



DOWWAY HOLDINGS LIMITED

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

FIRST
QUARTERLY
REPORT
2019

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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

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

REMUNERATION 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

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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COMPLIANCE ADVISER

RaffAello Capital Limited

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAWS

Loong & Yeung

PRINCIPAL BANKER

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COMPANY'S WEBSITE

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CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Dowway Holdings Limited (the "**Company**", collectively with its subsidiaries, the "**Group**"), I am pleased to present the Group's unaudited first quarterly results for the three months ended 31 March 2019 (the "**Period**").

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 50 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. Under such background, the exhibition industry in the PRC managed to maintain a continuous growth. 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, 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.

In the first quarter of 2019, the PRC economy remained sound. According to the National Bureau of Statistics, the GDP of PRC had a year-over-year growth of 6.4%. The macro-economy was growing steadily and favouring all industries, and the supportive government policies has fueled the growth of domestic exhibition industry. As a whole the industry continued to top the list in the world, boosting market demand for exhibition services in the country. The automobile exhibition services market has been growing quickly due to the increased output and sales of new automobile models, and the Group was able to seize the golden trend in the midst of development of the exhibition and related service industry in the PRC. The Group was dedicated to strengthening the quality of our exhibition and event management services, aiming to uphold our leading position in PRC's relevant industry.

During the Period, the Group has undertaken 16 exhibition and event projects and completed 7 projects, which realised a revenue of approximately RMB16.39 million, representing a period-on-period increase of 76.35% or approximately RMB7.10 million. The Group recorded a gross loss of approximately RMB0.57 million for the Period, which was mainly due to the increase in staff cost resulted from business expansion. The Group recorded profit attributable to owners of the Company for the Period of approximately RMB1.26 million. The Board does not recommend payment of dividend for the Period.

CHAIRMAN'S STATEMENT

The Group adheres to a “customer-oriented” service principle and aims for “quality and highly effective, partnering for win-win” development. It pays attention to and timely seizes the new opportunities in the developing exhibition services market in the PRC, and is also active in expanding its exhibition and event management services and business in exhibition showroom services, expanding its customer base, improving brand reputation, stepping up marketing efforts and thriving on the highly competitive exhibition and event management services industry in the PRC.

Chairman, Chief Executive Officer and Executive Director

Huang Xiaodi

Hong Kong, 6 May 2019

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

At the end of 2018, 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 first quarter of 2019, the exhibition industry in the PRC maintained a positive development momentum following 2018, with three major performance indicators: total number, area and revenue, showing a rapid and steady growth.

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 Manufacturers, 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 sport utility vehicles, 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 in 2018, 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.

BUSINESS REVIEW

The Group is one of the leading integrated exhibition and event management service providers 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, project management, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. During the Period, the Group completed 7 exhibitions and events, with aggregate revenue increasing by 76.35% to approximately RMB16.39 million. As of 31 March 2019, the Group's business spanned more than 50 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 three months ended 31 March 2018 and 2019:

	For the three months ended 31 March			
	2019		2018	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Revenue from automobile related exhibitions and events	14,916	91.03%	9,257	99.63%
Revenue from non-automobile related exhibitions and events	1,469	8.97%	34	0.37%
Total	16,385	100%	9,291	100%

Revenue increased from approximately RMB9.29 million for the three months ended 31 March 2018 to approximately RMB16.39 million for the Period, representing a year-over-year increase of approximately 76.35% or approximately RMB7.10 million. The increase was primarily due to the increase in contract value of 7 exhibition and event projects completed by the Group in the three months ended 31 March 2019.

During the Period, revenue from automobile related exhibitions and events continued to be the main source of revenue for the Group, which increased from approximately RMB9.26 million for the three months ended 31 March 2018 to approximately RMB14.92 million for the Period, representing a period-on-period increase of approximately 61.13% or approximately RMB5.66 million and accounting for 91.03% of the total revenue.

Cost of service

The Group's cost of service mainly comprise (i) cost of exhibition and event related services provided by suppliers (including but not limited to the costs of human resources, construction materials and equipment); (ii) staff costs; (iii) transportation and logistics expenses; (iv) travelling expenses; (v) depreciation of property, plant and equipment; (vi) recovered overhead related to providing exhibition and event related services (including but not limited to the operating lease rentals in respect of buildings and related expenses) which was adjusted in the cost of service from administrative expenses since 1 January 2019. This adjustment is also one of the reasons resulting in the gross loss for the Period as compared to the gross profit for the three months ended 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of cost of services from business operations for the three months ended 31 March 2018 and 2019:

	For the three months ended 31 March	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cost of exhibition and event related services provided by suppliers	13,867	6,843
Staff costs	2,501	1,044*
Depreciation of property, plant and equipment	106	110
Office supplies	4	–
Subsidies paid to our staff	37	4
Travelling and entertainment expenses	281	166
Transportation and logistics expenses	19	137
Operating lease rentals in respect of buildings and related expenses	142	–
Total	16,957	8,304

*Note: the staff costs for the three months ended 31 March 2018 did not include the designing staff costs related to providing exhibition and event related services, approximately RMB0.40 million. This also resulted in the gap of gross margin for the Period compared to that for the three months ended 31 March 2018.

Cost of service increased from approximately RMB8.30 million for the three months ended 31 March 2018 to approximately RMB16.96 million for the Period, representing a period-on-period increase of approximately 104.20% or approximately RMB8.66 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; (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; and (iii) the designing staff costs and recovered overhead related to providing exhibition and event related services (including but not limited to the operating lease rentals in respect of buildings and related expenses) was adjusted in the cost of service from administrative expenses since 1 January 2019.

The cost of exhibition and event related services provided by suppliers increased from approximately RMB6.84 million for the three months ended 31 March 2018 to approximately RMB13.87 million for the Period, representing a period-on-period increase of approximately 102.65% or approximately RMB7.03 million, and accounted for 81.78% of the total cost of service for the Period.

Gross loss

For the Period, the Group recorded a gross loss of approximately RMB0.57 million, as compared with the gross profit of approximately RMB0.99 million for the three months ended 31 March 2018. The gross loss was mainly due to the increase in cost of service for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Period, the Group recorded a gross loss primarily due to (i) the capital used in expanding exhibition and event management services during the Period; 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, and (iii) the designing staff costs and recovered overhead related to providing exhibition and event related services (including but not limited to the operating lease rentals in respect of buildings and related expenses) was adjusted in the cost of service from administrative expenses since 1 January 2019.

Selling expenses

The Group's selling expenses mainly represent (i) staff costs; (ii) travelling expenses; (iii) entertainment expenses; and (iv) others.

The following table sets forth the breakdown of selling expenses for the three months ended 31 March 2018 and 2019:

	For the three months ended	
	31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs	319	196
Travelling expenses	18	116
Office supplies	6	–
Entertainment expenses	200	101
Conference and training expenses	–	25
Marketing consulting expenses	–	35
Other	169	100
Total	712	573

Selling expenses for the Period were approximately RMB0.71 million, representing a period-on-period increase of approximately 24.26% or approximately RMB0.14 million as compared to selling expenses of approximately RMB0.57 million for the three months ended 31 March 2018. The increase in selling expenses was primarily due to (i) an increase in selling staff costs to enhance sales; and (ii) an increase in entertainment expenses incurred in further business development.

Administrative expenses

The Group's administrative expenses mainly represent (i) staff costs; (ii) travelling expenses; (iii) entertainment expenses; (iv) office supplies; (v) subsidies paid to staff; (vi) operating lease rentals in respect of buildings and related expenses; (vii) management consulting and other services expenses; and (viii) others.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of administrative expenses for the three months ended 31 March 2018 and 2019:

	For the three months ended	
	31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs	845	868
Travelling expenses	9	95
Office supplies	23	86
Entertainment expenses	10	16
Conference and training expenses	3	–
Management consulting and other services expenses	191	76
Listing expenses	–	2,830
Auditor's remuneration	1	–
Subsidies paid to staff	121	157
Operating lease rentals in respect of buildings and related expenses	287	229
Depreciation of property, plant and equipment	148	92
Business taxes and surcharges	45	2
Provision for impairment of trade and other receivables	–	(453)
Other	7	13
Total	1,690	4,011

Administrative expenses for the Period were approximately RMB1.69 million, representing a period-on-period decrease of approximately 57.87% or approximately RMB2.32 million as compared to administrative expenses of approximately RMB4.01 million for the three months ended 31 March 2018. The decrease in administrative expenses was primarily due to the Listing expenses incurred for the three months ended 31 March 2018 of approximately RMB2.83 million did not incur in the Period.

Other Income

Other income increased from approximately RMB0 for the three months ended 31 March 2018 to RMB0.43 million for the Period. The increase was due to the agency commissions realized by the Company in the Period.

Other gains/losses-net

Other gains/losses-net for the Period was approximately RMB4.76 million, mainly due to one-off governmental grant by PRC government for newly listed company, approximately RMB5.00 million.

Profit before income tax

As a result of the foregoing, the Group recorded profit before income tax of approximately RMB2.22 million for the Period, representing a period-on-period increase of approximately RMB5.99 million as compared with approximately RMB3.77 million for the three months ended 31 March 2018, which was mainly due to the other gains generated for the Period from one-off governmental grant by PRC government for newly listed company.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

Income tax expense increased from approximately RMB-0.36 million for the three months ended 31 March 2018 to approximately RMB0.96 million for the Period, representing a period-on-period increase of approximately RMB1.32 million.

Profit/Loss for the Period

As a cumulative effect of the factors cited above, the Group recorded profit for the Period of approximately RMB1.26 million, while the loss was approximately RMB3.41 million for the three months ended 31 March 2018. The profit was mainly due to one-off governmental grant by PRC government for newly listed company, approximately RMB5.00 million.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

The following table sets forth the selected cash flow data from the Condensed Consolidated Statements of Cash Flows for the three months ended 31 March 2018 and 2019:

	For the three months ended 31 March	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Net Cash (Used in)/Generate from Operating Activities	(20,082)	(9,806)
Net Cash (Used in)/Generate from Investing Activities	(430)	154
Net Cash Generated from/(Used in) Financing Activities	–	–
Net Increase in Cash and Cash Equivalents	(20,512)	(9,652)
Cash and Cash Equivalents at the End of the Period	40,920	10,511

Borrowings

As at 31 March 2019, 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 March 2018: nil). The Group did not have any unutilised banking facilities nor plans for any material external debt financing.

The Directors confirm that there has been no material adverse change in the Group's indebtedness and contingent liabilities for the three months ended 31 March 2019.

Pledge of assets

As at 31 March 2019, none of the Group's assets were pledged (as at 31 March 2018: nil).

Gearing ratio

As at 31 March 2019, the Group's gearing ratio was nil (as at 31 March 2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board did not recommend the payment of any final dividend for the Period (for the three months ended 31 March 2018: nil).

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.
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 on its own should these suppliers deliver substandard services.
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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 for the Period.

Business strategies and implementation plan

Business strategies and implementation plan for the period from 1 January to 30 June 2019 are set out as follows:

Business strategies	Implementation activities
Expand the Group's exhibition and event management services	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Recruitment of 15–20 additional staff for (i) undertaking exhibition showroom services and handling the management and quality control of 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	<ul style="list-style-type: none"> • Carrying out marketing and promotional campaigns in different cities and regions of the PRC

MANAGEMENT DISCUSSION AND ANALYSIS

The analysis of the implementation of business strategies and the planned use of proceeds from 1 January 2019 to 31 March 2019 will be disclosed in the interim report for the period ended 30 June 2019.

COMMITMENTS

The Group has committed to future minimum lease payments for leased offices (with a term of no more than one year).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no significant contingent liabilities (as at 31 March 2018: Nil).

HUMAN RESOURCES

As at 31 March 2019, the Group employed a total of 112 employees, among which 10 of them were at management level, all stationed in the PRC. For the Period, the staff costs (including Directors' emoluments) were approximately RMB3.94 million (for the three months ended 31 March 2018: approximately RMB2.11 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 Period, the total amount contributed in these areas by the Group was approximately RMB1.02 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 Period, 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 condensed consolidated balance sheets.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

During the Period, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 15 to the GEM Listing Rules, except for the deviation from Code Provision A2.1.

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 March 2019, 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, 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) have been 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 have they been 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.

OTHER INFORMATION

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 March 2019, 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	one	100%

Save as disclosed above and so far as is known to the Directors, as at 31 March 2019, 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.

OTHER INFORMATION

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 March 2019 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 March 2019, 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 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

The company has adopted a share option scheme on 16 May 2018. From the date of adoption of such share option scheme to 31 March 2019, no share option was granted, exercised or cancelled and there is no outstanding share option as at 31 March 2019.

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 during the Period.

OTHER INFORMATION

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 unaudited first quarterly financial statements of the Group for the Period.

By Order of the Board
Dowway Holdings Limited
Huang Xiaodi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 6 May 2019

As at the date of this report, the executive Directors are Mr. Huang Xiaodi, Mr. Ma Yong, and Mr. Yan Jinghui; the non-executive Director is Mr. Yuen Lai Him; and the independent non-executive Directors are Ms. Xu Shuang, Mr. Gao Hongqi and Mr. Ng Yuk Yeung.

FIRST QUARTERLY RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2019, together with the unaudited comparative figures for the respective corresponding period in 2018 as follows:

THE FIRST QUARTERLY CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Three months ended 31 March	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	6	16,385	9,291
Cost of service		16,957	8,304
Gross profit/(loss)		(572)	987
Selling expenses		(712)	(573)
Administrative expenses		(1,690)	(4,011)
Other income	7	430	–
Other gains/(losses) net	8	4,757	(187)
Operating profit/(loss)		2,213	(3,784)
Finance income		16	14
Finance expenses		(8)	(2)
Finance income/(expenses) – net		8	12
Profit/(loss) before income tax		2,221	(3,772)
Income tax expense	9	(963)	362
Profit/(loss) for the period		1,258	(3,410)
Total comprehensive income/(loss) for the period		1,258	(3,410)
Earnings per share attributable to owners of the Company			
— Basic earnings/(losses) per share (in RMB)	10	–*	–*

* The balance stated above was less than RMB 0.01.

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

THE FIRST QUARTERLY CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31 March 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Unaudited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,761	1,997
Deferred income tax assets	916	916
Other non-current assets	–	2,485
Total non-current assets	2,677	5,398
Current assets		
Trade and other receivables	24,803	43,101
Contract assets	26,652	11,362
Other current assets	4,271	3,740
Cash and cash equivalents	40,920	61,676
Total current assets	96,646	119,879
Total assets	99,323	125,277
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	1,277	1,277
Share premium	76,152	76,152
Other reserves	(6,842)	(6,842)
Retained earnings	4,582	3,323
Total equity	75,169	73,910
LIABILITIES		
Current liabilities		
Trade and other payables	15,642	43,753
Contract liabilities	3,307	3,307
Current income tax liabilities	5,205	4,307
Total current liabilities	24,154	51,367
Total liabilities	24,154	51,367
Total equity and liabilities	99,323	125,277

THE FIRST QUARTERLY CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	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 2018	–*	29,185	–	(7,147)	4,624	26,662
Total comprehensive loss for the year	–	–	–	–	(996)	(996)
Capitalisation issue	956	(956)	–	–	–	–
Net proceeds from issuance of ordinary shares	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
(Unaudited)						
Balance at 1 January 2019	1,277	76,152	–	(6,842)	3,323	73,910
Total comprehensive income for the period	–	–	–	–	1,259**	1,259
Balance at 31 March 2019	1,277	76,152	–	(6,842)	4,582	75,169

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

** Round off difference.

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

THE FIRST QUARTERLY CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended 31 March	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	(20,016)	(9,562)
Income tax paid	(66)	(244)
Net cash used in operating activities	(20,082)	(9,806)
Cash flows from investing activities		
— Purchases of property, plant and equipment	(446)	(512)
— Interest received	16	—
— Proceeds from the disposal of available-for-sale financial assets	—	666
Net cash (used in)/generated from investing activities	(430)	154
Net cash decrease in cash and cash equivalents	(20,512)	(9,652)
Cash and cash equivalents at the beginning of the period	61,676	20,163
Exchange (loss) on cash and cash equivalents	(244)	—
Cash and cash equivalents at the end of the period	40,920	10,511

NOTES TO THE FIRST QUARTERLY CONDENSED 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 condensed consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated quarterly financial information for the three months ended 31 March 2019 has been prepared in accordance with Hong Kong Accounting Standard HKAS 34 Quarterly Financial Reporting issued by Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of GEM Listing Rules.

The quarterly report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial information of the Group for the year ended 31 December 2018 issued on 22 March 2019, which has been prepared in accordance with the Hong Kong Financial Reporting Standards issued by HKICPA.

The accounting policies adopted are consistent with those of financial statement for the year ended 31 December 2018, as described in the Accountant’s report except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- **HKFRS 16 Leases**

The impact of the adoption of these standards and the new accounting policies are disclosed in note 3 below. The other standard did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

NOTES TO THE FIRST QUARTERLY CONDENSED FINANCIAL STATEMENTS

3 CHANGES IN ACCOUNTING POLICIES

HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It results in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the lease item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

Impact

The Group applied 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.

As of 31 March 2019, all non-cancellable operating lease commitments of the Group were short-term lease and recognized 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.

4 ESTIMATES

The preparation of the first quarterly financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated quarterly financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in preparation of the Accountant's Report as contained in the Annual Report 2018 of the Group.

NOTES TO THE FIRST QUARTERLY CONDENSED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group activities exposed it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk.

The first quarterly condensed consolidated financial information do not include all financial risk management information and disclosure required in the annual financial statements, and should be read in conjunction with the Accountant's Report as contained in the Annual Report 2018 of the Group.

There have been no changes in the risk management policies since the year end.

5.2 Liquidity risk

With the great growth in amounts and values of projects undertaken by the Group since the beginning of 2019, cash flow forecasting of entities in consolidating level is necessary. The Group's finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

6 REVENUE INFORMATION

	Three months ended 31 March	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Automobile related exhibition and event related services	14,916	9,257
Non-automobile related exhibition and event related services	1,469	34
Total	16,385	9,291

NOTES TO THE FIRST QUARTERLY CONDENSED FINANCIAL STATEMENTS

7 OTHER INCOME

	Three months ended 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Agency commissions*	430	–
Total	430	–

* During the three months ended 31 March 2019, the Group acted as an agent and introduced advertising company to its customers and earned agency commissions.

8 OTHER GAINS/(LOSSES) – NET

	Three months ended 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Foreign exchange gains/losses-net	(243)	(187)
Government grant	5,000	–
Total	4,757	(187)

NOTES TO THE FIRST QUARTERLY CONDENSED FINANCIAL STATEMENTS

9 INCOME TAX EXPENSES

	Three months ended 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax on profits for the period	963	–
Increase in deferred tax assets	–	(362)
Income tax expenses	963	(362)

- (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% (2018: 16.5%) for the three months ended 31 March 2019. 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 three months ended 31 March 2018 and 2019.
- (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.

10 EARNINGS/(LOSSES) PER SHARE

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
Total earnings/(losses) attributable to shareholders (<i>in RMB</i>)	1,258,000	(3,410,000)
Weighted average number of ordinary shares in issue (<i>thousand</i>)	1,778,082	283,521
Basic earnings/(losses) per share (<i>in RMB cents</i>)	0.07	(1.20)

- (a) The weighted average number of ordinary shares for the purpose of calculating basic loss per share for both periods 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 11(c)), 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 period.

NOTES TO THE FIRST QUARTERLY CONDENSED FINANCIAL STATEMENTS

11 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares

	Number of shares	Value of ordinary shares <i>US\$</i>
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 <i>US\$</i>	Equivalent value of ordinary shares <i>RMB'000</i>	Share premium <i>RMB'000</i>	Total <i>RMB'000</i>
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
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 1 January 2019	2,000,000,000	200,000	1,277	76,152	77,429
As at 31 March 2019	2,000,000,000	200,000	1,277	76,152	77,429

* The balance stated above was less than USD1.

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

(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.

NOTES TO THE FIRST QUARTERLY CONDENSED FINANCIAL STATEMENTS

11 SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

Ordinary shares (Continued)

- (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.

12 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no subsequent events that require additional disclosure.