Dedicate Our Wonderful Way, Assure You.

DOWWAY HOLDINGS LIMITED

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

ANNUAL REPORT 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

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CORPORATE INFORMATION

DIRECTORS

Executive Directors:
Mr. Huang Xiaodi
(Chairman of the Board and Chief Executive Officer)
Mr. Ma Yong
Mr. Yan Jinghui

Non-executive Director:
Mr. Yuen Lai Him *(appointed on 22 March 2019)*

Independent Non-executive Directors:
Ms. Xu Shuang
Mr. Gao Hongqi
Mr. Ng Yuk Yeung

AUDIT COMMITTEE

Mr. Ng Yuk Yeung *(Chairman)*
Mr. Gao Hongqi
Ms. Xu Shuang

REMUNERAITON COMMITTEE

Mr. Gao Hongqi *(Chairman)*
Mr. Ng Yuk Yeung
Mr. Ma Yong

NOMINATION COMMITTEE

Ms. Xu Shuang *(Chairman)*
Mr. Gao Hongqi
Mr. Yan Jinghui

COMPANY SECRETARY

Ms. Lam Yuk Ling

AUTHORISED REPRESENTATIVES

Mr. Huang Xiaodi
Ms. Lam Yuk Ling

AUDITOR

PricewaterhouseCoopers

STOCK CODE

8403

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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183 Queen's Road East
Hong Kong

COMPLIANCE ADVISER

RaffAello Capital Limited

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAWS

Loong & Yeung

PRINCIPAL BANKER

Bank of Communications
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Chaoyang District
Beijing, PRC

COMPANY'S WEBSITE

http://www.dowway-exh.com

FINANCIAL SUMMARY

FINANCIAL SUMMARY

	For the year ended 31 December			
	2015	2016	2017	**2018**
	RMB'000	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	89,768	88,304	97,000	**124,779**
Cost of service	(69,220)	(65,991)	(72,697)	**(99,182)**
Gross profit	20,548	22,313	24,303	**25,597**
Selling expenses	(1,117)	(1,182)	(3,251)	**(3,485)**
Administrative expenses	(4,516)	(6,399)	(19,240)	**(22,074)**
Net impairment losses on financial and contract assets	–	–	–	**(1,510)**
Other income	–	24	69	**157**
Other gains/(losses) — net	–	182	(144)	**3,435**
Operating Profit	14,915	14,938	1,737	**2,120**
Finance income	21	26	21	**36**
Finance expenses	(262)	(237)	(114)	**(10)**
Profit before income tax	14,674	14,727	1,644	**2,146**
Income tax expense	(4,185)	(3,737)	(2,428)	**(3,142)**
Profit/(loss) for the year	10,489	10,990	(784)	**(996)**

SUMMARY OF SELECTED ITEMS IN THE CONSOLIDATED BALANCE SHEET

	As at 31 December			
	2015	2016	2017	**2018**
	RMB'000	*RMB'000*	*RMB'000*	***RMB'000***
Total non-current assets	1,672	3,148	2,837	**5,398**
Total current assets	56,172	48,720	64,890	**119,879**
Total assets	57,844	51,868	67,727	**125,277**
Total liabilities	40,973	24,007	41,065	**51,367**
Net current assets	15,199	24,713	23,825	**68,512**

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the Board (the "**Board**") of Dowway Holdings Limited (the "**Company**", collectively with its subsidiaries, the "**Group**"), I am pleased to present the Group's audited annual results for the year ended 31 December 2018 (the "**Year**" or "**Year 2018**").

As one of the leading integrated exhibition and event management service providers in the People's Republic of China ("**PRC**"), the Group is mainly engaged in design, planning, coordination and management services for exhibitions and events alongside provision of integrated management services across more than 40 cities in the PRC. Since 2009, the Group has been providing integrated exhibition and event management services to domestic and overseas world-renowned automobile brands, primarily for facilitating showcases, promotion and/or sales of their brands. The Group also undertakes projects related to automobile exhibitions and events from non-automobile companies. Through its dedicated efforts and reliable services, the Group has established a great reputation and a solid and loyal customer base.

In 2018, despite facing profound and complicated changes in the global environment and domestic conditions, overall momentum of the PRC economy have remained on a positive note. The structural adjustment and the upgrading and transformation of the industry have been progressing amid shifts in the stability of conditions and concerns over the shifts. Trade and investment activities between the PRC and the countries along the Belt and Road Initiative have continued to steadily increase and thus have fueled the growth of the exhibition industry in the PRC, with size of the overall market staying at the forefront of the world. Against this backdrop, the exhibition industry in the PRC managed to maintain a growth momentum. In particular, the demand of the automobile exhibition service market has been growing steadily and rapidly amid the consumption upgrade trend among local citizens. To seize important development opportunities in the exhibition and related services industry in the PRC, we have commenced business in exhibition showroom services during the Year, so as to meet the strong demand from various projects and customer segments for advanced exhibition and event venues. Furthermore, the Group has diversified its business scope and enhanced the standard of its integrated services.

During the Year, the Group has undertaken 77 exhibition and event projects, completed 83 projects, realised a revenue of approximately RMB124.78 million, representing a year-over-year increase of 28.64% or approximately RMB27.78 million. During the Year, the Group's gross profit grew steadily by 5.32% year-on-year to approximately RMB25.60 million and its gross profit margin was 20.51%. The Group recorded loss for the Year of approximately RMB0.996 million, mainly due to the listing expenses. The Board does not recommend payment of final dividend for the Year.

In 2018, the Group was listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), representing an important step towards internationalisation and advance to the international capital market and starting a new chapter in the Group's development. Looking ahead, the Group shall, as always, adhere to the principle of providing "customer-oriented" services and aim for "quality services and highly efficient business, partnering for win-win" in its development. The Group will ride the development trend of speeding up technological innovation and transformation in the PRC and upgrade its efforts in the exhibition and related service industries, and will continue to actively promote its exhibition and event management as well as exhibition showroom services businesses. In addition, it will further expand its customer base and step up its brand marketing efforts, with the aim of achieving growth in the highly competitive exhibition and event management and exhibition showroom service sectors.

CHAIRMAN'S STATEMENT

Last but not least, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, customers and business partners for their unrelenting trust and support, and also to our management team and staff for their valuable contributions to the Group's development.

Chairman, Chief Executive Officer and Executive Director
Huang Xiaodi

Hong Kong, 22 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2018, as all industries accelerated transformation and upgrades and steadily headed towards high-quality development, the exhibition industry in the PRC also maintained a positive development momentum, showing a rapid and steady growth in the total number of events, scope of industries and revenue. In particular, the first China International Import Expo has set new records in terms of participating countries, area of booths, the number of companies, size of procurers, the number of visitors, and more, providing a positive impetus to the overall exhibition services industry in the PRC.

In the past year, macroeconomic conditions remained stable while the optimisation of the industrial structure in the PRC continued, which boosted economic benefits to the country. At the same time, with the continuous PRC's Reform and Opening Up to develop in depth and breadth and the more frequent trade and investment activities between the PRC and the countries and areas along the Belt and Road, the exhibition industry in the PRC has become an important platform for domestic and foreign enterprises to showcase their state-of-the-art technologies and products and foster exchange and cooperation, equipping the sector with a strong growth momentum for rapid and sound development.

As the largest vertical sector within the exhibition industry in the PRC, the automobile exhibition industry has maintained steady development, given the continued stable demand for automobile. According to the data released by China Association of Automobile Manufactures, the automobile output and sales reported a slower growth in 2018 against the peak in 2017. However, driven by the accelerating urbanisation process and the still relatively low percentage of automobile ownership nationwide compared with developed countries, there is expected to be a long-term rigid demand for automobile consumption in the PRC. The growth of mid-range to high-end segments, covering SUVs, luxury vehicles and new energy vehicles, was above the industry average and drove the robust development of large automobile exhibitions for the brands targeting these sectors.

Overall growth of the exhibition industry has spurred the continual strong demand for exhibition services. According to the Annual Report on China's Exhibition Industry 2018 published by the China Council for the Promotion of International Trade, revenue from the exhibition services market has grown steadily to approximately RMB100 billion during the year, demonstrating robust expansion and innovation-driven momentum. This is complemented by the increasing supply of core ancillary services such as exhibition showroom construction, plus the gradual phasing-out of underperforming capacity and the accelerating pace of transformation and upgrade. As a result, it provides the leading integrated exhibition and event management service providers with strong reputation and track record, network resources, operational experience and management capability with huge room for growth.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading integrated exhibition and event management service provider in the PRC. It mainly serves as a project manager for exhibitions and events and provides a comprehensive range of related services. These services include design, planning, coordination and management of exhibitions and events covering theme, stage and venue design and overall planning, feasibility studies, procurement of construction materials and equipment. As part of its project management, the Group also conducts liaison with suppliers and/or personnel for construction of backdrops, stages and exhibition booths as well as installation of audio, visual and lighting equipment and facilities, and on-site supervision. Depending on customers' requirements and the themes of exhibitions and events, the Group provides integrated management services which include design, planning, coordination and management of construction and installation works. It may also, upon request, design specific themes for relevant exhibitions and events and coordinate with different suppliers for executing design and layout plans, in accordance with the types and objectives of the exhibition or event.

The Group is principally engaged in facilitating showcases, promotion and sales of automobile brands. With a strong business foundation and with over a decade of experience ago, the Group has maintained a solid customer base comprising various world-renowned brands including Lamborghini, Volkswagen and other German and Italian automobile brands. The Group also takes on projects related to automobile exhibitions as well as events from non-automobile companies.

In 2018, led by its management team with shrewd market acumen and rich business experience, the Group has actively leveraged its advantages to strengthen its strategic partnership with world-renowned automobile companies, expanded its supplier network and continuously implemented stringent service quality control, and hence successfully achieved steady growth in a highly dispersed market. For the Year, the Group completed 83 exhibitions and events, with aggregate revenue increasing by 28.64% to approximately RMB124.78 million.

After years of meticulous and mindful planning and preparation, the Group has commenced its exhibition showroom services business in 2018. It has obtained Grade II qualification for building decoration under the Qualification Standards for Construction Enterprises from the Beijing Huairou District Commission of Housing and Urban-Rural Development in May 2018. Hence, the Group has been able to undertake building decoration works when providing exhibition showroom services. During the Year, the Group undertook 1 exhibition showroom project. The Group expects that the exhibition showroom services business will create synergies with its exhibition and event management services business and to become a profit growth driver of the Group in the future.

During the Year, the Group allocated resources to develop a diverse business layout along the exhibition services industry chain, and has made good progress in the area of exhibition showroom construction and event planning. This has effectively enhanced the Group's integrated competitive advantages and has reinforced its industry leadership. On 25 October 2018, a new subsidiary of the Company, Connect-To-Create (CTC) PR Consultant Co. Ltd., was incorporated and commenced operation. This subsidiary is principally engaged in organizing exhibition and event management, public relations services, branding, design and advertising, and event management in the field of arts and culture, etc. Meanwhile, the Group has also actively accelerated the expansion of its strategic business presence across the nation. As at 31 December 2018, the Group's business spanned more than 40 cities including Beijing, Shanghai, Guangzhou, Tianjin, Chengdu, Harbin, Shenyang, Kunming, Nanning and Chongqing.

FINANCIAL REVIEW

Revenue

The Group generates revenue mainly from the provision of design, planning, coordination and management services of exhibitions and events in the PRC. The following table sets forth the breakdown of revenue from business operations for the years ended 31 December 2017 and 2018.

	For the year ended 31 December			
	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
Revenue from automobile related exhibitions and events	**107,877**	**86.45%**	86,449	89.12%
Revenue from non-automobile related exhibitions and event related services	**16,902**	**13.55%**	10,551	10.88%
Total	**124,779**	**100%**	97,000	100%

Revenue increased from approximately RMB97.00 million for the year ended 31 December 2017 (the "**Year 2017**") to approximately RMB124.78 million for the Year 2018, representing a year-over-year increase of approximately 28.64% or approximately RMB27.78 million. The increase was primarily due to the increase in the number of exhibition and event projects undertaken by the Group, from 62 for the Year 2017 to 77 for the Year 2018.

During the Year, revenue from automobile related exhibitions and events continued to be the main source of revenue for the Group, which increased from approximately RMB86.45 million for the Year 2017 to approximately RMB107.88 million for the Year, representing a year-over-year increase of approximately 24.79% or approximately RMB21.43 million and accounting for 86.45% of the total revenue.

Cost of service

Cost of service increased from approximately RMB72.70 million for the Year 2017 to approximately RMB99.18 million for the Year, representing a year-over-year increase of approximately 36.43% or approximately RMB26.48 million. Such an increase was primarily due to (i) the overall increase in the cost of exhibition and event related services provided by suppliers, resulting from the increase in the number of exhibition and event projects undertaken by the Group; and (ii) the increase in staff costs caused by the increase in manpower to support business expansion and provision of on-the-job training for existing and new staff.

During the Year, the cost of exhibition and event related services provided by suppliers increased from approximately RMB67.14 million for the Year 2017 to approximately RMB88.87 million for the Year, representing a year-over-year increase of approximately 32.37% or approximately RMB21.73 million.

Gross Profit and Gross Profit Margin

The Group's gross profit (revenue less cost of service) for the Year was approximately RMB25.60 million, representing a year-on-year increase of around 5.32% or approximately RMB1.30 million as compared with approximately RMB24.30 million for the Year 2017. The increase in gross profit was mainly due to the increase in revenue, primarily because the number of exhibition and event projects undertaken by the Group has risen as mentioned above.

For the Year, the Group's gross profit margin was approximately 20.51%, around 4.54% less than the same period last year. The Group's gross profit margin recorded a slight decrease primarily due to (i) the capital used in expanding exhibition and event management services during the Year; and (ii) the increase in the cost of service as a result of recruiting new staff and strengthening on-the-job training to existing staff for business expansion. The Group has adhered to stringent cost control measures, closely monitored and regularly reviewed these measures, and efforts here have started to bear fruit. During the Year, it has combined procurement orders to obtain more competitive prices from suppliers, so its cost of service has remained stable in average.

Selling expenses

Selling expenses for the Year were approximately RMB3.49 million, representing a year-over-year increase of approximately 7.38% or approximately RMB0.24 million as compared to selling expenses of approximately RMB3.25 million for the Year 2017. The increase in selling expenses was primarily due to (i) an increase in travelling expenses in the course of marketing the Group's services; and (ii) an increase in other selling related expenses incurred during the course of preparing and submitting tenders which the Group subsequently did not win.

Administrative expenses

Administrative expenses for the Year 2018 were approximately RMB22.07 million, representing a year-over-year increase of approximately 14.71% or approximately RMB2.83 million as compared to administrative expenses of approximately RMB19.24 million for the Year 2017. The increase in administrative expenses was primarily due to (i) the increase in travelling and entertainment expenses; and (ii) the increase in the corporate related consulting management costs after the Company's shares were listed on the GEM of the Stock Exchange (the "Listing") on 12 June 2018 (the "**Listing Date**").

Other Income

Other income increased from approximately RMB69,000 for the Year 2017 to RMB157,000 for the Year 2018. Other income for the year ended 31 December 2018 represented agency commissions.

Other gains-net

Other gains for the Year 2018 consisted of income amounting to approximately RMB3.44 million as a result of foreign exchange gains (2017: Other losses of approximately RMB144,000).

Finance income

Finance income represented interest income on bank balances and deposits. The Group's finance income increased from approximately RMB21,000 for the Year 2017 to approximately RMB36,000 for the Year 2018.

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings. For the Year 2018, the Group's finance expenses decreased from approximately RMB114,000 for the Year 2017 to approximately RMB10,000 for the Year.

Profit before income tax

As a result of the foregoing, the Group recorded profit before income tax of approximately RMB2.15 million for the Year 2018, representing a year-over-year increase of approximately 30.54% or approximately RMB0.50 million as compared with approximately RMB1.64 million for the previous Year 2017, which was mainly due to (i) the increase in gross profit as mentioned above; (ii) the decrease of listing expenses by approximately RMB3.72 million; and (iii) the increase by approximately RMB3.44 million in exchange gains.

Income tax expense

Income tax expense increased from approximately RMB2.43 million for the Year 2017 to approximately RMB3.14 million for the Year 2018, representing a year-over-year increase of approximately 29.22% or approximately RMB0.71 million.

Profit/Loss for the Period

As a cumulative effect of the factors cited above, the Group recorded loss of the Year 2018 of approximately RMB996,000, while the loss was approximately RMB784,000 for the Year 2017. Loss was primarily generated from the one-off listing expenses of approximately RMB7.62 million.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

The change in capital structure of the Group for the Year is set out in note 3 to the financial statements.

Cash position

The following table sets forth the selected cash flow data from the Consolidated Statements of Cash Flows for the years ended 31 December 2017 and 2018.

	For the year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Net Cash (Used in)/Generate from Operating Activities	**(5,877)**	4,334
Net Cash (Used in)/Generate from Investing Activities	**(2,570)**	8,305
Net Cash Generated from/(Used in) Financing Activities	**49,804**	(5,522)
Net Increase in Cash and Cash Equivalents	**41,357**	7,117
Cash and Cash Equivalents at the End of the Period	**61,676**	20,163

As at 31 December 2018, cash and cash equivalents of the Group were approximately RMB61.68 million (as at 31 December 2017: approximately RMB20.16 million), which was mainly denominated in RMB and Hong Kong dollars, recording an increase of approximately 205.89% as compared with that as at 31 December 2017, primarily due to the net proceeds of the Share Offer.

Borrowings

As at 31 December 2018, the Group did not have any outstanding 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 (as at 31 December 2017: nil). The Group did not have any unutilised banking facilities nor plans for any material external debt financing.

The directors of the Company (the "**Directors**") confirm that there has been no material adverse change in the Group's indebtedness and contingent liabilities for the Year.

Pledge of assets

As at 31 December 2018, none of the Group's assets were pledged (31 December 2017: nil).

Gearing ratio

As at 31 December 2018, the Group's gearing ratio was nil (31 December 2017: nil).

DIVIDEND

The Board did not recommend the payment of any final dividend for the Year 2018 (for the Year 2017: nil).

USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company raised a total of HK$72.50 million in gross proceeds after the completion of the initial public offering on 12 June 2018 (the "**Listing Date**"), and the net proceeds amounted to HK$36.34 million after deducting underwriting commissions and professional service fees in relation to the Share Offer. The Company has been applying the net proceeds according to the "Use of Proceeds" stated in the prospectus of the Company dated 29 May 2018 (the "**Prospectus**"). Uses of net proceeds as at 31 December 2018 are listed as follows:

	Planned use of proceeds *HK$'000*	Percentage	Actual use of proceeds from the listing date to 31 December 2018 *HK$'000*	Percentage	Planned use of proceeds for the six months ended 30 June 2019 *HK$'000*	Planned use of proceeds for the six months ended 31 December 2019 *HK$'000*	Planned use of proceeds for the six months ended 30 June 2020 *HK$'000*
Expand exhibition and event management services	12,972	35.7%	4,912	63.0%	6,376	1,684	0
Expand existing offices and/or set up branch or representative offices in different cities and regions in the PRC	3,016	8.3%	384	4.9%	877	877	878
Expand workforce to support business expansion	13,372	36.8%	1,589	20.4%	4,622	5,575	1,586
Strengthen marketing efforts	3,343	9.2%	0	0.0%	1,114	1,114	1,115
Working capital and other general corporate purpose	3,634	10.0%	908	11.7%	908	908	910
Total	36,337	100%	7,793	100%	13,897	10,158	4,489

The Directors will continually evaluate the Group's business strategies, change or modify the plans in line with market conditions, to support business growth of the Group.

All unutilized balances of approximately HK$28.54 million had been deposited in licensed banks in Hong Kong and the PRC. The unutilized net proceeds from initial public offering of the Company is expected to be fully utilized by 30 June 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces the following principal risks and uncertainties that may materially and adversely affect its business, financial status and operating results:

1. The exhibition services industry in the PRC has relatively low entry barriers and competition is keen within the industry.

2. The Group's business depends heavily on the provision of exhibition and event management services in the automobile industry.

MANAGEMENT DISCUSSION AND ANALYSIS

3. The majority of the Group's customers are automobile companies and there is no assurance that it can successfully diversify its customer base.

4. There is no assurance that the demand for integrated exhibition and event management services the Group provides can continue or increase.

5. There may be fluctuations in the Group's cost of service which it may not be able to pass on to customers.

6. The Group may face cash flow problems if it is unable to receive payments from customers on time and in full under the current pricing policy.

7. The Group may be exposed to litigation risk as a result of the engagement of suppliers without obtaining written consent from customers.

8. The Group relies on suppliers for the provision of construction services, leasing of equipment and logistics and transportation services, hence may have to bear the consequences should these suppliers deliver substandard services on its own.

9. The Group relies on its senior management and other key personnel and may not be able to retain these staff to provide services.

10. The Group may not be able to implement its business strategies and its future growth could be limited.

The cost of exhibition and event related services provided by suppliers makes up a significant portion of the Group's cost of service. The following uncertainties may affect the Group's efforts to implement cost control measures:

1. As human resources and costs of construction materials and equipment are the major components of the cost of exhibition and event related services, increase in salary of employees of suppliers and average consumer prices may push up the lump sum cost of exhibition and event related services provided by suppliers.

Major risks and uncertainties relating to the implementation of business strategies

1. The Group expects to tender proposals to potential new customers with lower profit margins in the short run in connection with its future expansion to new segments in the market and such expansion could exert great pressure on allocation of resources.

2. The Group cannot guarantee that it will have sufficient resources to support future development. Its future growth is also subject to the preferences of potential clients and the overall market situation. Failure to execute expansion strategy effectively may lead to higher costs, inefficient operation flow and decline in profitability.

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments, acquisitions and capital assets from the Listing Date up to 31 December 2018.

Business strategies and implementation plan

Business strategies and implementation plan for the period from the Listing Date to 31 December 2018 are set out as follows:

Business strategies	Implementation activities
Expand the Group's exhibition and event management services	• Development of exhibition showroom services including planning, coordination and management of exhibition showrooms at the premises or venues as agreed with our customers for a fixed contract period • Purchase of multimedia audiovisual equipment, including but not limited to amplifiers, projectors, LCD/LED monitors, speakers and stage lighting systems. Such equipment will be used for enhancing exhibition and event management services • Installation and/or upgrade of the Group's information technology systems and/or computer hardware and software to enhance its financial and project management capabilities
Expand the Group's existing offices and/or set up branch or representative offices in different cities and regions across the PRC	• Expansion of its offices and/or set up branch or representative offices • Payment of rental and management fees for its expanded offices and/or branches or representative offices • Decoration, fixture, furniture and office equipment for its expanded offices and/or branches or representative offices
Expand the Group's workforce to support its business expansion	• Recruitment of 20–25 additional staff for (i) undertaking exhibition showroom services and handling the management and quality control of the Group's exhibition and event projects; (ii) strengthening its design capabilities; (iii) executing its marketing plans; and (iv) providing administration services to support its business operations • Provision of training to existing and newly recruited staff
Strengthen the Group's marketing efforts	• Carrying out marketing and promotional campaigns in different cities and regions of the PRC

COMMITMENTS

The Group has committed to future minimum lease payments for leased offices (with a term of no more than one year, renewable at the end of the lease period) under non-cancellable operating lease agreements. As at 31 December 2018, the Group had operating lease commitments falling due within one year of approximately RMB0.52 million (as at 31 December 2017: approximately RMB0.73 million). As at 31 December 2018, the Group had no unsettled capital commitments (as at 31 December 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no significant contingent liabilities (as at 31 December 2017: Nil).

HUMAN RESOURCES

As at 31 December 2018, the Group employed a total of 109 employees, among which 10 of them were at management level, all stationed in the PRC. For the Year 2018, the staff costs (including Directors' emoluments) were approximately RMB11.03 million (for the Year 2017: approximately RMB6.15 million). The Group conducts periodic performance review with employees and determines their salaries, benefits and discretionary bonuses based on factors including qualifications, contributions, years of experience and performance.

In accordance with the applicable PRC laws and regulations, the Group has made contributions to social security insurance and housing provident funds for all eligible staff. For the Year, the total amount contributed in these areas by the Group was approximately RMB2.87 million. The Group has complied with all social security insurance and housing provident fund obligations applicable under the PRC laws and regulations.

In order to continually maintain the quality, knowledge and skills of employees, the Group has provided various training opportunities, which include on-the-job training, technical training and professional training.

The Group has maintained a good working relationship with its employees. During the Year, the Group has not experienced any significant labor disputes which are likely to have an adverse material impact on business, financial conditions and results of operations.

FOREIGN EXCHANGE RISK

The Group is not exposed to any significant foreign exchange risk in the normal course of business, as it operates in the PRC with the majority of the transactions being conducted and settled in RMB.

CREDIT RISK

Credit risk exposures arise principally in cash and cash equivalents, trade and other receivables and contract assets shown on consolidated balance sheets.

(i) Risk management

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.

For cash at bank the Group manages the credit risk by placing its domestic deposits in reputable nationwide financial institutions with good credit ratings in the PRC and overseas' deposits in reputable international financial institutions. The Group believes those banks and financial institutions are of high-credit-quality without significant credit risk. Thus it considers its cash at bank are not at high credit risk.

The Group's trade receivables arise from exhibition and event marketing services fees, 65.3% 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's other receivables comprise of deposits, staff advance and loan to employees, which have a low risk of default, thus the Group considers its other receivables are not at high credit risk.

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, the management 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.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables from the provision of services;
- contract assets relating to services contracts; and
- other receivables

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the PRC in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The notes receivables among the trade receivables are bank acceptance bills which have a low risk of default, thus the Group considers its notes receivables are not at high credit risk.

31 December 2018	Current	More than 30 days past due	More than 300 days past due	Total
Automobile companies				
Expected loss rate	1.0%	1.0%	nil	
Gross carrying amount				
— trade receivables				
(excluded notes receivables)	21,579	2,816	–	24,395
Gross carrying amount				
— contract assets	8,265	–	–	8,265
Loss allowance	298	28	–	326
Non-automobile companies				
Expected loss rate	8.6%	25.0%	28.6%	
Gross carrying amount				
— trade receivables				
(excluded notes receivables)	7,360	760	4,860	12,980
Gross carrying amount				
— contract assets	2,760	875	–	3,635
Loss allowance	873	408	1,388	2,669
Total loss allowance	1,171	436	1,388	2,995

As the impact of adoption of HKFRS 9 is immaterial, the adjustment is therefore not restated in the balance sheet as at 31 December 2017 or recognised in the opening balance sheet on 1 January 2018.

The closing loss allowances for trade receivables and contract assets as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Contract assets 2018 *RMB'000*	Trade receivables 2018 *RMB'000*
31 December — calculated under HKAS 39	–	1,485
Opening loss allowance as at 1 January 2018 — calculated under HKFRS 9	–	1,485
Increase in loan loss allowance recognised in profit or loss during the year	538	972
At 31 December	538	2,457

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was an objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue)

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, which are mainly deposits, staff advance and loan to employees. These amounts have a low risk of default, thus the Group considers its other financial assets at amortised cost are not at high credit risk, and no loss allowance is recognised.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY RISK

The Group regularly monitors current and expected liquidity demand to ensure that it maintains sufficient cash reserves to meet related demand in the short and long run. The Group monitors liquidity position through rolling forecasts of liquidity requirements in order to ensure that it has sufficient cash on hand to satisfy operational needs.

PROSPECTS

In 2019, the ongoing transformation of the economic structure in the PRC and a series of policies aimed at stabilising employment, financial conditions, foreign trade, both foreign and domestic investment and managing people's expectations launched by the Central Government should facilitate the stable operations of the PRC economy. It will help contribute to steady development across different industries, thus creating room for sustainable growth of the exhibition services industry across the country.

Following the continuous implementation of the Belt and Road initiative, the PRC has further enhanced connectivity with Belt and Road countries and regions along the while promoting economic cooperation on national and regional levels. The PRC exhibition industry, as a platform of exchange, promotion and marketing employed by companies, is expected to enjoy numerous business opportunities. Meanwhile, the exhibition industry has actively promoted information-based transformation and upgrade in order to achieve integrated development with industries including telecommunications, such as using new technologies and hardware in display, communications and digital conversion. These measures are strengthening customer service and experience while extending the industrial chain of the exhibition industry both vertically and horizontally and ultimately improving the value-added of the industry.

Facing the opportunities presented by industrial upgrade and transformation, the Group will strive to reinforce its competitive edge in service capability, customer base, promotion and marketing, etc, to deliver higher quality growth through a variety of means. The Group will augment service ability by upgrading audiovisual and IT equipment, and minimise the costs of leasing multimedia audiovisual equipment from third party suppliers at the same time. It will also enhance its exhibition showroom services to expand its service mix, including planning, coordination and management of exhibition showrooms at the premises or venues as agreed with customers for a fixed contractual period, etc. As for expanding its customer base, it will undertake various proactive moves, such as business referral and business networking as well as participation in more exhibitions and marketing events, to enlarge its market share in the automobile exhibition and event sector. In addition, the Group will explore and secure new customers in other sectors to reduce its reliance on automobile companies. In terms of promotion and marketing, the Group aims at promoting the brand through taking part in events and exhibitions, producing corporate brochures and marketing materials to distribute to potential customers, and access more extensive potential customer groups through online and offline marketing platforms and multimedia marketing channels, so as to ultimately expand revenue sources. Besides, the Group plans to seek and explore strategic acquisition opportunities, with the hope of creating synergies with existing businesses, and reinforcing its leading presence in the PRC exhibition and event management services industry.

Looking ahead, through implementing the aforementioned business strategies, the Group will be able to strengthen its coordination and management of exhibitions and events, aiming at improving overall customer services and experience, so it can speed up all-round business development and continue to create sustainable returns for all shareholders.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Huang Xiaodi (黃曉迪), aged 33, 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 International Exhibition Company Limited ("**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 Tianjin Tianping Chuangxin Corporate Management Consultancy Centre (Limited Partnership), 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 Internet Technology (Tianjin) Company Limited, 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 International Exhibition Company Limited.

Mr. Ma Yong (馬勇), aged 38, 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 (閆景輝), aged 34, 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

NON–EXECUTIVE DIRECTOR

Mr. Yuen Lai Him ("Mr. Yuen") (袁禮謙), aged 47, graduated from the University of Sydney with a bachelor degree in Electrical Engineering in 1997. Mr. Yuen has extensive experience in the investment and finance sectors in China and Hong Kong. Mr. Yuen is the founder and director of Galaxy Technology Limited., a company founded in 2004, which specialises in industrial property development in China.

Mr. Yuen is an executive director, chief compliance officer and a member of the remuneration committee of Bortex Global Limited ("**Bortex Global**"), whose shares are listed on GEM of the Stock Exchange (stock code: 8118). Mr. Yuen also serves as an adviser to the corporate finance division of Bortex Global and was the lead figure in managing the listing of Bortex Global in November 2017.

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 60, 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. (建研凱勃建設工程咨詢有限公司), 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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ng Yuk Yeung (吳旭陽), aged 45, 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.

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).

SENIOR MANAGEMENT

Mr. Bao Xianglong (包向龍), aged 32, 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. 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.

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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang Hao (湯浩), aged 34, 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.

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 April 2017. The Company is an investment holding company. The Group is a leading integrated exhibition and event management service provider in the PRC. It mainly serves as a project manager for exhibitions and events and provides a comprehensive range of related services. These services include design, planning, coordination and management of exhibitions and events covering theme, stage and venue design and overall planning, feasibility studies, procurement of construction materials and equipment. As part of its project management, the Group also conducts liaison with suppliers and/or personnel for construction of backdrops, stages and exhibition booths as well as installation of audio, visual and lighting equipment and facilities, and on-site supervision. Depending on customers' requirements and the themes of exhibitions and events, the Group provides integrated management services which include design, planning, coordination and management of construction and installation works. It may also, upon request, design specific themes for relevant exhibitions and events and coordinate with different suppliers for executing design and layout plans, in accordance with the types and objectives of the exhibition or event. Details of the principal activities of the Group during the year ended 31 December 2018 are set out in Note 1 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statements of comprehensive income on page 73 of this annual report.

DIVIDEND POLICY

This policy is made by Dowway Holdings Limited (the "**Company**", collectively with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The Company is pleased to announce that the board of directors of the Company (the "**Board**") has approved and adopted a dividend policy on 22 March 2019 (the "**Dividend Policy**").

It is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst preserving the Company's reserves to finance future development. The Board shall consider the following factors before declaring or recommending dividends:

- the Group's results of operations;
- the Group's cash flow position;
- the Group's business position and future development plan;
- the Group's future operations and profitability;
- legal and regulatory restrictions;
- other factors that the Board deems relevant

The payment of such dividend is also subject to any restrictions under the Companies Law of the Cayman Islands, any applicable laws, rules and regulations. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

DIVIDEND

The Board did not recommend the payment of a final dividend for the Year 2018 (2017: nil).

BUSINESS OVERVIEW AND FINANCIAL KEY PERFORMANCE INDICATORS

The business overview of the Group and analysis by financial key performance indicators are set out under the paragraph headed "Management Discussion and Analysis — Business Overview and Financial Review" of this annual report.

OUTLOOK

The outlook of the Group are set out under the paragraph headed "Management Discussion and Analysis — Prospects" this annual report.

IMPORTANT EVENT SINCE END OF THE FINANCIAL YEAR

There is no material events after the reporting period that need to be further disclosed for the Year of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

A description of the principal risks and uncertainties the Group faces can be found in the section headed "Management Discussion and Analysis — Principal Risks and Uncertainties" of this annual report.

ENVIRONMENTAL POLICY

Details are presented in Page 37 to Page 41 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

Details are presented in Page 42 to Page 50 of this annual report.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We maintained a good working relationship with our employees and we did not experience any labour disputes for our operations during the Year 2018.

Major Customers

For the Year 2018, the Group's sales to its five largest customers accounted for 72.5% (Year 2017: 87.7%) of the Group's total revenue and our single largest customer accounted for 24.1% (Year 2017: 35.9%) of the Group's total revenue.

Major Suppliers

For the Year 2018, the Group's five largest suppliers accounted for 43.0% (Year 2017: 47.7%) of the Group's total purchases and our single largest supplier accounted for 14.7% (Year 2017: 15.7%) of the Group's total purchases.

During the Year, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest customers and suppliers.

As at 31 December 2018, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares) had any interest in the Group's five largest suppliers.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last four financial years is set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year 2018 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year 2018 are set out in Note 20 to the consolidated financial statements.

CAPITAL AND RESERVES

Details of movements in the share capital, share premium, retained earnings, capital reserves and other reserves of the Group during the Year 2018 are set out on page 75 of this annual report in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2018, the Company's reserves available for distribution to equity holders amounted to approximately RMB3.3 million (31 December 2017: approximately RMB4.6 million).

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2018, the Group had no bank loans or any other borrowings (31 December 2017: nil).

DIRECTORS

The Directors during the Year 2018 and up to the date of this annual report are:

Executive Directors

Mr. Huang Xiaodi *(Chairman, Chief Executive Officer, Compliance Officer)*
Mr. Ma Yong
Mr. Yan Jinghui

Non-executive Director

Mr. Yuen Lai Him *(appointed on 22 March 2019)*

Independent Non-executive Directors
Mr. Gao Hongqi
Ms. Xu Shuang
Mr. Ng Yuk Yeung

In accordance with the articles of association of the Company (the "**Articles of Association**"), Mr. Huang Xiaodi, Mr. Ma Yong, Mr. Yan Jinghui, Mr. Yuen Lai Him, Ms. Xu Shuang, Mr. Gao Hongqi and Mr. Ng Yuk Yeung will hold office as the Directors until the forthcoming annual general meeting of the Company to be held on 8 May 2019 (the "**AGM**"). All of the above retiring Directors, being eligible, will offer themselves for re-election at the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular of the Company dated 28 March 2019.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent from the Listing Date to 31 December 2018 and remain so as of the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date until terminated by either party by giving not less than one month's notice in writing to the other.

The non-executive Director has entered into a service contract with the Company for an initial term of three years commencing from his appointment date until terminated by either party by giving not less than one month's notice in writing to the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date, provided that either party may terminate such appointment at any time by giving at least one month's notice in writing to the other.

None of the Directors has a service agreement/contract or a letter of appointment which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors nor any entity connected with them had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the Year and as at 31 December 2018 and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2018 and up to the date of this annual report.

EMOLUMENT POLICY

The remuneration committee of the Company was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. Details of the emoluments of the Directors and five highest paid individuals during the year ended 31 December 2018 are set out in Note 10 and 28 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in Note 10 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, the Company did not have any share option scheme and there was no equity-linked agreement that would or might result in the Company issuing Shares, or that requiring the Company to enter into an agreement that would or might result in the Company issuing Shares, entered into by the Company during the year ended 31 December 2018 or subsisted as at 31 December 2018.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

NON-COMPETITION UNDERTAKING

Pursuant to the deed of non-competition dated 17 November 2016 (the "**Deed of Non-competition**") entered into by Mr. Huang Xiaodi and A&B Development Holding Limited (collectively, the "**Covenantor**"), 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 recognized 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).

For details of the Deed of Non-competition, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus.

The Company has received confirmations from the Covenantors confirming their compliance with the Deed of Non-competition during the year ended 31 December 2018 for disclosure in this annual report.

The independent non-executive Directors have reviewed the Deed of Non-competition and based on the information and confirmations provided by or obtained from the Covenantors, they were satisfied that the Covenantors have duly complied with the Deed of Non-competition during the year ended 31 December 2018.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2018, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONNECTED TRANSACTIONS

During the Year 2018, the Group had not entered into any connected transactions nor continuing connected transactions which are required to be disclosed in this annual report pursuant to the GEM Listing Rules.

Related party transactions of the Group are disclosed in Note 27 to the consolidated financial statements. They did not constitute connected transactions or continuing connected transactions of the Company, which are required to comply with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DONATIONS

During the Year 2018, the charitable and other donations made by the Group amounted to 0.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director for the time being shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by him as a Director about the execution of the duties or supposed duties of his office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty which may attach to the said Director.

The Company has taken out and maintained insurance in respect of legal action brought against the Directors.

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares of the Company

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the GEM Listing Rules, was held by the public at all times during the Year 2018 and as at the latest practicable date prior to the issue of this annual report.

COMPLIANCE OFFICER

The compliance officer of the Company is Mr. Huang Xiaodi, whose biographical details are set out on page 21 of this annual report.

CORPORATE GOVERNANCE PRACTICE

During the period from the Listing Date to 31 December 2018, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**Code**") contained in Appendix 15 to the rules governing the listing of securities on GEM of the Stock Exchange (the "**GEM Listing Rules**"), except for the deviation from Code Provision A.2.1.

CHAIRMAN AND CHIEF EXECUTIVE

Paragraph A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Huang Xiaodi is the Chairman and the Chief Executive Officer of the Company. Considering that Mr. Huang Xiaodi has more than 10 years of professional experience in the exhibition and event management industry, the Board believes that it is in the best interest of the Group to have Mr. Huang taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from paragraph A.2.1 of the Code is appropriate in such circumstance.

INTEREST OF THE COMPLIANCE ADVISOR

As advised by the Group's compliance advisor, RaffAello Capital Limited (the "**Compliance Advisor**"), as at 31 December 2018, save for the compliance advisor agreement entered into between the Company and the Compliance Advisor dated 3 November 2017, neither the Compliance Advisor nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Group or in any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPETING BUSINESS

During the period from the Listing Date to 31 December 2018, none of the Directors, controlling shareholders or substantial shareholders of the Company, nor any of their respective close associates (as defined under the GEM Listing Rules) were engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group nor were they aware of any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the period from the Listing Date to 31 December 2018.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2018, the interests and short positions of the Directors and Chief Executive of the Company in the shares of the Company (the "**Shares**"), underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange under 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 as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows.

Long positions in the Shares

Director's Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
Mr. Huang Xiaodi (Note)	Interest of controlled corporation	1,272,900,000	63.65%

Note: These 1,272,900,000 Shares are held by A&B Development Holding Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Huang Xiaodi. Therefore, Mr. Huang Xiaodi is deemed to be interested in all the Shares held by A&B Development Holding Limited for the purpose of the SFO.

Long Positions in the Ordinary Shares of Associated Corporation

Director's Name	Name of Associated Corporation	Capacity/Nature	Number of Shares Held	Percentage of Interest
Mr. Huang Xiaodi	A&B Development Holding Limited	Beneficial Owner	One	100%

Save as disclosed above and so far as is known to the Directors, as at 31 December 2018, none of the Directors nor the Chief Executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

THE INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2018 and so far as is known to the Directors, the following persons (other than the Directors or Chief Executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long Positions in the Shares

Director's Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
A&B Development Holding Limited *(Note)*	Beneficial Owner	1,272,900,000	63.65%

Note: A&B Development Holding Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Huang Xiaodi. Therefore, Mr. Huang Xiaodi is deemed to be interested in all the Shares held by A&B Development Holding Limited for the purpose of the SFO.

Save as disclosed above, as at 31 December 2018, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the period from the Listing Date to 31 December 2018 and up to the date of this report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SHARE OPTION SCHEME

(1) 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.

(2) Qualifications and conditions of participants

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 the requirements set out in the prospectus of the Company 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 individual participant to the grant of 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.

(3) 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 i such 30% limit being exceeded.

(4) 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.

(5) 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.

(6) 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.

(7) `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.

(8) 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

(9) Remaining validity period of the scheme

On 16 May 2018, Shareholders have by ordinary resolution, conditionally adopted the Share Option Scheme. The remaining validity period of the scheme is about 9 years and 2 months, being the period commencing from the adoption date to the end of the business day immediately preceding the tenth anniversary of the scheme.

During the period from 16 May 2018 (being the date when the Company adopted a share option scheme) to 31 December 2018, none option was granted, exercised or cancelled and there was no outstanding share option as at 31 December 2018.

REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for share securities transactions by the Directors. Having made specific enquiry with all the Directors, all Directors have confirmed that they have complied with the required standard of dealings in the period from the Listing Date to 31 December 2018.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") on 16 May 2018 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the Code has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment, reappointment and removal of external auditor, to review financial statements of the Company and make judgments in respect of financial reporting; and to oversee the effectiveness of the internal control procedures of the Group.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Ng Yuk Yeung, Mr. Gao Hongqi and Ms. Xu Shuang. Mr. Ng Yuk Yeung is the chairman of the Audit Committee. The Audit Committee has reviewed the annual financial statements of the Group for the Year 2018.

By Order of the Board
Dowway Holdings Limited
Huang Xiaodi
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 March 2019

I. ABOUT THIS ESG REPORT

1) Introduction

This report is the first environmental, social and governance (ESG) report ("**Report**") of Dowway Holdings Limited (hereinafter referred to as "**Dowway**", "**Company**", "**We**" or "**us**"). The Report provides information on the Company's environmental, social and governance performance in 2018. The Report should be read in conjunction with this annual report, especially the Corporate Governance Report contained therein.

2) Reporting Period

Unless otherwise stated, the reporting period of the Report is from 1 January 2018 to 31 December 2018.

3) Scope

The Report is designed to generally reflect the ESG performance of the Company in terms of environment, employment, product responsibility, supply chain management, anti–corruption and community investment. We will focus on relevant areas one by one in the Report.

4) Reference

The Report follows the Environmental, Social and Governance Reporting Guide in Appendix 20 to the GEM Listing Rules.

II. ESG MANAGEMENT PHILOSOPHY AND IDENTIFICATION OF MATERIAL ISSUES

1) Core Philosophy and Management

Dowway agrees with the values of sustainable development. We integrate environmental, social and governance considerations into our business operations. While creating economic value, we provide integrated exhibition and event management services in an environmentally and socially responsible manner to increase our brand value.

The Company has defined the environmental, social and governance responsibilities of various departments, actively fulfilled our responsibilities, and continuously improved our environmental, social and governance practices, with a view to becoming a leading provider of exhibition and event management services in the PRC.

2) Stakeholder Engagement

Dowway understands the importance of feedback from stakeholders (including government and regulators, investors, employees, suppliers and customers) on our environmental, social and governance performance. To this end, the Group has clearly established communication channels with stakeholders to ensure that their expectations and demands are effectively conveyed.

The following table lists the grouping of stakeholder, issues of concern and forms of communication during the reporting period:

Summary of Main Issues of Concern and Communication Channels of Stakeholders of the Company		
Stakeholder	**Issues of Concern**	**Communication Channel**
Government and regulators	Compliance operation Corporate control Environmental protection	Policy consultation, incident reporting and information disclosure
Shareholders and investors	Economic benefit Compliance operation	Company announcements and circulars, and the investor relation column on the official website
Employee	Compensation and benefits Training and development Safety and health	Regular internal communication and group building activities
Supplier	Fair cooperation Integrity	Telephone, conference, mail and field visits
Customer	Product quality Privacy protection	Telephone, conference, mail and field visits
Community	Community relations Community investment Environmental protection	Public welfare activities and community interaction

3) Identification and Analysis of Material Issues

In 2018, we screened the ESG topics based on a variety of communication channels and in combination with the Company's operation, and identified that the ESG topics of most concern to stakeholders are "product responsibility" and "employment and labor practices"; that the important topics are "supply chain management", "anti–corruption" and "environment and natural resources"; and that the related topics are "emissions", "use of resource" and "community investment".

III. ENVIRONMENT

1) Environmental Management

As an integrated exhibition and event management service provider, Dowway mainly offers design, planning, coordination as well as the exhibition and event management services, with relatively little impact on the environment and natural resources.

In the course of business operation and career development, we have formulated the Environmental Protection Management System in accordance with the Environmental Protection Law of the PRC and other relevant laws and regulations. We have carried out environmental factor investigation, identified where we should pay attention for environmental protection during business activities, and analysed and managed the corresponding environmental factors and potential environmental impacts, so as to improve the Company's environmental conditions and reduce the pollution generated in our business operations to the surrounding environment.

In addition, we have provided education and publicity on environmental protection laws and regulations for employees to enhance their environment awareness and encourage environmentally–friendly office practices.

2) Emission

We have formulated the Waste Control Procedure in accordance with the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes and other relevant laws and regulations. It clarifies the responsibilities and requirements of waste management, and controls the collection, storage, disposal or treatment of various wastes of the Company, so as to prevent hazardous wastes from mixing into non–hazardous wastes and avoid causing pollution or impact on the environment.

The Company recycles or disposes hazardous wastes generated during our operation, such as fluorescent tubes, waste print cartridges and ink cartridges, in accordance with laws and regulations. Fluorescent tubes are sent to special storage containers of the property management companies for collective recycling. Waste print cartridges and ink cartridges are recycled by the suppliers.

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For harmless waste such as office garbage generated in the course of operation, we strengthen the supervision and management of waste storage. Recyclable harmless waste such as waste paper is handed over to the recycler for recycling. Other office waste is sent to the waste storage place of the property management companies in a timely manner.

Emission Index	Data for 2018
Total emission of greenhouse gas (tCO_2e)	23.11
Per capita greenhouse gas emission (tCO_2e/person)	0.47
Total emission of harmless wastes (tonnes)	4.30
Total emission of hazardous wastes (tonnes)	0.0048
Per capita emission of harmless wastes (tonnes/person)	0.09
Per capita emission of hazardous wastes (tonnes/person)	0.0001

Notes:

1. Based on the operating characteristics of Dowway, its gas emission primarily includes the greenhouse gas that is generated from the use of electricity converted from fossil fuels.

2. The greenhouse gas list includes carbon dioxide, methane and nitrous oxide, which are mainly derived from purchased electricity. Greenhouse gas accounting is presented by carbon dioxide equivalent (CO_2e), and is based on the Area Grid Baseline Emission Factors in China in 2015 published by the National Development and Reform Commission and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC).

3. The hazardous wastes involved in the operation of Dowway mainly include fluorescent tubes, waste print cartridges and ink cartridges.

4. The harmless waste involved in the operation of Dowway mainly includes office building domestic garbage and waste electronic equipment. Domestic garbage from office building is treated collectively by the property management department of the office building, and thus cannot be measured separately. We have made our estimation according to the Coefficient Manual of the First National Census on Pollution Sources for the Pollutant Generation and Discharge from Urban Living issued by the State Council. Electronic equipment was within the warranty period, and there was no discarded electronic equipment in 2018.

3) Use of Resource

The Company uses electricity as its main energy source and water as its main resource in its offices. In order to make full use of energy and resources, we have established the energy saving and consumption reduction management procedure to manage the use of electricity and water resources.

In order to ensure the reasonable use of electricity, we have assigned special personnel to manage the office electricity and monitor the lighting, computers, photocopiers, air conditioners and other electrical equipment, so as to ensure that the equipment and the lights are turned off after all the workers leave the buildings.

In order to save water resources, we have strengthened the staff's awareness of water conservation and advocated the recycling of water resources. We have strengthened the daily maintenance and repair of water supply facilities and pipelines, with the aim to avoid unnecessary running, emitting, dripping and leaking of water. We encourage recycling of water resources, such as using recycled water to irrigate flowers and wash cars.

Energy and Resource Consumption	
Index	**Data for 2018**
Total energy consumption (MWh)	30.41
Energy consumption per floor area (MWh/m^2)	0.04
Per capita energy consumption (MWh/person)	0.62
Total water consumption (tonnes)	1045.4
Per capita water consumption (tonnes/person)	21.34

Notes:

1. The comprehensive energy consumption is calculated according to the power consumption and the conversion factor in the PRC standard — General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589–2008).

2. Purchased electricity includes the purchased power for Beijing office, and other regional offices have not been counted yet due to their small sizes. In the future, statistics will be made in due course according to the actual situation.

3. Dowway's offices use the municipal water supply controlled by the property management department of the office building. Water charges are included in the property management fees, and water consumption cannot be measured separately. We have estimated the water consumption according to the PRC standard — The Standard of Water Quantity for City's Residential Use (GB/T 50331–2002).

4. Wrappage data is not applicable to Dowway.

IV. EMPLOYMENT

1) Employment and Labour Standards

The Company has formulated the human resources management system, the employment system and other human resources systems to protect the legitimate rights and interests of employees in accordance with the Labour Law of the PRC, the Labour Contract Law of the PRC, the Social Insurance Law of the PRC, the Law of the PRC on the Protection of Women's Rights and Interests, the Labour Protection Regulations for Female Workers, the National Holiday and Memorial Day Vacation Measures, the Labour Security Supervision Regulations and other relevant laws and regulations.

Dowway ensures that every job seeker has equal opportunities to compete for the job. We judge whether an applicant meets our job requirements by its knowledge, morality, capability and experience. We provide social recruitment in accordance with the principle of "openness, fairness and justice". We never treat employees differently in terms of employment, training and compensation due to their race, skin color, religious belief, gender and other factors. We promise not to use child labor or forced labor. The details of staff turnover and dismissal are listed in the employee handbook (the "**Employee Handbook**").

According to the types of work, we use two working systems: standard working system and irregular working system.

- Employees under standard working system work 8 hours a day, 5 days a week. Dowway requires employees to apply for overtime in advance with written approval, and the overtime hours in the current month cannot exceed 36 hours. For approved overtime, the overtime hours will be accumulated for arrangement of alternative leave, or we will give equivalent compensation.

- The average weekly working hours of employees under irregular working system should not exceed 40 hours, and the recruitment of employees under irregular working system has been approved by the local labor administration.

We respect the staff's ability and pay competitive compensation according to the knowledge, skills, experience and education required by each position. We provide holidays and relevant securities to our staff. Our employee benefits include birthday benefits, various holiday benefits, Spring Festival gala activities, etc. In addition, we also organise group building activities from time to time to reduce the work pressure of employees and enhance the cohesion of the Company.

In order to enable employees' expectations and demands to be quickly and effectively received and fed back, we have established unimpeded communication channels among employees within the company. Such channels enable us to promptly eliminate cognitive contradictions and emotional barriers between superiors and subordinates and between cooperative posts, and improve the cooperative awareness and skills of employees, which is beneficial for building efficient teams. We have set up the internal communication management measures and signed with all employees for confirmation. Such measures stipulate the time and frequency of the regular communication between superiors and subordinates, between cooperative posts and between different levels of staff; clarify the necessity of timely communication; stipulate the principle of communication; and designate a person in charge of communication supervision and inspection who will provide a monthly report thereof.

2) **Training and Development**

In order to improve the staff's quality and work efficiency and strengthen the moral education and the knowledge and skills training, Dowway provides training opportunities and customises various training courses and seminars according to the work need and nature of each department.

The Company's staff training includes pre–job training and on–the–job training:

- ***Pre–job training***

  Every new employee needs to attend the induction education and comprehensive training for new employee organised by the Company within one month after being hired. The training mainly includes the introduction of the company, corporate culture, rules and regulations, business characteristics and professional knowledge such as explanation of requirements for the post to be filled in by the employee as well as the work rules and procedures. The training is mainly conducted in the form of induction training seminars;

- ***On–the–job training***

  In order to improve the staff's own quality and work skills, the Company develops employees' potential ability through on–the–job training system to enhance their value. On–the–job training includes regular or irregular seminars, e-learning and other training methods. The training is comprised of business knowledge and experience discussion, skills training for departments, project management training courses and financial management courses.

We have formulated the Employee Salary Adjustment Application and Approval System to manage the salary and promotion of employees. We help employees plan career development and confirm the career promotion paths according to the actual situation of employees after they join the Company. The career promotion paths are divided into management sequence and professional sequence. We conduct irregular assessment on employees every year, and we conduct overall assessment on employees' annual work situation at the end of each year. Every year, the Company will draw up an adjustment plan based on employees' annual assessment results, job responsibilities, on–the–job period and other factors to adjust their ranking and salary. In case of promotion or job transfer, the line manager will directly inform the employee of the promotion or transfer and record it in the files of the human resources department of the Company.

In addition, in order to promote the career development of every employee, give full play to its advantages and stimulate their potential, all employees who have worked for 12 consecutive months in their current positions are eligible to apply for a new position. The Company adjusts its work position and title according to the employee's work performance and work ability.

3) Health and Safety

Dowway pays social insurance for employees in accordance with the Labour Law of the PRC, the Rules of Work Injury Insurance, the Special Rules on Labour Protection for Female Workers and other relevant laws and regulations, which means we pay attention to the health and safety of employees. We have formulated safety policies to monitor and record the occupational health and safety of employees. We provide all employees with an annual physical examination plan to ensure that their physical condition is suitable for relevant work.

We actively organise outdoor exercise for employees to balance their work and life, which in turn will enhance their physique through sports, create a warm working atmosphere and enhance their sense of belonging and the corporate cohesion.

Staff Activity Case: Staff Football Match

In 2018, the quadrennial football world cup was held in Russia. Against the backdrop of this world–focused sports event, we specially planed a series of activities with the theme of "DOWWAY with Passion World Cup".

On 6 July 2018, we held a football championship competition for all employees in the football field of Tayuan Diplomatic Residence Compound. This activity enhanced the communication among the employees and cultivated their team cooperation ability. The pressure from work was released after the delightful game.

As the Company's business is mainly operated in the offices, we have established fire prevention and management procedures in the offices to analyse and find potential fire hazards, and regularly inspected firefighting equipment, manual alarms and other equipment to ensure that such equipment works effectively and their places or positions are obvious. In addition, we provide local fire station and emergency call numbers on conspicuous places in the offices for sudden emergency. We have trained our employees in firefighting. Due to business needs, employees bring flammable items into the office are subject to reporting and management measures to eliminate fire hazards. In July 2018, the Company organised all employees to carry out fire safety drills, in which the use of fire extinguishers and other firefighting knowledge were explained with the aim to improve employees' safety awareness.

V. PRODUCT RESPONSIBILITY

1) Product and Service Quality

Dowway is engaged in the design, planning, coordination and management of exhibitions and activities. According to the types and objectives of exhibitions and activities, we set specific themes for exhibitions and activities, and coordinate with different suppliers to implement our designs and plans.

The Company attaches great importance to high–quality service and implements strict quality control system conforming to international standards. Since 2013, we have been evaluated and certified as conforming to GB/T19001–2016/ISO9001:2015 quality management system standard, GB/T24001–2016/ISO14001:2015 environmental management system standard and GB/T28001–2011/OHSAS18001:2007 occupational health and safety management system standard.

In addition, we have obtained Grade II qualification for architectural decoration engineering, Grade I qualification for exhibition engineering, and Grade I qualification for integration of design and construction for exhibition and display engineering.

Key Qualification Certificates of Dowway

Environmental management system certification GB/T24001–2016/ISO14001:2015

Quality management system certification GB/T19001–2016/ISO9001:2015

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Occupational health and safety management system certification GB/T28001–2011/OHSAS18001:2007

Grade I qualification for exhibition engineering

Grade I qualification for integration of design and construction for exhibition and display engineering

Grade II qualification for architectural decoration engineering

We believe that the quality of service is very important, and we try our best to ensure that our service meets customer requirements and industry standards.

We have implemented the following systems and measures to ensure the quality of deliverables at all stages and the overall quality of the project:

1. ***Design and planning phase***

   In order to ensure the design quality meets the customer's requirements, we set up an internal design team. Our design drawings are generally created by combining designers' creativity, techniques and knowledge to ensure that relevant designs are attractive, safety–guaranteed and functional and also conform to the themes of exhibitions and activities.

   Our internal design team works closely with the project manager to understand and meet customer requirements. In order to convey the design concept to the customers more effectively, the internal designers will provide feedback to the customers' comments and questions about the design in a timely manner.

2. ***Construction and installation phase***

   During project management, we assign project managers to manage and supervise construction and installation, and to coordinate with suppliers to implement design and drawing plans. In order to ensure that suppliers purchase suitable building materials and equipment for the project, the project manager is also responsible for supervising the quality of building materials and equipment on site.

   We have internally formulated the general standards for setting up company exhibition tools. This standard regulates the construction standards and acceptance basis for items and stages such as preliminary preparation, booth coordinates, unloading and placing of packing boxes, exhibition tools, TRUSS, platform, back wall, negotiation room, stage, revolving stage, text and image as well as leaving of exhibition. We require our staff and their subordinates to form teams and arrange outsourcing units to observe and strictly implement this standard. In addition, we have carried out promotion of and education on the standardised production and installation of exhibition tools to project managers, construction teams and cooperative units, so as to raise awareness of the importance of project quality and acceptance.

   The project manager regularly prepares reports and meets with customers to report the progress of construction and installation, so as to ensure that customers have a full understanding of the Company's project progress. After the construction is completed, we will work closely with the suppliers and inspect the quality of the project, so as to guarantee the finished products meeting customer requirements.

3. ***Activities carrying–out phase***

   In order to prevent potential environmental and safety risks during exhibitions and activities, we control important environmental safety factors such as solid waste, fire, noise and dust. We assign personnel to regularly check each factor to discover and deal with potential risks in time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2) Customer Privacy

Dowway understands the importance of protecting the privacy of customers, and has established the information confidentiality system which requires attention paid to the confidentiality of all kinds of business data and events to protect the interests of customers and the Company.

In the Employee Handbook, we stipulate that all the employees have the obligation to keep business secrets in confidential. The handbook classifies and lists the measures to keep confidential the various activities and key links such as public and private communication, office security, document transmission, important meetings, database use and backup and external publicity, so as to strengthen the confidentiality awareness of all employees and ensure the legal access to and use of customer information.

In addition, we sign confidentiality agreements with the suppliers, urging its employees, managers, affiliated companies or external technical consultants to abide by the confidentiality obligation and protect the customer's information.

3) Intellectual Property Management

In order to safeguard our legitimate rights and interests, Dowway formulates intellectual property protection measures in accordance with the Tort Liability Law of the PRC, the Patent Law of the PRC, the Trademark Law of the PRC and the Copyright Law of the PRC, with the aim to strictly protect the Company's copyrights, patent rights, trademark rights, trade secrets and domain names.

The Company has made it clear that its employees are involved in the protection and supervision of intellectual property rights, and has conveyed this idea to all employees and made sure they all have a full understanding thereof. We have set up an intellectual property accountability mechanism to deal with and hold accountable relevant personnel who intentionally disclose intellectual property.

As of 31 December 2018, Dowway has registered 12 patents and held the copyrights to 6 software programs.

VI. SUPPLY CHAIN MANAGEMENT

Dowway has accumulated experience in cooperating with various suppliers by coordinating and managing different types of exhibitions and activities. In the cooperation with suppliers, we attach importance to their environmental and social risk management. We have established procurement management rules and regulations to carry out supplier development, supervision, evaluation and management, so as to coordinate supplier relationship and optimise our supplier base. In order to standardise the collection, reporting and verification of supplier–related information, Dowway has developed a supplier information card designed to improve the supplier information base for collective management purpose.

1) Honest Procurement

Dowway has completed the project bidding and the selection of project suppliers in strict accordance with relevant laws and regulations such as the Law of the PRC on Tenders and Bids, the Tenders and Bids Measures for Completion of Engineering Construction Projects and the Tenders and Bids Measures for Survey and Design of Engineering Construction Projects.

In order to regulate the supplier's behavior, Dowway sign the integrity notification letter with suppliers to prohibit any form of bribery and improper transactions.

We have set up a reporting channel and added a complaint reward and offence punishment mechanism. Any supplier violating the Company's integrity requirements will immediately lose the cooperation with us and be held for legal responsibility. Meanwhile, we will announce the information of the employees and suppliers who violate the requirements on the relevant information platforms of the Enterprise Anti–Fraud Alliance in the PRC to alert other companies to cooperate with them carefully.

2) Green Management

In order to ensure that important environmental factors involved in products used by the Company are controlled, Dowway carries out environmental assessment on suppliers and exerts influence on them based on laws and regulations such as the Environmental Protection Law of the PRC, the Air Pollution Prevention Law of the PRC, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes and the Law of the PRC on the Prevention of Noise Pollution to the Environment.

We sign the environmental management agreements with the suppliers, explaining the environmental factors for purchasing products before establishing the cooperation relationship with the suppliers, so as to ensure the compliance of the Company's products. We urge our suppliers to comply with relevant national laws and regulations and meet relevant national standards in its production process as agreed in the agreement, and to establish an environmental management system.

We require that the wastes generated during the pre–installation and on–site installation of the required products for exhibition and display be piled up at the locations set up by the Company or designated by the customers, which will be collectively managed and disposed of by Dowway's project department. We properly keep those wastes with recycling value for reuse. Those wastes without reuse value will be sent to the environmental sanitation unit or waste recycling unit for recycling.

3) Safety in Construction

Dowway has followed the Safe Production Law of the PRC during the construction, and urged suppliers to reduce their production risks.

We sign the safe production responsibility letter with the suppliers. It clarifies the matters and responsibilities on fire control and safety management, stipulates orderly construction standards and adds punishment measures. We urge suppliers to manage the safety and health of their employees, distribute labor protection articles and publicise the importance of safety to their employees. We also assign the project manager to be responsible for on–site monitoring of the safe production of suppliers.

In addition, we carry out meticulous management for the erection and dismantling of the exhibition hall. It requires safety standards for key procedures such as entering the site, using electricity and working high above the ground. The purpose is to avoid all kinds of production safety accidents and fire accidents, with a view to create a safe, orderly, environment–friendly and healthy construction environment.

VII. ANTI–CORRUPTION

In order to create an honest corporate culture, Dowway has formulated the anti–fraud management system to strengthen the internal management, reduce our risks, and ensure and promote an orderly operation and management. We have formulated the code of conduct for employees' professional ethics to foster employees' awareness of honesty in their work and warn them to stay away from risks of discipline violation.

We designate the internal audit department as the permanent anti–fraud body. It is responsible to organise and implement anti–fraud work, assist departments in conducting annual fraud risk assessment, carry out anti–fraud publicity, and prevent any form of fraud, bribery or other malpractices by the Company's management and employees.

In order to strengthen the anti–fraud awareness of employees, we internally publish anti–fraud policies and procedures and relevant measures in the Employee Handbook or company rules and regulations or via local area networks, together with necessary employee communication or trainings. New employees are required to receive training on anti–fraud and laws and regulations as well as the honesty and moral education. We ensure that every employee receives training on relevant laws and regulations and professional ethics to help them identify what is legal or illegal and what is honest or dishonest.

The Company has set up a reporting system with letters, e–mails, face–to–face reports and other reporting channels. For employees who provide reporting clues, we ensure that their legitimate rights and interests are not harmed. If reports of violation of discipline and rules are received, the internal audit department will complete the necessary investigation procedures and issue an investigation report based on the verification of the facts. Major matters and reports involving senior company leaders will be reported to the board of directors. The Company will punish the employees for their fraud that has been confirmed through investigation. Reports of violations of national laws will be transferred to the judicial authorities.

VIII. COMMUNITY INVESTMENT

While providing high–quality services to customers, Dowway strengthens its own ethical and cultural construction, and pays attention to practicing its role as a corporate citizen to actively undertake social responsibilities.

We maintain communication with the surrounding communities and encourage employees to participate in charity and volunteer activities. In this way, we provide support and help to the surrounding communities, showing our passion in public welfare for construction of harmonious communities.

Case of Community Volunteer Activities: Bring Safety to Jianguomen Disabled Persons' Federation

On 22 December 2018, Dowway and Jianguomen Subdistrict Disabled Persons' Federation jointly held a "Bring Safety" activity.

The Company organised the employees as volunteers to the activity center of Jianguomen Subdistrict Disabled Persons' Federation to visit the disabled. The staff and the disabled had interesting and lively interactive activities. We gave them apple as gift with the blessings of Christmas. All of us had a happy and fulfilling day there.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company from the Listing Date to 31 December 2018.

CORPORATE GOVERNANCE PRACTICE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Code as set out in Appendix 15 of the GEM Listing Rules as its own code of corporate governance. Save as disclosed in this annual report, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code from the Listing Date to 31 December 2018. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring the Group's business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

During the Year 2018, all the Directors had carried out duties in good faith and, to their best knowledge and belief, in compliance with applicable laws and regulations, and had acted in the interest of the Company and the Shareholders as a whole at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

As at the date of this annual report, the Board comprises three executive Directors and three independent non-executive Directors as follows:

Executive Directors:

Mr. Huang Xiaodi *(Chairman, Chief Executive Officer, Compliance Officer)*
Mr. Ma Yong
Mr. Yan Jinghui

Non-executive Director:

Mr. Yuen Lai Him (appointed on 22 March 2019)

Independent Non-executive Directors:

Mr. Gao Hongqi
Ms. Xu Shuang
Mr. Ng Yuk Yeung

The non-executive Director Mr. Yuen Lai Him has been appointed with effect from 22 March 2019.

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the year ended 31 December 2018, the Board has met at all times the requirements under Rules 5.05(1) and 5.05(2) of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 5.05A of the GEM Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy to ensure that the Company will, when determining the composition of the Board, consider board diversity from various perspectives. The board diversity policy is summarized below:

Board Diversity Policy of the Company (the "Policy")

1. Purpose:

    1.1 This Policy aims to set out the policy to achieve diversity on the Group's board of directors (the "Board").

2. Vision:

    2.1 The Group recognises and embraces the benefits of having a diverse Board to enhance the quality of the Company's performance.

3. Policy statement:

    3.1 With a view to achieving a balanced and stable development, the Group sees diversity at the Board level as an essential element in achieving balanced and stable development of the Group. In designing the Board's composition of the Group, Board diversity has comprehensively considered from a number of aspects, including but not limited to gender, age, cultural and educational background or professional experience on the principle of "promotion of the worthy".

4. Measurable objectives:

    4.1 Selection of candidates will be based on a range of diversity perspectives, which will include but not limited to gender, age, cultural and educational background or professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Group.

5. Review and monitoring

   5.1 The Nomination Committee will review the Policy, as and when appropriate, to ensure the effectiveness of the Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

   5.2 Details of the policy and any measurable objectives designed for it will be disclosed in the annual report of the Group.

The Group has adopted a policy to diversify the membership of the Board. The Group recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board composition of the Group is based on a range of diverse perspectives, and candidates will be selected from a number of aspects, including but not limited to gender, age, cultural and educational background or professional experience on the principle of "promotion of the worthy".

During the year and at the date of this report, the Board has seven Directors, one of which is a female. The table below further describes the degree of diversity of the Board:

	Age distribution			Gender	
Name of director	**31–40**	**41–50**	**51–60**	**Male**	**Female**
Huang Xiaodi	✓			✓	
Ma Yong	✓			✓	
Yan Jinghui	✓			✓	
Yuen Lai Him		✓		✓	
Xu Shuang	✓				✓
Gao Hongqi			✓	✓	
Ng Yuk Yeung		✓		✓	

	Education background				Professional experience			
Name of director	**Arts and design**	**Civil engineering**	**Electrical engineering**	**Computer science and/ or others**	**Exhibition and design**	**Architectural engineering**	**Finance**	**Investment**
Huang Xiaodi	✓				✓			
Ma Yong				✓	✓			
Yan Jinghui	✓				✓			
Yuen Lai Him			✓					✓
Xu Shuang				✓	✓			
Gao Hongqi		✓				✓		
Ng Yuk Yeung				✓			✓	

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Directors and the chief executive of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the Code provision requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the Company, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Group's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also provides regular updates on latest development and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge his/her duties.

Directors are encouraged to participate in continuous professional development seminars and programmes to develop and refresh their knowledge and skills. The joint company secretaries of the Company have from time to time updated and provided the Directors with written training materials relating to the roles, functions and duties of a director of a listed issuer on GEM of the Stock Exchange. The Company has also engaged external legal advisers to provide training to Directors on updates of GEM Listing Rules as well as latest changes in relevant rules and regulations.

According to the information provided by the Directors, a summary of trainings received by the Directors throughout the year ended 31 December 2018 is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes
Executive Directors	
Mr. Huang Xiaodi	C
Mr. Ma Yong	C
Mr. Yan Jinghui	C
Independent Non-Executive Directors	
Mr. Gao Hongqi	C
Ms. Xu Shuang	C
Mr. Ng Yuk Yeung	A

CORPORATE GOVERNANCE REPORT

Notes:

A: Attending seminars and/or meetings and/or forums and/or briefings

B: Giving talks in the seminars and/or meetings and/or forums

C: Attending training relevant to the Company's business conducted by lawyers

D: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

CHAIRMAN AND CHIEF EXECUTIVE

Paragraph A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Huang Xiaodi is the Chairman and the Chief Executive Officer of the Company. Considering that Mr. Huang Xiaodi has more than 10 years of professional experience in the exhibition and event management industry, the Board believes that it is in the best interest of the Group to have Mr. Huang taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from paragraph A.2.1 of the Code is appropriate in such circumstance.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has signed a service agreement with the Company for an initial term of three years commencing on the Listing Date until terminated by either party by giving not less than three months' notice in writing to the other.

The non-executive Director has entered into a service contract with the Company for an initial term of three years commencing from his appointment date until terminated by either party by giving not less than one month's notice in writing to the other.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years commencing on the Listing Date, provided that either party may terminate such appointment at any time by giving at least three months' notice in writing to the other.

None of the Directors has a service agreement which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committees meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board Committees members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or the relevant Board Committees prior to the meeting.

Minutes of the meetings are kept by the company secretary, with copies circulated to all Directors or the relevant Board Committees members for information and records.

Minutes of the Board meetings and Board Committees meetings are recorded in sufficient details about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors or the Board Committees members. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors or the Board Committees members for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings and the Board Committees members are open for inspection by Directors.

As the Company was listed on GEM of the Stock Exchange on 12 June 2018, from the Listing Date to 31 December 2018, no general meeting was held and 2 Board meetings were held. The attendance of each Director at these meetings is set out in the table below:

Directors	Attended/ Eligible to attend the Board meeting(s)	Attended/ Eligible to attend the general meeting(s)
Mr. Huang Xiaodi	2/2	N/A
Mr. Ma Yong	2/2	N/A
Mr. Yan Jinghui	2/2	N/A
Mr. Gao Hongqi	2/2	N/A
Ms. Xu Shuang	2/2	N/A
Mr. Ng Yuk Yeung	2/2	N/A

REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for share securities transactions by the Directors. Having made specific enquiry with all the Directors, all Directors have confirmed that they have complied with the required standard of dealings in the period from the Listing Date to 31 December 2018.

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors are provided with sufficient resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transaction entered into by the management.

CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to develop, review and monitor the codes of conduct and compliance manuals applicable to employees and the Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on such matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

AUDIT COMMITTEE

The Audit Committee comprises three members, namely Mr. Ng Yuk Yeung (chairman), Ms. Xu Shuang and Mr. Gao Hongqi, all of them are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

1. to review the relationship with the Auditor by reference to the work performed by the Auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the Auditor;

2. to review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or the Auditor before submission to the Board; and

3. to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

2 meetings were held by the Audit Committee from the Listing Date to 31 December 2018 and the attendance of each Audit Committee member at the Audit Committee meetings during the year ended 31 December 2018 is set out in the table below:

Directors Attended/Eligible to attend	
Mr. Ng Yuk Yeung	2/2
Ms. Xu Shuang	2/2
Mr. Gao Hongqi	2/2

During the meetings, the Audit Committee:

- reviewed the financial results of the Group for the six months ended 30 June 2018 and for the nine months ended 30 September 2018 as well as the relevant financial reports;

- reviewed the audit report prepared by the Auditor relating to accounting issues and major findings in course of audit;

- reviewed the financial reporting system, compliance procedures, risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the re-appointment of the Auditor; the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

NOMINATION COMMITTEE

The Nomination Committee currently comprises three members, namely Ms. Xu Shuang (chairman) and Mr. Gao Hongqi, the independent non-executive Directors, and Mr. Yan Jinghui, the executive Director.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors; and

4. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman of the Board and the Chief Executive Officer.

Nomination Policy of Dowway Holdings Limited

1 Purpose

1.1 The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the shareholders for election as Directors at general meetings or appoint as Directors of Dowway Holdings Limited to fill casual vacancies.

1.2 The number of candidates nominated by the Nomination Committee may (as it deems appropriate) exceed the number of directors to be appointed or reappointed at the general meeting or the number of temporary vacancies to be filled.

2 Criteria of selection

2.1 In assessing the suitability of a proposed candidate, the Nomination Committee would consider factors including:

- reputation for integrity;

- commitment in respect of available time and interest on behalf of relevant stakeholders;

- diversity in all aspects of the Board, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

These factors are bases for the Nomination Committee to nominate new members. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

2.2 All the retiring directors (excluding those who have been independent non-executive directors for 9 consecutive years) are qualified to be nominated by the Board for re-election at the general meeting. For the avoidance of doubt, (a) the nine-year period for deciding whether an independent non-executive director is qualified to be nominated by the Board for election at the general meeting shall be from the date when the director is appointed for the first time up to the date of the forthcoming annual general meeting (the current term of office of such director will expire at the end of the annual general meeting); (b) such independent non-executive director who has been a member of the Board can hold office until the expiry of its current term of office.

2.3 Proposed candidate is required to submit the required personal information, in established form, and a consent letter, and agrees to be appointed as a director and disclose its personal information in respect of its election for director and matters related thereto in any document or relevant website.

2.4 The Nomination Committee can request, if necessary, the candidate to provide additional information and document.

3. Nomination Procedure

3.1 The secretary of the Nomination Committee is required to convene a Nomination Committee meeting and invites the Board members to nominate candidates (if any) for the Nomination Committee to consider before the meeting. The Nomination Committee may also nominate candidates who are not nominated by the Board members.

3.2 The Nomination Committee has the responsibility of nominating candidates to the Board for consideration and approval to fill casual vacancies. In order to propose candidate(s) for election as Director(s) at a general meeting. the Nomination Committee shall nominate to the Board for its consideration and recommendation for election.

3.3 The nominees shall not be assumed with recommendation of the Board for election until the issue of circulars to shareholders.

3.4 Name, resume (containing qualification and relevant experiences), independence, proposed remuneration and other information of candidates is set forth in circulars to shareholders in accordance with applicable laws, rules and regulations.

3.5 The Board has the right of making final decision on all matters relating to election of recommendation of candidates in general meeting.

4. Confidentiality

Unless required by law or any regulatory authority, under no circumstances shall a member of the Nomination Committee or a staff member of Dowway Holdings Limited disclose any information to entertain any enquiries from the public with regard to any nomination or candidate before the circular to shareholders, as the case may be, is issued. Following the issue of the circular, the Nomination Committee or company secretary or other staff member of Dowway Holdings Limited, approved by the Nomination Committee may answer enquiries from the regulatory authorities or the public but confidential information regarding nominations and candidates should not be disclosed.

CORPORATE GOVERNANCE REPORT

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

As the Company was Listed on GEM of the Stock Exchange on 12 June 2018, no meeting was held by the Nomination Committee from the Listing Date to 31 December 2018:

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, namely Mr. Gao Hongqi (chairman) and Mr. Ng Yuk Yeung, the independent non-executive Directors and Mr. Ma Yong, the executive Directors.

The principal duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's overall policy and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives determined by the Board, and assess performance of executive Directors and the terms of their service agreements;

3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. These include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Director(s);

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

8. to ensure that no Director or any of his/her associates (as defined in the GEM Listing Rules) is involved in deciding his/her own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

As the Company was Listed on GEM of the Stock Exchange on 12 June 2018, no meeting was held by the Remuneration Committee from the Listing Date to 31 December 2018:

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Year 2018 which give a true and fair view of the affairs of the Group and of the Group's results and cash flows.

The management has provided the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with quarterly updates on the Group's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the independent auditor's report on pages 68 to 72 of this annual report.

AUDITOR'S REMUNERATION

The remuneration for the audit services, non-audit services and the audit services related to the share Offer provided by the Auditor to the Group during the Year 2018 was approximately as follows:

Type of Services Amount	RMB'000
Audit services	2,027
Non-audit services related to internal control review	150
Total	2,177

COMPANY SECRETARY

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Lam Yuk Ling, manager of TMF Hong Kong Limited (a company secretarial service provider), as the company secretary of the Company. Mr. Huang Xiaodi is her primary contact person in the Company.

For the Year 2018, Ms. Lam has undertaken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which enables Shareholders and investors to make informed investment decisions.

The general meetings of the Company provide opportunity for the Shareholders to communicate directly with the Directors. The chairman of the Company and the chairmen of each of the Board Committees will attend the general meetings to answer Shareholders' questions. The Auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at http://www.dowway-exh.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the GEM Listing Rules except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a precedent or administrative matter to be voted by a show of hands. Poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such meeting shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the Headquarters of the Company at Hong Kong or at Beijing.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum of the Company and the Articles of Association have been amended and restated with effect from the Listing Date, the latest version of which are available from the websites of the Company and the Stock Exchange.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is the Group's highest internal decision-making body on risk management and internal control, and is responsible for the effectiveness of related works. That responsibility includes setting up reasonable and effective risk management and internal control processes to ensure safety of the Group's assets and realization of its strategic objectives. The Board has assigned management and execution procedures to implement the risk management and internal control system within specific areas, and to review all functions related to finance, operation and supervision of legal compliance and risk management.

The Group's risk management procedures and internal control system includes definition of management structure and restrictions on its authority. It also regularly identifies and evaluates material risks that might appear in operations, discovers possible risks in a timely manner, provides effective preventive and risk control measures, all aimed at mitigating potential losses resulting from these risks. This is all aimed at protecting the safety of the Group's assets, realizing its strategic objectives, ensuring the accuracy of financial data and compliance with relevant laws and regulations. The aforesaid monitoring system is designed to manage and minimize the risks from failure of the Group's operational systems or to achieve business goals, and it can only offer a reasonable assurance but not an absolute guarantee of no material misrepresentation or loss.

The Group has set up an internal audit professional position with the aim to assist the Board and Audit Committee with a regular review on the effectiveness of its risk management process and internal control system. The Group's business and functional departments continue to assess potential risks that might prevent it from realizing business and operational objectives. The review procedures include evaluating whether the current internal control system is suitable, whether potential risks are properly handled and/or whether any added measures are required.

SIGNIFICANT RISKS OF THE GROUP

In 2018, the Group identified three significant risks through the risk management procedures above. The Audit Committee has assisted the Board to monitor the Group's overall risk status, and reviewed the nature and gravity of the significant risks that it may face. The Audit Committee is of view that the management has adopted appropriate measures against significant risks and is able to control them at a level acceptable to the Board.

CORPORATE GOVERNANCE REPORT

Current significant risks that the Group faces and countermeasures already adopted are summarized as below. The Group's risk exposure may change and the table below does not include all possible risks.

1. **Risks from market competition – risks to income**

   The Group's revenue is mainly from key customers. If the Group cannot retain existing customers, or the business or financial performance of existing customers deteriorates, or the Group cannot secure new customers, the Company may experience slow growth, no growth or negative growth, and the Company's financial performance and results of operations would be adversely affected.

   The Group has established a stable relationship with internationally-renowned automobile companies, and strives to continually satisfy their needs and requirements for exhibition and event management services. Besides, the Group's management team has significant experience in this industry, strong client relationships and capabilities of securing business opportunities from new customers. The Group's sales department has assigned specific staff to regularly review market trends and customer demand, who can effectively evaluate and manage the exhibitions and events undertaken by the Group. In addition, the Group has ventured into new exhibition themes, which can deliver high satisfaction of exhibitors, attract visitors, and foster its business development.

2. **Risks from market competition – risk of costs**

   When bidding for projects, the Group estimates overall costs based on prevailing market standards, including the costs of construction materials, labor, equipment and logistics. If the estimation is incorrect or encounters unexpected price fluctuations, higher prices charged by suppliers may reduce the profit or even lead to a net loss on the project, and the Company's financial performance and results of operations would be adversely affected.

   The Group has established an extensive network of different suppliers. In our operations, the Group's sales department has accumulated experience working with different types of suppliers through coordination and management of various exhibitions and events, enabling the flexible selection of suitable suppliers based on the needs of the exhibition or event, customer quotation, service quality and overdue service and/or products, thereby achieving effective control of service quality and cost.

3. **Risks from operations – risk of capital collection**

   If the Group's customers do not settle invoices on time and in full, this may materially and adversely affect its cashflow and financial position. Insufficient cashflow may cause the Group to be unable to make payment to suppliers who may, in turn, terminate product or service supplies, hence affecting the Group's business operations. Besides, the Group may supplement cashflow through other financing activities, which may incur additional financing costs. In this regard, the Group cannot guarantee that it will be able to promptly obtain financing, thus it may not be able to mitigate the risk from insufficient cashflow in an effective and timely manner.

The Group's customers are mainly internationally-branded automobile companies that are well-established both overseas and in the PRC. In relation to new customers, the Group's financial department conducts customer analysis, including reviewing customers' payment method and credit terms as well as analyzing new customers' financial condition and past payment records. Then its senior management team decides whether to proceed with cooperation after ensuring the customers' good reputation or requesting the customers to make payment in advance. In addition, the Group continues to monitor long outstanding receivables and maintains close communication with the contact person of current customers in order to understand the latest development in their business and perform regular collection activities.

The Board conducted an annual review on the effectiveness of the Group's risk management and internal control systems for the Year 2018 through the Audit Committee. The management has confirmed the effectiveness of the Group's risk management and internal control systems of their respective responsible area during the year. The Board confirmed that, in absence of any evidence to the contrary, in respect of the Year 2018, it considered the Group's risk management and internal control systems to be effective. They also considered the current allocation of resources to be adequate, the qualification and experience of staff and their training to be proper, and their budget for accounting, internal audit and financial reporting functions to be sufficient. Hence, the Group has been able to prevent any material financial misstatements or loss, as well as safeguarding of assets, maintenance of proper accounting records, provision of reliable financial information, compliance with appropriate legislation, and identification and containment/control of business risks.

INSIDE INFORMATION

The Group has formulated policies on the proper management of inside information. It regularly reminds the Directors and employees to properly comply with all policies regarding inside information. To ensure all relevant reports receiving adequate attention, the Group has established a notification mechanism to handle and discuss internal reports and inside information concerning the areas of financial, operational and internal control procedures as well as fraud. Significant deficiencies of internal control procedures are reported to the Audit Committee.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of Dowway Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Dowway Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 73 to 124, which comprise:

- the consolidated balance sheet as at 31 December 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to Revenue recognition from exhibition and event related services.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition from exhibition and event related services Refer to notes 2.18, 4 and 6 to the consolidated financial statements. The Group derives most of its revenue from contracts with customers in relation to exhibition and event related services which amounted to RMB125 million for the year ended 31 December 2018. Revenues are recognised when or as the control of the services is transferred to the customers. In the contract with the customer, a series of distinct exhibitions and event related services has the same pattern of transferring the control of the services to the customer. Therefore, series guidance is applied and the Group accounts for a series of distinct exhibitions and event related services as one performance obligation. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation with the input method, under which, revenue is recognised on the basis of the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.	We assessed the reasonableness of management's judgement with reference to the relevant accounting standards and consideration of relevant facts and circumstances. We performed the following audit procedures on a sample basis: (i) Obtained the exhibition and event related services contracts from management and understood the contract terms; (ii) Inspected the contract sum, budget information, time table of exhibitions, on which the estimated total costs and the extent of progress toward completion were based, and evaluated the appropriateness of management's estimation. If the budget cost has been revised, reviewed the updated time table of exhibitions and other relevant information and evaluated the appropriateness of the revision; (iii) Discussed with the project managers to understand the status of the exhibitions or events and inspected the supporting documents, including progress reports, records of deliverables, invoices and cash receipts, where applicable; (iv) Checked costs incurred during the year by tracing to supporting documents, including contracts with suppliers, progress reports, invoices and cash payments, where applicable;

Key Audit Matter	How our audit addressed the Key Audit Matter
When applying the input method, the management makes estimates on the total costs based on the budget of each project which includes the expected time table of the exhibition, the estimation of resources to be consumed, including labour hours and costs. The estimation on the total costs and the extent of progress toward completion will be revised if circumstance changes, for example, when the total costs incurred is different from the amounts that were initially budgeted. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision. We identified the recognition of revenue from exhibition and event related services as a key audit matter as it involves significant estimations and judgements by management.	(v) Tested the mathematical accuracy of the calculation of the extent of progress toward completion and revenue and costs recognised during the year; (vi) Confirmed with customers the transaction amounts during the year and the receivable balances as at the balance sheet date; (vii) Performed background search and interview with customers to understand the services contents, contract terms, the acceptance of service rendered and the service progress as at the balance sheet date. Based on the work conducted, we found the judgement and estimates adopted by management in determining the revenue from exhibition and event related services are supported by available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Ping Fai.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2018 RMB'000	 2017 RMB'000
Revenue	6	**124,779**	97,000
Cost of service	9	**(99,182)**	(72,697)
Gross profit		**25,597**	24,303
Selling expenses	9	**(3,485)**	(3,251)
Administrative expenses	9	**(22,074)**	(19,240)
Net impairment losses on financial and contract assets		**(1,510)**	–
Other income	7	**157**	69
Other gains/(losses) — net	8	**3,435**	(144)
Operating Profit		**2,120**	1,737
Finance income	11	**36**	21
Finance expenses	11	**(10)**	(114)
Finance income/(expenses) — net	11	**26**	(93)
Profit before income tax		**2,146**	1,644
Income tax expense	13	**(3,142)**	(2,428)
Loss for the year		**(996)**	(784)
Total comprehensive loss for the year		**(996)**	(784)
Loss per share attributable to owners of the Company			
— Basic Loss per share (in RMB cents)	14	**(0.06)**	(0.28)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2018 RMB'000	2017 RMB'000
ASSETS			
Non–current assets			
Property, plant and equipment	15	**1,997**	2,195
Deferred income tax assets	23	**916**	642
Other non–current assets	19	**2,485**	–
Total non–current assets		**5,398**	2,837
Current assets			
Trade and other receivables	17	**43,101**	44,727
Contract assets		**11,362**	–
Other current assets	19	**3,740**	–
Cash and cash equivalents	18	**61,676**	20,163
Total current assets		**119,879**	64,890
Total assets		**125,277**	67,727
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	20	**1,277**	–*
Share premium	20	**76,152**	29,185
Other reserves	21	**(6,842)**	(7,147)
Retained earnings		**3,323**	4,624
Total equity		**73,910**	26,662
LIABILITIES			
Current liabilities			
Trade and other payables	22	**43,753**	37,639
Contract liabilities		**3,307**	–
Current income tax liabilities		**4,307**	3,426
Total current liabilities		**51,367**	41,065
Total liabilities		**51,367**	41,065
Total equity and liabilities		**125,277**	67,727

* The balance stated above was less than RMB 1,000.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 73 to 124 were approved by the Board of Directors on 22 March 2019 and were signed on its behalf

Xiaodi Huang

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the Company					
	Note	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total equity *RMB'000*
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		–*	29,185	–	(7,147)	4,624	26,662
Balance at 1 January 2018		**–***	**29,185**	**–**	**(7,147)**	**4,624**	**26,662**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**(996)**	**(996)**
Capitalisation issue	20	**956**	**(956)**	**–**	**–**	**–**	**–**
Net proceeds from issuance of ordinary shares	20	**321**	**47,923**	**–**	**–**	**–**	**48,244**
Appropriations to statutory reserves		**–**	**–**	**–**	**305**	**(305)**	**–**
Balance at 31 December 2018		**1,277**	**76,152**	**–**	**(6,842)**	**3,323**	**73,910**

* The balance stated above was less than RMB 1,000.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2018 RMB'000	2017 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	25	**(3,342)**	9,266
Income tax paid		**(2,535)**	(4,932)
Net cash (used in)/generated from operating activities		**(5,877)**	4,334
Cash flows from investing activities			
— Purchases of property, plant and equipment		**(3,272)**	(169)
— Interest received		**36**	90
— Proceeds from the disposal of available–for–sale financial assets		**–**	3,000
— Decrease in advances to Controlling Shareholder		**666**	5,384
Net cash (used in)/generated from investing activities		**(2,570)**	8,305
Cash flows from financing activities			
— Repayments of borrowings	25	**–**	(5,000)
— Interest paid		**–**	(107)
— Dividends paid to the then shareholders of Beijing Dowway	25(a)	**–**	(10,000)
— Proceeds from issuance of new ordinary shares	20	**49,804**	29,185
— Deemed distribution to shareholders	21	**–**	(19,600)
Net cash generated from/(used in) financing activities		**49,804**	(5,522)
Net increase in cash and cash equivalents		**41,357**	7,117
Cash and cash equivalents at beginning of year		**20,163**	13,237
Exchange gain/(loss) on cash and cash equivalents		**156**	(191)
Cash and cash equivalents at end of year		**61,676**	20,163

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Dowway Holdings Limited (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 as the "Group") are principally engaged in design, planning, coordination and management of exhibitions and events in the People's Republic of China (the "PRC").

The ultimate controlling party of the Group is Mr. Huang Xiaodi, who is also the executive director and chairmen of the Board of the Company (the "Controlling Shareholder" or "Mr. Huang").

The Company has its primary listing on GEM of The Stock Exchange of Hong Kong Limited ("GEM") since 12 June 2018.

The consolidated financial statements are presented in Renminbi ('RMB'), unless otherwise stated.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Dowway Holdings Limited and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the available-for-sale financial assets that measured at fair value *(note 3.3)*.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions — Amendments to HKFRS 2
- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property — Amendments to HKAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9, HKFRS 15 and the new accounting policies are disclosed in note 2.2 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, 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.

Impact

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of RMB517,000, see note 26. All of these commitments relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss.

The Group has no activities as a lessor and hence does not expect any significant impact on the financial statements.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(iv) New standards and interpretations not yet adopted *(Continued)*

HKFRS 16 Leases (Continued)

Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Group does not expect the new guidance to have a significant impact on the financial statements since all non-cancellable operating lease commitments relate to short-term leases.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements.

(a) Impact on the financial statements

As explained in note 2.2(c) below, HKFRS 15 were generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new contract assets recognised rules are therefore recognised in the opening balance sheet on 1 January 2018. The adjustment arising from new impairment rules of HKFRS 9 is not recognised as the impact is immaterial.

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

(a) *Impact on the financial statements (Continued)*

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Balance sheet (extract)	31 December 2017 *RMB'000*	Reclassification under HKFRS 15 *RMB'000*	1 January 2018 *RMB'000*
Current assets			
Trade and other receivables	44,727	(22,523)	22,204
Contract assets	–	20,748	20,748
Other current assets	–	1,775	1,775
Total assets	67,727	–	67,727
Current liabilities			
Trade and other payables	37,639	(36)	37,603
Contract liabilities	–	36	36
Total liabilities	41,065	–	41,065
Net assets	26,662	–	26,662

(b) *HKFRS 9 Financial Instruments*

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies related to classification, recognition and derecognition and measurement are set out in note 2.9 below. The impact related to impairment are set out below.

(i) *Impairment of financial assets*

The Group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables from the provision of services;
- contract assets relating to services contracts; and
- other receivables

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is immaterial.

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

(b) HKFRS 9 Financial Instruments *(Continued)*

(i) Impairment of financial assets (Continued)

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

As the impact of adaption of HKFRS 9 is immaterial, the adjustment is therefore not restated in the balance sheet as at 31 December 2017 or recognised in the opening balance sheet on 1 January 2018.

(c) HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 January 2018):

(i) Presentation of assets and liabilities related to contracts with customers

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract assets recognised in relation to services contracts were previously presented as part of trade and other receivables (RMB 20,748,000 as at 1 January 2018, net of impairment allowance).

- Contract liabilities in relation to services contracts were previously included in trade and other payables (RMB 36,000 as at 1 January 2018).

- Prepayments (RMB 1,775,000 as at 1 January 2018) were previously presented together with trade and other receivables but are now presented as other current assets in the balance sheet, to reflect its different nature.

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

(c) HKFRS 15 Revenue from Contracts with Customers *(Continued)*

(i) Presentation of assets and liabilities related to contracts with customers (Continued)

The adaption of HKFRS 15 has no impact on the Group's retained earnings as at 1 January 2018 and 1 January 2017.

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany 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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 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 consolidated financial statements of the investee's net assets including goodwill.

2.5 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.

2 Summary of significant accounting policies *(Continued)*

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements 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 consolidated financial statements 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 at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other gains/(losses).

(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 statement of comprehensive income 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.

2 Summary of significant accounting policies *(Continued)*

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged in the consolidated statement of comprehensive income during the reporting 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 2.8).

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised in the consolidated statement of comprehensive income.

2.8 Impairment of non-financial assets

Assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 Summary of significant accounting policies *(Continued)*

2.9 Investments and other financial assets

2.9.1 Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

2.9.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.9.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

2 Summary of significant accounting policies *(Continued)*

2.9 Investments and other financial assets *(Continued)*

2.9.3 Measurement (Continued)

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.9.4 Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 17 for further details.

2 Summary of significant accounting policies *(Continued)*

2.9 Investments and other financial assets *(Continued)*

2.9.5 Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 December 2017 the Group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification determined on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period. See note 16 for details about each type of financial asset.

(i) Reclassification

The Group could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Group could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

2 Summary of significant accounting policies *(Continued)*

2.9 Investments and other financial assets *(Continued)*

2.9.5 Accounting policies applied until 31 December 2017 *(Continued)*

(ii) Subsequent measurement

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at FVPL' — in profit or loss within other gains/(loss)
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency — translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale — in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 3.3.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and other losses from investment securities.

(iii) Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was 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) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

2 Summary of significant accounting policies *(Continued)*

2.9 Investments and other financial assets *(Continued)*

2.9.5 Accounting policies applied until 31 December 2017 *(Continued)*

(iii) Impairment (Continued)

Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could 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 was recognised in profit or loss.

Impairment testing of trade and other receivables is described in note 3.1(b).

Assets classified as available-for-sale

If there was objective evidence of impairment for available-for-sale financial assets, 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 — was removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or were not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Company currently has 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 Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.11 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 receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 17 for further information about the Group's accounting for trade and other receivables, note 2.9.4 for a description of the Group's impairment accounting policies, and note 3.1 for the Group's impairment assessment..

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.13 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.

2.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other 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 and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies *(Continued)*

2.15 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its 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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 end of the reporting period 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 to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in 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.

2 Summary of significant accounting policies *(Continued)*

2.16 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.

2.17 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 can be reliably estimated. Provisions are not recognized for future operating losses.

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 management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Revenue recognition

Revenues are recognised when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2 Summary of significant accounting policies *(Continued)*

2.18 Revenue recognition *(Continued)*

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- direct measurements of the value of individual services transferred by the Group to the customer; or
- the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

If contracts involve the sale of multiple goods, goods followed by related services, or multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Provision of exhibition and event related services

The Group provides service in the design, planning, coordination and management of the exhibitions and events. Revenue from providing services is recognised in the accounting period in which the services are rendered.

In the contract with the customer, a series of distinct exhibitions and event related services has the same pattern of transferring the control of the services to the customer. Therefore, series guidance is applied and the Group accounts for a series of distinct exhibitions and event related services as one performance obligation. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation with the input method, under which, revenue is recognised on the basis of the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

2 Summary of significant accounting policies *(Continued)*

2.18 Revenue recognition *(Continued)*

Provision of exhibition and event related services *(Continued)*

When applying the input method, the management makes estimates on the total costs based on the budget of each project which includes the expected time table of the exhibition, the estimation of resources to be consumed, including labour hours and costs.

The estimation on the total costs and the extent of progress toward completion will be revised if circumstance changes, for example, when the total costs incurred is different from the amounts that were initially budgeted. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

The Group usually receives the payment from customers based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

2.19 Earnings/(Losses) per share

(i) Basic earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing:

- the profit/(loss) attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings/(losses) per share

Diluted earnings/(losses) per share adjusts the figures used in the determination of basic earnings/(losses) per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 Summary of significant accounting policies *(Continued)*

2.20 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.

2.21 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost and financial assets at FVOCI (2017 — loans and receivables) calculated using the effective interest method is recognised in the statement of profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange 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) Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the changes in foreign exchange rates.

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange rate risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 December 2018, the Group was exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the HK dollars ("HKD") and US dollars ("USD").

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign exchange risk (Continued)

The amounts denominated on the currency other than the functional currency of the Group were as follows:

	31 December 2018		31 December 2017	
	HKD	USD	**HKD**	USD
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and cash equivalents	**14,164**	251	**8**	3,099
Trade and other payables	**563**	–	**–**	–

As at 31 December 2018, if RMB had weakened/strengthened by 5% against HKD and USD, with all other variable held constant, post-tax profit for the year of the Group would have been RMB 693,000 higher/lower (2017: RMB155,000 higher/lower).

(b) Credit risk

Credit risk exposures arise principally in cash and cash equivalents, trade and other receivables and contract assets shown on consolidated balance sheets.

(i) Risk management

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.

For cash at bank the Group manages the credit risk by placing its domestic deposits in reputable nationwide financial institutions with good credit ratings in the PRC and overseas' deposits in reputable international financial institutions. The Group believes those banks and financial institutions are of high-credit-quality without significant credit risk. Thus it considers its cash at bank are not at high credit risk.

The Group's trade receivables arise from exhibition and event marketing services fees, 65.3% 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.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(i) Risk management (Continued)

The Group's other receivables comprise of deposits, staff advance and loan to employees, which have a low risk of default, thus the Group considers its other receivables are not at high credit risk.

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, the management 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.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables from the provision of services;
- contract assets relating to services contracts; and
- other receivables

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(ii) Impairment of financial assets (Continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the PRC in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The notes receivables among the trade receivables are bank acceptance bills which have a low risk of default, thus the Group considers its notes receivables are not at high credit risk.

31 December 2018	Current	More than 30 days past due	More than 300 days past due	Total
Automobile companies				
Expected loss rate	1.0%	1.0%	nil	
Gross carrying amount				
— trade receivables				
(excluded notes receivables)	21,579	2,816	–	24,395
Gross carrying amount				
— contract assets	8,265	–	–	8,265
Loss allowance	298	28	–	326
Non-automobile companies				
Expected loss rate	8.6%	25.0%	28.6%	
Gross carrying amount				
— trade receivables				
(excluded notes receivables)	7,360	760	4,860	12,980
Gross carrying amount				
— contract assets	2,760	875	–	3,635
Loss allowance	873	408	1,388	2,669
Total loss allowance	1,171	436	1,388	2,995

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

As the impact of adoption of HKFRS 9 is immaterial, the adjustment is therefore not restated in the balance sheet as at 31 December 2017 or recognised in the opening balance sheet on 1 January 2018.

The closing loss allowances for trade receivables and contract assets as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Contract assets 2018 *RMB'000*	Trade receivables 2018 *RMB'000*
31 December — calculated under HKAS 39	–	1,485
Opening loss allowance as at 1 January 2018 — calculated under HKFRS 9	–	1,485
Increase in loan loss allowance recognised in profit or loss during the year	538	972
Unused amount reversed	–	–
At 31 December	538	2,457

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was an objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue)

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, which are mainly deposits, staff advance and loan to employees. These amounts have a low risk of default, thus the Group considers its other financial assets at amortised cost are not at high credit risk, and no loss allowance is recognised.

(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.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

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 2018				
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	**40,338**	**–**	**–**	**–**
As at 31 December 2017				
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	35,642	–	–	–

3.2 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.

3 Financial risk management *(Continued)*

3.2 Capital risk management *(Continued)*

The gearing ratios at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Total interest-bearing borrowings	**–**	–
Total equity	**73,910**	26,662
Gearing ratio	**Nil**	Nil

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data 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.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

As at 31 December 2018 and 2017, there were no assets and liabilities that are required to be measured at fair value.

4 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.

4.1 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

Revenues are recognised when or as the control of the services is transferred to the customers. In the contract with the customer, a series of distinct exhibitions and event related services has the same pattern of transferring the control of the services to the customer. Therefore, series guidance is applied and the Group accounts for a series of distinct exhibitions and event related services as one performance obligation. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation with the input method, under which, revenue is recognised on the basis of the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

When applying the input method, the management makes estimates on the total costs based on the budget of each project which includes the expected time table of the exhibition, the estimation of resources to be consumed, including labour hours and costs. The estimation on the total costs and the extent of progress toward completion will be revised if circumstance changes, for example, when the total costs incurred is different from the amounts that were initially budgeted. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

5 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 6.

The Group's revenue is derived from within the PRC, no geographical information is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Revenue

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Exhibition and event related services	**124,779**	97,000

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Automobile related exhibition and event related services	**107,877**	86,449
Non-automobile related exhibition and event related services	**16,902**	10,551
	124,779	97,000

7 Other income

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Agency commissions (a)	**157**	–
Investment income	**–**	69
	157	69

(a) During the year ended 31 December 2018, the Group acted as an agent and introduced advertising company to its customers and earned agency commissions.

8 Other gains/(losses) — net

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Foreign exchange gains/(losses) — net	**3,435**	(144)

9 Expenses by nature

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Cost of exhibition and event related services provided by suppliers	**88,866**	67,142
Employee benefit expenses, including directors' emoluments (note 10)	**11,027**	6,146
Depreciation on property, plant and equipment (note 15)	**985**	827
Transportation and logistics expenses	**523**	748
Operating lease rentals in respect of buildings and related expenses	**1,093**	669
Listing related expenses	**7,623**	11,346
Management consulting and other services expenses	**4,367**	2,616
Auditors' remuneration		
— Audit services	**1,400**	–
— Non-audit services	**150**	–
Travelling and entertainment expenses	**6,050**	2,935
Office supplies	**1,041**	341
Advertising and marketing expenses	**70**	1,330
Business taxes and surcharges	**405**	200
Provision for impairment of trade and other receivables	**–**	307
Others	**1,141**	581
Total cost of service, selling expenses and administrative expenses	**124,741**	95,188

10 Employee benefit expenses

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Wages and salaries	**7,761**	3,697
Pension scheme and other social security costs	**2,158**	1,099
Housing benefits	**707**	652
Other costs and benefits	**401**	698
	11,027	6,146

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2018 and 2017 included two and two directors respectively whose emoluments are reflected in the analysis shown in note 28. The aggregate amounts of emoluments paid and payable to the remaining three and three individuals for the year ended 31 December 2018 and 2017 respectively are as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Wages and salaries	**490**	263
Pension scheme and other social security costs	**113**	91
Housing Benefits	**44**	78
Other costs and benefits	**7**	95
	654	527

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2018	2017
Emoluments bands (in HK$)		
Nil — HK$1,000,000	**3**	3

11 Finance income and expenses

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Finance income		
Interest income on bank balances and deposits	**36**	21
Finance expenses		
Interest expense on bank borrowings	**–**	(107)
Others	**(10)**	(7)
	(10)	(114)
Finance expenses — net	**26**	(93)

12 Subsidiaries

The Group's principal subsidiaries at 31 December 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Registered/ Issued and paid-in capital	Ownership interest held by the Group	
				2018	2017
				%	%
Dowway International Company Limited	Hong Kong, limited liability company	Investment holding/ Hong Kong	HKD 1	100	100
Beijing Dowway International Exhibition Company Limited ("Beijing Dowway")	The PRC, limited liability company	Exhibition and event related services/ The PRC	RMB 30,000,000	100	100
Tianjin Dowway International Exhibition Company Limited	The PRC, limited liability company	Inactive/The PRC	RMB 500,000	100	100
Beijing Dowway Cultural Development Company Limited	The PRC, limited liability company	Exhibition and event related services/ The PRC	RMB 20,000,000	100	100
Connect-To-Create (CTC) PR Consultant Company Limited	The PRC, limited liability company	Inactive/The PRC	RMB 5,000,000	100	N/A

13 Income tax expense

(a) Income tax expense

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current tax on profits for the year	**3,416**	2,775
Increase in deferred tax assets (note 23)	**(274)**	(347)
Income tax expense	**3,142**	2,428

(i) 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.

(ii) Hong Kong profits tax rate was 16.5% (2017: 16.5%) for the year ended 31 December 2018. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the years ended 31 December 2018 and 2017.

(iii) 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.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

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	
	2018	2017
	RMB'000	*RMB'000*
Profit before income tax	**2,146**	1,644
Tax expense calculated at applicable PRC statutory tax rate of 25%	**537**	411
Expenses not deductible for tax purposes	**1,832**	1,972
Tax effect of unrecognised tax losses	**669**	45
Tax effect of unrecognised temporary differences	**104**	–
Tax charge	**3,142**	2,428

13 Income tax expense *(Continued)*

(c) Tax losses

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Unused tax losses for which no deferred tax asset has been recognised	**2,674**	–
Potential tax benefit at 25%	**669**	–

The unused tax losses were incurred by subsidiaries that are not likely to generate taxable income in the foreseeable future. All of these unused tax losses will be expired as of 31 December 2023. See note 23 for information about recognised tax losses and note 4.1(a) for significant judgements made in relation to them.

(d) Unrecognised temporary differences

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Provisions	**415**	–
Unrecognised deferred tax assets relating to the above temporary differences	**104**	–

Temporary difference of RMB415,000(2017:nil) has arisen as a result of provisions for impairment of trade receivables and contract assets of a subsidiary. However, a deferred tax asset has not been recognised as the subsidiary is not likely to generate taxable income in the foreseeable future.

(e) 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.

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.

14 Loss per share

(a) Basic loss per shares

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Year ended 31 December	
	2018	2017
Total loss attributable to shareholders (in RMB)	**(996,000)**	(784,000)
Weighted average number of ordinary shares in issue (thousand) (i)	**1,778,082**	283,521
Basic loss per share (in RMB cents)	**(0.06)**	(0.28)

(i) The weighted average number of ordinary shares for the purpose of calculating basic loss per share for both years has been retrospectively adjusted for the effect of 1,499,990,000 ordinary shares allotted and issued on 16 May 2018, which were credited as fully paid to the then shareholders pursuant to the capitalisation issue immediately completing the share offering (note 20(b)), as if the capitalisation issue has been effective to the then existing ordinary shares since the beginning of each period.

(b) Diluted loss per shares

No diluted loss per share is presented as the Group has no dilutive potential ordinary shares during the year.

15 Property, plant and equipment

	Motor vehicles *RMB'000*	Equipment and Furniture *RMB'000*	Total *RMB'000*
As at 1 January 2017			
Cost	1,871	1,496	3,367
Accumulated depreciation	(63)	(451)	(514)
Net book amount	1,808	1,045	2,853
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	1,453	742	2,195
As at 31 December 2017			
Cost	**1,871**	**1,665**	**3,536**
Accumulated depreciation	**(418)**	**(923)**	**(1,341)**
Net book amount	**1,453**	**742**	**2,195**
Year ended 31 December 2018			
Opening net book amount	**1,453**	**742**	**2,195**
Additions	**268**	**519**	**787**
Depreciation charge	**(394)**	**(591)**	**(985)**
Closing net book amount	**1,327**	**670**	**1,997**
As at 31 December 2018			
Cost	**2,139**	**2,184**	**4,323**
Accumulated depreciation	**(812)**	**(1,514)**	**(2,326)**
Net book amount	**1,327**	**670**	**1,997**

15 Property, plant and equipment *(Continued)*

Depreciation charges were expensed in the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Cost of service	**441**	441
Administration expenses	**544**	386
	985	827

16 Financial instruments by category

The Group holds the following financial instruments:

		As at 31 December	
		2018	2017
Financial assets*	Notes	***RMB'000***	*RMB'000*
Financial assets at amortised cost			
Trade and other receivables	17	**43,101**	44,727
Cash and cash equivalents	18	**61,676**	20,163
		104,777	64,890

		2018	2017
Financial liabilities	Notes	***RMB'000***	*RMB'000*
Financial liabilities at amortised cost			
Trade and other payables	22	**43,753**	37,639

* See note 2.2 for details about the impact form changes in accounting policies.

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

17 Trade and other receivables

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**37,375**	37,423
Notes receivables	**6,061**	–
Less: allowance for impairment of trade receivables	**(2,457)**	(1,485)
Trade receivables — net	**40,979**	35,938
Prepayments to suppliers	**–**	1,775
Deposits	**1,472**	368
Advances to Controlling Shareholder (note 27)	**–**	666
Loan to employee	**200**	200
Staff advances	**450**	959
Prepayments for professional service fee in respect of listing preparation	**–**	4,769
Others	**–**	52
Trade and other receivables	**43,101**	44,727

At 31 December 2018 and 2017, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Up to 90 days	**28,939**	35,137
Over 90 days	**8,436**	2,286
	37,375	37,423

(i) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(ii) Impairment and risk exposure

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Note 3.1(a) provides for details about the calculation of the allowance.

The loss allowance increased by a further RMB972,000 to RMB2,457,000 for trade receivables and increased from nil to RMB538,000 for contract assets during the current reporting period.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 3.1.

18 Cash and cash equivalents

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Cash at banks	**61,370**	20,100
Cash at hand	**306**	63
	61,676	20,163

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
US dollars	**251**	3,099
Hong Kong dollars	**14,164**	8
RMB	**47,261**	17,056
	61,676	20,163

(i) Cash at banks earns interest at floating rates based on daily bank deposit rates.

(ii) Significant restrictions

Cash and short-term deposits held in China are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from China, other than through normal dividends.

19 Other current assets

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Prepayments for equipment	**2,485**	–
Prepayments for rental and deposit	**1,135**	–
Prepayments for consumable items	**862**	–
Prepayments for other services	**1,479**	–
Deductible value-added tax input	**264**	–
	6,225	–
Less: non-current portion	**(2,485)**	–
Current portion	**3,740**	–

20 Share capital and share premium

Ordinary shares

	Number of shares	Value of ordinary shares *US$*
Authorised:		
Ordinary shares of US$0.0001 each upon incorporation and as at 1 January 2018(a)	500,000,000	50,000
Increased in authorised share capital on 16 May 2018(c)	19,500,000,000	1,950,000
Ordinary shares of US$0.0001 each as at 31 December 2018	20,000,000,000	2,000,000

	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) and 30 June 2017 (a)	100	–*	–**	–**	–**
Issuance of ordinary shares (b)	9,900	1	–**	29,185	29,185
As at 1 January, 2018	10,000	1	–**	29,185	29,185
Capitalisation issue (c)	1,499,990,000	149,999	956	(956)	–
Issuance of ordinary shares upon public offering (d)	500,000,000	50,000	321	47,923	48,244
As at 31 December 2018	2,000,000,000	200,000	1,277	76,152	77,429

* The balance stated above was less than USD 1.

** The balance stated above was less than RMB1,000.

20 Share capital and share premium *(Continued)*

(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. On the same day, 100 ordinary shares were allotted, full paid and issued.

(b) On 27 October 2017, the Company allotted and issued 9,900 ordinary shares to Mr. Shao Riyao, Longling Capital Limited ("Longling Capital", an independent offshore investor), A&B Development Holding Limited ("A&B", a company wholly owned by Mr. Huang) and D&S Development Holding Limited ("D&S", a company wholly owned by Mr. Zhao Tao) respectively.

(c) On 16 May 2018, the shareholders of the Company resolved to increase the authorised share capital of the 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 the shares then in issue in all respects.

Pursuant to the shareholders' resolutions of the Company dated 16 May, 2018, following conditional on the share premium account of the Company being credited as a result of the share offering, the directors of the Company were authorised to capitalise an amount of US$149,999 standing to the credit of the share premium account of the Company by applying such sum to pay up in full 1,499,990,000 shares at par for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on 14 May, 2018 in proportion to their the existing shareholdings in the Company.

(d) On 12 June 2018, the Company was listed on GEM of The Stock Exchange of Hong Kong Limited with the share offering of 500,000,000 ordinary shares of US$0.0001 each of the Company, and the offer price is HK$0.145 per share. The gross proceeds from the share offering were approximately RMB59 million. The total share issuance costs of the share offering were approximately RMB30 million, among which RMB11 million were recorded as a deduction of share premium.

21 Reserves

	Capital reserves *RMB'000*	Statutory reserves *RMB'000*	Other reserves *RMB'000*	Total *RMB'000*
As at 1 January 2017	10,000	1,786	–	11,786
Profit appropriation to statutory reserves	–	667	–	667
Deemed distribution to shareholders (a)	(10,000)	–	(9,600)	(19,600)
As at 31 December 2017	–	2,453	(9,600)	(7,147)
As at 1 January 2018	**–**	**2,453**	**(9,600)**	**(7,147)**
Profit appropriation to statutory reserves	**–**	**305**	**–**	**305**
As at 31 December 2018	**–**	**2,758**	**(9,600)**	**(6,842)**

(a) Pursuant to the group reorganisation in preparation for the listing of the Company's share on GEM of The Stock Exchange of Hong Kong Limited, 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 Tao and Mr. Shao Riyao, 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.

22 Trade and other payables

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables	**37,351**	29,845
Employee benefit payables	**1,172**	849
Other tax payables	**2,243**	1,112
Accrued professional services fee in respect of listing preparation	**–**	5,704
Others	**2,987**	129
	43,753	37,639

As at 31 December 2018 and 2017, the ageing analysis of the trade payables based on invoice date are follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
0 — 90 days	**29,752**	29,835
91 — 180 days	**4,948**	–
181 — 365 days	**2,621**	–
Over 365 days	**30**	10
	37,351	29,845

23 Deferred income tax assets

As at 31 December 2018 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 2017	295	–	295
Credited to consolidated statement of comprehensive income	76	271	347
As at 31 December 2017	371	271	642
As at 1 January 2018	**371**	**271**	**642**
Credited to consolidated statement of comprehensive income	**274**	**–**	**274**
As at 31 December 2018	**645**	**271**	**916**

The Group recognised the deferred tax assets of RMB645,000 in respect of provision for impairment of trade receivables and contract assets to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The unrecognised deferred income tax assets of provision was RMB104,000 (2017: Nil) in respect of provisions amouting to RMB415,000 (2017: Nil). The unrecognised deferred income tax assets of tax losses was RMB 689,000 (2017: Nil) in respect of losses amounting to RMB2,758,000 (2017: Nil) that can be carried forward against future taxable income for the year ended 31 December 2018. 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 tax losses in respect of which deferred income tax assets was recognised will be expired as of 31 December 2022.

24 Dividends

No dividend has been paid or declared by the Company during each of the years ended 31 December 2018 and 2017.

25 Cash (used in)/ generated from operations

	Years ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit before income tax	**2,146**	1,644
Adjustments for:		
— Depreciation of property, plant and equipment (note 9)	**985**	827
— Impairment provision of trade receivables and contract assets	**1,510**	307
— Gain on financial assets (note 7)	**–**	(69)
— Finance expenses — net (note 11)	**(36)**	86
— Foreign exchange (gain)/loss	**(156)**	191
Changes in working capital:		
— Trade and other receivables	**(12)**	24,215
— Contract assets	**(11,900)**	–
— Other current assets	**(3,740)**	–
— Trade and other payables	**4,554**	(17,935)
— Contract liabilities	**3,307**	–
Cash (used in)/generated from operations	**(3,342)**	9,266

The reconciliation of borrowings arising from financial activities is as follows:

	Years ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
As at the beginning of the year	**–**	5,000
Cash flows		
— outflow from financing activities	**–**	(5,000)
As at the end of the year	**–**	–

(a) Dividends paid to the then shareholders of Beijing Dowway

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.

26 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.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within one year	**517**	734
	517	734

27 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

(a) Significant transactions with related parties

During the years ended 31 December 2018 and 2017, the Group has the following significant transactions with related parties:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Purchases of services from:		
Mr. Huang Xing	–	90
Mrs. Qiao Hong	–	90
	–	180

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27 Related-party transactions *(Continued)*

(b) Key management compensation

Details of compensation paid or payable to key management of the Group are as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Wages and salaries	**919**	501
Pension scheme and other social security costs	**240**	176
Housing benefits	**93**	148
Other costs and benefits	**23**	172
	1,275	997

(c) Year-end balances

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Receivables from related parties:		
Mr. Huang	**–**	666

28 Benefits and interests of directors

Directors' and chief executive's emoluments

The remuneration of each director during the years ended 31 December 2018 and 2017 set out below:

For the year ended 31 December 2018

	Salary	Discretionary bonuses	Contribution to pension plan, welfare and other expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Name of executive director				
Mr. Huang	**216**	–	**76**	292
Mr. Yan Jinghui	**152**	–	**61**	213
Mr. Ma Yong	**152**	–	**61**	213
	520	–	**198**	718

28 Benefits and interests of directors *(Continued)*

For the year ended 31 December 2017

	Salary *RMB'000*	Discretionary bonuses *RMB'000*	Contribution to pension plan, welfare and other expense *RMB'000*	Total *RMB'000*
Name of executive director				
Mr. Huang	78	–	74	152
Mr. Yan Jinghui	88	–	85	173
Mr. Ma Yong	88	–	85	173
	254	–	244	498

Notes:

(i) During the year, no emolument was paid by the Group to any of the above directors as an inducement to join, upon join the Group, leave the Group or as compensation for loss of office (2017:nil).

(ii) During the year, none of the directors of the Company waived their emoluments nor has agreed to waive their emoluments (2017: nil).

29 Events occurring after the reporting period

On 22 March 2019, Mr. Yuen Lai Him (''Mr. Yuen'') has been appointed as a non-executive director with effect from 22 March 2019. Mr. Yuen has entered into a service contract with the Company for a term of three years with effect from 22 March 2019. Pursuant to the service contract, Mr. Yuen is entitled to a remuneration of HK$160,000 per annum which is determined and will be reviewed annually by the remuneration committee of the Company and the Board.

30 Balance sheet of the Company

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Investment in subsidiaries*	**–***	–*
Total non-current assets	**–***	–*
Current assets		
Amounts due from subsidiaries	**54,330**	25,683
Cash and cash equivalents	**24,416**	3,106
Total current assets	**78,746**	28,789
Total assets	**78,746**	28,789
LIABILITIES		
Current liabilities		
Other payables	**563**	–
Total current liabilities	**563**	–
Total liabilities	**563**	–
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	**1,277**	–*
Share premium	**76,152**	29,185
Retained earnings/(Accumulated deficits)	**754**	(396)
Total equity	**78,183**	28,789

* The balance stated above was less than RMB 1,000.