date of establishment:	3 June 2002
Corporate nature:	Wholly Foreign Owned Enterprise
Total and paid up registered capital:	RMB10,000,000
Attributable interest of our Company:	100%
Term:	From 3 June 2002 to 24 August 2037
Scope of business:	Provision of exhibition and event services, advertisement, design and production, corporate image planning, public relation planning, technology training and consultancy, sales of daily necessity, electronic products, furniture construction material, computer, software and ancillary devices.
Legal representative:	Mr. Huang

Tianjin Dowway

Date of establishment:	24 June 2014
Corporate nature:	Limited liability company (owned by legal person)
Total registered capital:	RMB500,000 (not paid up)
Attributable interest of our Company:	100%
Term:	Perpetual since 24 June 2014
Scope of business:	Provision of exhibition and event services; advertising; corporate image planning; and public relations planning
Legal representative:	Mr. Huang

Dowway Cultural

Date of establishment:	21 April 2016
Corporate nature:	Limited liability company (owned by legal person)
Total registered capital:	RMB20,000,000 (not paid up)
Attributable interest of our Company:	100%
Term:	From 21 April 2016 to 20 April 2036
Scope of business:	Provision of cultural and arts event services; construction related services; construction designing; corporate planning, visual communication consultancy services and creative planning; sale of electronic products, computer, software and ancillary devices, etc
Legal representative:	Mr. Xiao

C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS

1. Disclosure of Interests

(a) *Interests of Directors and chief executive in Shares, underlying Shares and debentures of our Company and its associated corporations*

So far as the Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (without taking account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) the interests and short positions of the Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on GEM, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to our Company and the Stock Exchange, will be as follows:

(i) *Long position in the Shares*

Name of Director	Capacity/Nature	Number of Shares held/ Interested in	Approximate Percentage of interest
Mr. Huang	Interest of a controlled corporation ^(Note 1)	1,272,900,000	63.65%

(ii) *Long position in the ordinary shares of associated corporations*

Name of Director	Name of associated corporation	Capacity/ Nature	No. of share held	Percentage of Interest
Mr. Huang	A&B	Beneficial Owner	1	100%

Note:

- (1) Mr. Huang beneficially owns 100% of the issued share capital of A&B. Therefore, Mr. Huang is deemed, or taken to be, interested in the 1,272,900,000 Shares held by A&B for the purposes of the SFO.

(b) *Interests of substantial and other Shareholders in the Shares and Underlying Shares*

So far as our Directors are aware, the following persons (not being a Director or chief executive of our Company) will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/Nature of interest	Number of Shares held/ interested in	Approximate Percentage of interest in our Company
A&B <i>(Note 1)</i>	Beneficial owner	1,272,900,000	63.65%

Note:

- (1) Mr. Huang beneficially owns 100% of the issued share capital of A&B. Therefore, Mr. Huang is deemed, or taken to be, interested in the 1,272,900,000 Shares held by A&B for the purposes of the SFO.

2. Particulars of service contracts

None of the Directors has or is proposed to have any service agreement with our Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors

- (a) The aggregate remuneration paid by our Group to our Directors in the capacity of directors for each of the years ended 31 December 2015, 2016 and 2017 were approximately RMB360,000, RMB488,000 and RMB498,000, respectively.

- (b) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of the Directors will be as follows:

Executive Directors

Mr. Huang Xiaodi	RMB240,000
Mr. Ma Yong	RMB156,000
Mr. Yan Jinghui	RMB156,000

Independent non-executive Directors

Mr. Gao Hongqi	RMB120,000
Ms. Xu Shuang	RMB120,000
Mr. Ng Yuk Yeung	HKD180,000

4. Agency fees or commissions received

Save as disclosed in the section headed “Underwriting — Underwriting Arrangements and Expenses” in this prospectus, none of the Directors or the experts named in the paragraph headed “Consents of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out under Note 29 to the Accountant’s Report set forth in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Share Offer and the Capitalisation Issue, have an interest or short position in the Shares or underlying Shares which will fall to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

- (b) without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, none of the Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the GEM;
- (c) none of the Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of the Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) none of the Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) so far as is known to the Directors, none of the Directors, their respective associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group;
- (g) none of the Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

D. SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 16 May 2018. The following is a summary of the principal terms of the Share Option Scheme but does not form, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

1. Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

“Adoption Date”	16 May 2018, the date on which the Scheme is conditionally adopted by our Shareholders by way of written resolution
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealings in securities
“Group”	our Company and any entity in which our Company, directly or indirectly, holds any equity interest
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof

2. Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 16 May 2018:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(b) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, our independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the issue price of our Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before Listing.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.

(e) Maximum number of Shares

- (i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 200,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 200,000,000 Shares from time to time) to the participants under the Share Option Scheme.

- (ii) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.
- (iii) Our Company may seek separate approval from our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.
- (iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant must not exceed 1% of our Shares in issue. Any further grant of options in excess of such limit must be separately approved by our Shareholders in general meeting with such grantee and his close associates (or his associates if such grantee is a connected persons) abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such participant), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) *Grant of options to a Director, chief executive or substantial shareholder of our Company, or any of their respective associates*

- (i) Any grant of an option to a Director, chief executive or substantial shareholder of our Company, or any of their respective associates, must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

(aa) representing in aggregate over 0.1% of our Shares in issue; and

(bb) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK\$5 million, such further grant of options is required to be approved by our Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company will send a circular to our shareholders containing all information as required under the GEM Listing Rules in this regard. All core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by our Shareholders in the aforesaid manner.

(h) *Restrictions on the times of grant of options*

- (i) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and

(bb) the deadline for our Company to publish an announcement of the results for any year, half-year or quarterly, or other interim period (whether or not required under the GEM Listing Rules).

(ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published and:

(aa) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(bb) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(j) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(k) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that our Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(l) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three years prior to the death, in that case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) below occurs prior to his death or within such period of 12 months following his death, then his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(o) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (n) above, the option (to the extent not already lapsed or exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(p) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange

from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee as near as possible the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(r) Rights on winding-up

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(s) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“**Suspension Date**”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately

prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavor to procure that our Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of our Company or any of our officers.

(t) *Lapse of options*

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (n), (o), (q), (r) or (s) above;
- (iv) subject to paragraph (r) above, the date of the commencement of the winding-up of our Company;
- (v) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (vi) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

(u) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(v) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

(w) Alteration to the Share Option Scheme

- (i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of our Shareholders in general meeting.
- (ii) Any alteration to any terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by our Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the GEM Listing Rules or any guidelines issued by the Stock Exchange from time to time.

(x) Termination of the Share Option Scheme

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(y) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, our Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and commencement of dealings in our Shares on the Stock Exchange.

(z) *Present status of the Share Option Scheme*

Application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, 200,000,000 Shares which fall to be issued upon the exercise of any options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

Mr. Huang and A&B (collectively, the “**Indemnifiers**”) have, under a Deed of Indemnity, given joint and several indemnities to our Company for itself and as trustee for its subsidiaries in connection with, among other things:

- (a) any liability for Hong Kong estate duty which is or hereafter become payable by any member of our Group under or by virtue of the provisions of section 35 and/or section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any similar legislation in any relevant jurisdiction outside Hong Kong arising on the death of any person at any time by reason of any transfer of any property to any member of our Group on or before the date on which the Share Offer becomes unconditional;
- (b) any taxation falling on any member of our Group (i) in respect of or by reference to any income, profits or gains earned, accrued or received or deemed or alleged to have been earned, accrued or received on or before the date on which the Share Offer becomes unconditional; or (ii) in respect of or by reference to any transaction, act, omission or event entered into or occurring or deemed to enter into or occur on or before the date on which the Share Offer becomes unconditional, but the Indemnifiers will not be liable under paragraph (a) above and this paragraph (b) to the extent that:
 - (i) specific provision, reserve or allowance has been made for such taxation liability in the audited consolidated accounts of our Company or any member of our Group for the Track Record Period;
 - (ii) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or
 - (iii) the taxation liability arises in the ordinary course of business of our Company and/or any members of our Group after 31 December 2017 up to and including the date on which the Share Offer becomes unconditional;

- (c) any penalties, claims, actions, demands, proceedings, judgments, losses, payments, liabilities, damages, settlement payments, costs, administrative or other charges, fees, expenses and fines of whatever nature (which shall include legal fees and costs) which may be imposed on, suffered or incurred by any member of our Group as a result of directly or indirectly or in connection with:
 - (i) any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings, whether of criminal, administrative, contractual, tortious or otherwise, instituted by or against any member of our Group in relation to any act, non-performance, omission, events or otherwise occurred on or before the date on which the Share Offer becomes unconditional;
 - (ii) the implementation of the Reorganisation undergone by our Group in preparation for the Listing and/or disposal or acquisition of the equity interest in any member of our Group since the date of incorporation of each member of our Group and up to the date on which the Share Offer becomes unconditional; and
 - (iii) any non-compliance with the applicable laws, rules or regulations by our Company and/or any member of our Group on or before the date on which the Share Offer becomes unconditional,

except that provision, reserve or allowance has been made for such liabilities in the audited consolidated financial statements of our Company for the Track Record Period (if any).

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

2. Litigation

Our Directors confirmed that as at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has, on behalf of our Company, made an application to the Listing Committee for the Listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein and our Shares falling to be issued pursuant to the exercise of any options granted under the Share Option Scheme.

The Sole Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 6A.07 of the GEM Listing Rules. The Sole Sponsor's fee in relation to the Listing is HK\$6.0 million.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are estimated to be approximately RMB63,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
RaffAello Capital Limited	A licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Jingtian & Gongcheng	Legal Advisers as to PRC law
Appleby	Legal advisers as to Cayman Islands law
Frost & Sullivan	Industry research consultant

7. Consents of experts

Each of RaffAello, PricewaterhouseCoopers, Jingtian & Gongcheng, Appleby and Frost & Sullivan has given and has not withdrawn its written consents to the issue of this prospectus, with the inclusion of its letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which they respectively appear.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by Estera Trust (Cayman) Limited and a branch register of members of our Company will be maintained by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for

registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

10. No material adverse change

Save for the expenses expected to be incurred in connection with the Listing, the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 31 December 2017 (being the date to which the latest audited financial statements of our Group were made up) and there is no event since 31 December 2017 which would materially affect the information shown in our consolidated financial information included in the Accountant's Report set forth in Appendix I to this prospectus.

11. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

12. Miscellaneous

- (a) Save as disclosed in this prospectus:
 - (i) within the two years immediately preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

- (bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
 - (cc) no commission has been paid or payable (except to sub-Underwriters) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any Shares or shares of any of our subsidiaries;
 - (dd) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued; and
 - (ee) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
 - (ii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus;
 - (iii) none of RaffAello, PricewaterhouseCoopers, Jingtian & Gongcheng, Appleby and Frost & Sullivan:
 - (aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including our Shares; or
 - (bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares;
 - (iv) our Company and its subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;
 - (v) no company within our Group is presently listed on any stock exchange or traded on any trading system; and
 - (vi) our Group has no outstanding convertible debt securities.
- (b) the English text of this prospectus shall prevail over the Chinese text.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in sections 4 and 5 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (a) the Application Forms; (b) the written consents referred to in the paragraph headed “Consents of experts” in Appendix IV to this prospectus; and (c) copies of the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Loong & Yeung at Room 1603, 16/F, China Building, 29 Queen’s Road Central, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the Accountant’s Report of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the consolidated audited financial statements of our Group for the years ended 31 December 2015, 2016 and 2017;
- (d) the report on unaudited pro forma financial information from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;
- (e) the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix IV to this prospectus;
- (f) the service agreements referred to in the paragraph headed “Particulars of service contracts” in Appendix IV to this prospectus;
- (g) the rules of the Share Option Scheme;
- (h) the written consents referred to in the paragraph headed “Consents of experts” in Appendix IV to this prospectus;
- (i) the PRC legal opinions prepared by Jingtian & Gongcheng, our legal advisers to the PRC law, in respect of certain aspects of our Group and our property interests;
- (j) the Frost & Sullivan Report issued by Frost & Sullivan;
- (k) the Companies Law; and
- (l) the letter of advice prepared by Appleby summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus.

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Dedicate Our Wonderful Way, Assure You.