



DOWWAY HOLDINGS LIMITED

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

# INTERIM REPORT 2019

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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

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 6112, DRC  
No. 1 Compound Xindong Road  
Chaoyang District  
Beijing 100600  
PRC

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited  
P.O. Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

### BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited  
Level 54 Hopewell Centre  
183 Queen's Road East  
Hong Kong

### COMPLIANCE ADVISER

RaffAello Capital Limited

### LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAWS

Vincent T.K.Cheung, Yap & Co.

### PRINCIPAL BANKER

Bank of Communications  
Yong An Li Branch  
1/F, Genertime International Centre  
No. 3 Yong An Li East  
Chaoyang District  
Beijing, PRC

### COMPANY'S WEBSITE

<http://www.dowway-exh.com>

## 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 interim results for the six months ended 30 June 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 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 the first half of 2019, the PRC economy operated in an appropriate range, and the overall momentum remained achieving steady progress while ensuring stability. According to the National Bureau of Statistics, the GDP of the PRC had a year-over-year growth of 6.3%. The steady growth of macro-economy kept prospering domestic market. As the pillar of modern service industry, the exhibition industry in China continued its boom under the supportive government policies, listing the top two in the world, and boosted market demand for exhibition services in the country. In particular, the automobile exhibition services market has been growing steadily due to the promotion of new automobile models, even though the automobile sales in domestic market has suffered a drop. During the period, the Group was able to seize the golden opportunities in the midst of development of exhibition and related service industry in the PRC. The Group was dedicated to strengthening its quality of service of exhibition and event management, aiming to uphold its leading position in the PRC’s relevant industry.

During the Period, the Group has undertaken 36 exhibition and event projects and 1 exhibition showroom project, and completed 34 projects, which realised a revenue of approximately RMB94.15 million, representing a period-on-period increase of approximately 109.38% or approximately RMB49.18 million. The Group recorded a gross profit of approximately RMB5.25 million, representing a decrease of approximately RMB5.69 million period-on-period, mainly due to the increase in staff cost resulted from business expansion and the discount of sales prices when obtaining projects from new customers. The Group recorded profit attributable to owners of the Company for the Period of approximately RMB3.24 million. The Board does not recommend payment of interim dividend for the Period.

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, 8 August 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 half of 2019, the exhibition industry in the PRC maintained a positive development momentum following 2018, with three major performance indicators: namely, total number, area and revenue, showing a steady growth.

As the largest vertical sector within the exhibition industry in the PRC, the automobile exhibition industry has maintained steady development, given the drop of 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 and drop in the first quarter of 2019. However, driven by the accelerating urbanisation process and the still relatively low percentage of automobile ownership nationwide compared with developed countries, there is an expectation of 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 in 2018, demonstrating robust expansion and innovation-driven momentum. Going forward, China's exhibition industry will definitely follow the trend and the track of the development of world exhibition industry, by the increasing supply of core ancillary services such as exhibition showroom construction, plus the gradual phasing-out of underperforming capacity. The innovation will become the main theme and the transformation and upgrade will accelerate the pace. 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 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. 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, 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 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 33 exhibition and event projects and 1 exhibition showroom project, with aggregate revenue increasing by approximately 109.38% to approximately RMB94.15 million.

During the Period, the Group allocated resources to develop a diverse business layout along exhibition services industry chain. On 1 April 2019, a new subsidiary of the Group, Sense and Creative Technology Co., Ltd. was incorporated and commenced operation, which is principally engaged in providing the design, technology development, consultancy, photography and video, and audio and visual services. for exhibitions & events. Meanwhile, the Group has also actively accelerated the expansion of its strategic business presence across the nation. As of 30 June 2019, the Group's business spanned more than 50 cities in the PRC 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 six months ended 30 June 2018 and 2019.

	For the six months ended 30 June			
	2019		2018	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Revenue from automobile related exhibitions and events	<b>84,706</b>	<b>89.97%</b>	43,143	95.95%
Revenue from non-automobile related exhibitions and events	<b>6,433</b>	<b>6.83%</b>	1,822	4.05%
Revenue from exhibition showroom	<b>3,011</b>	<b>3.20%</b>	–	–
<b>Total</b>	<b>94,150</b>	<b>100%</b>	44,965	100%

Revenue increased from approximately RMB44.97 million for the six months ended 30 June 2018 to approximately RMB94.15 million for the Period, representing a period-on-period increase of approximately 109.38% or approximately RMB49.18 million. The increase was primarily due to the increase in contract value of 34 projects completed by the Group in the Period.

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 RMB43.14 million for the six months ended 30 June 2018 to approximately RMB84.71 million for the Period, representing a period-on-period increase of approximately 96.34% or approximately RMB41.56 million and accounting for 89.97% of the total revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 electricity and water expenses, and office supplies which was adjusted in the cost of service from administrative expenses since 1 January 2019, and the operational lease cost of a warehouse for storing equipments and parts used for exhibition and events rented on 1 January 2019 with a lease period of one year). This adjustment and the additional lease cost are also reasons resulting in the decrease of gross profit for the Period as compared to that for the six months ended 30 June 2018.

The following table sets forth the breakdown of cost of services from business operations for the six months ended 30 June 2018 and 2019.

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cost of exhibition and event related services provided by suppliers	80,243	30,271
Staff costs	4,895	2,256 <sup>(note)</sup>
Depreciation of property, plant and equipment	144	221
Office supplies	28	155
Subsidies paid to our staff	73	15
Travelling and entertainment expenses	1,759	825
Transportation and logistics expenses	1,517	232
Operating lease rentals in respect of buildings and related expenses	243	–
Others	–	46
<b>Total</b>	<b>88,902</b>	<b>34,021</b>

Note: The staff costs for the six months ended 30 June 2018 did not include the designing staff costs related to providing exhibition and event related services, approximately RMB0.57 million. This also resulted in the gap of gross margin for the Period compared to that for the six months ended 30 June 2018.

Cost of service increased from approximately RMB34.02 million for the six months ended 30 June 2018 to approximately RMB88.90 million for the Period, representing a period-on-period increase of approximately 161.32% or approximately RMB54.88 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 contract value 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; (iii) the designing staff costs and recovered overhead related to providing exhibition and event related services (including but not limited to the electricity and water expenses, and office supplies) have been adjusted in the cost of service from administrative expenses since 1 January 2019; and (iv) the additional operational lease cost of a warehouse rented by the Group on 1 January 2019.



## MANAGEMENT DISCUSSION AND ANALYSIS

The cost of exhibition and event related services provided by suppliers increased from approximately RMB30.27 million for the six months ended 30 June 2018 to approximately RMB80.24 million for the Period, representing a period-on-period increase of approximately 165.08% or approximately RMB49.97 million, accounted for 90.26% of the total cost of service for the Period.

### Gross Profit and Gross Profit Margin

For the Period, the Group recorded a gross profit approximately RMB5.25 million, representing a period-on-period decrease of approximately RMB5.69 million as compared with approximately RMB10.94 million for the six months ended 30 June 2018. The decrease in gross profit was mainly due to the increase in cost of service for the Period.

For the Period, the Group's gross profit margin was approximately 5.57%. The Group's gross profit margin recorded a decrease primarily due to (i) the capital used in expanding exhibition and event management services during the Period; (ii) the discount of sales prices undertaking projects from new customers; (iii) the increase in the cost of service as a result of recruiting new staff; (iv) the designing staff costs and recovered overhead (the electricity and water expenses, and office supplies) related to providing exhibition and event related services adjusted in the cost of service from administrative expenses; and (v) the additional operational lease cost of a warehouse rented by the Group on 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 six months ended 30 June 2018 and 2019.

	For the six months ended	
	30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs	722	403
Travelling expenses	58	162
Office supplies	6	29
Entertainment expenses	317	536
Marketing consulting expenses	20	5
Others	294	610
<b>Total</b>	<b>1,417</b>	<b>1,745</b>

Selling expenses for the Period were approximately RMB1.42 million, representing a period-on-period decrease of approximately 18.80% or approximately RMB0.33 million as compared to selling expenses of approximately RMB1.75 million for the six months ended 30 June 2018. The decrease in selling expenses was primarily due to (i) a decrease in travelling expenses from approximately RMB0.16 million for the six months ended 30 June 2018 to approximately RMB0.06 million for the Period; (ii) a decrease in entertaining expenses from approximately RMB0.54 million for the six months ended 30 June 2018 to approximately RMB0.32 million for the Period; and (iii) a decrease in other selling expenses incurred during the course of preparing and submitting tenders which the Group subsequently did not win from approximately RMB0.61 million for the six months ended 30 June 2018 to approximately RMB0.29 million for the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

The following table sets forth the breakdown of administrative expenses for the six months ended 30 June 2018 and 2019.

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Staff costs	1,801	1,978
Travelling expenses	41	103
Office supplies	49	443
Entertainment expenses	11	14
Conference and training expenses	25	–
Management consulting and other services expenses	826	167
Listing expenses	–	7,623
Auditor's remuneration	1	600
Subsidies paid to staff	283	206
Operating lease rentals in respect of buildings and related expenses	620	463
Depreciation of property, plant and equipment	296	236
Business taxes and surcharges	70	83
Provision for impairment of trade and other receivables	–	9
Others	62	15
<b>Total</b>	<b>4,085</b>	<b>11,940</b>

Administrative expenses for the Period were approximately RMB4.09 million, representing a period-on-period decrease of approximately 65.79% or approximately RMB7.85 million as compared to administrative expenses of approximately RMB11.94 million for the six months ended 30 June 2018. The decrease in administrative expenses was primarily due to the Listing expenses incurred in the six months ended 30 June 2018 of approximately RMB7.62 million did not incur in the Period.

### Other income

Other income increased from approximately RMB0 for the six months ended 30 June 2018 to approximately RMB0.43 million for the Period. The increase was due to the agency commissions realized by the Company in the Period.

### Other gains

Other gains for the Period was approximately RMB5.01 million, mainly due to one-off governmental grant by PRC government for newly listed company, approximately RMB5.00 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Finance income

Finance income represented interest income on bank balances and deposits. The Group's finance income increased from approximately RMB9,000 for the six months ended 30 June 2018 to approximately RMB27,000 for the Period.

### Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings. For the Period, the Group's finance expenses were approximately RMB15,000 (for the six months ended 30 June 2018: nil), which was all for expenses other than interest expenses on bank borrowings.

### Profit/(loss) before income tax

As a result of the foregoing, the Group recorded a profit before income tax of approximately RMB5.20 million for the Period, representing a period-on-period increase of approximately RMB6.27 million as compared with a loss of approximately RMB1.07 million for the six months ended 30 June 2018, which was mainly due to (i) the drop of administrative expenses by approximately RMB7.86 million mainly because no listing expenses incurred in the Period which was partially offset by the decrease of gross profit approximately RMB5.69 million; (ii) the other gains generated for the Period from one-off governmental grant by PRC government for newly listed company, approximately RMB5.00 million.

### Income tax expense

Income tax expense increased from approximately RMB1.65 million for the six months ended 30 June 2018 to approximately RMB1.95 million for the Period, representing a period-on-period increase of approximately 18.18% or approximately RMB0.30 million.

### Profit for the Period

As a cumulative effect of the factors cited above, the Group recorded profit of the Period of approximately RMB3.24 million, as compared with a net loss of approximately RMB2.72 million for the six months ended 30 June 2018. The period-on period increase was approximately RMB5.96 million. 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

### Capital structure

The change in the capital structure of the Group from 1 January 2019 to 30 June 2019 are set out in Note 12 to the interim condensed financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cash position

The following table sets forth the selected cash flow data from the Condensed Consolidated Statements of Cash Flows for the six months ended 30 June 2018 and 2019.

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Net cash used in operating activities	(42,330)	(3,274)
Net cash (used in)/generated from investing activities	(419)	149
Net cash generated from financing activities	5,000	49,804
Net (decrease)/increase in cash and cash equivalents	(37,749)	46,679
Cash and cash equivalents at the end of the Period	23,950	66,842

At 30 June 2019, the cash and cash equivalents of the Group were approximately RMB23.95 million (as at 30 June 2018: approximately RMB66.84 million), which is mainly denominated in RMB and HKD.

### Borrowings

As at 30 June 2019, the Group had term-loan borrowings from bank amounted to approximately RMB5.00 million (as at 30 June 2018: nil), but did not have any other outstanding bank overdrafts, unutilised banking facilities, debt securities, other similar indebtedness, acceptance credits, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees outstanding (as at 30 June 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 Period.

### Pledge of assets

As at 30 June 2019, none of the Group's assets were pledged (30 June 2018: nil).

### Gearing ratio

The Group's gearing ratio at 30 June 2019 and 31 December 2018 were as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Total interest-bearing borrowings	5,000	–
Total Equity	77,152	73,910
Gearing ratio	6.48%	0.00%

## MANAGEMENT DISCUSSION AND ANALYSIS

### DIVIDEND

The Board did not recommend the payment of any interim dividend for the Period (for the six months ended 30 June 2018: nil).

### USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERINGS

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 30 June 2019 are listed as follows:

	Planned use of proceeds as disclosed in the Prospectus		Actual use of proceeds from the Listing Date to 30 June 2019		Planned use of proceeds for the six months ending 31 December 2019		Planned use of proceeds for the six months ending 30 June 2020	
	Percentage of net proceeds	Percentage of net proceeds	Percentage of net proceeds	Percentage of net proceeds	Percentage of net proceeds	Percentage of net proceeds	Percentage of net proceeds	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Expand the Group's exhibition and event management services	12,972	35.7%	5,398	14.9%	3,787	10.4%	3,787	10.4%
Expand the Group's existing offices and/or set up branch or representative offices in different cities and regions across the PRC	3,016	8.3%	770	2.1%	1,123	3.1%	1,123	3.1%
Expand the Group's workforce to support its business expansion	13,372	36.8%	5,519	15.2%	3,930	10.8%	3,923	10.8%
Strengthen the Group's marketing efforts	3,343	9.2%	0	0	1,672	4.6%	1,671	4.6%
Working capital and other general corporate purpose	3,634	10.0%	3,109	8.6%	262	0.7%	263	0.7%
<b>Total</b>	<b>36,337</b>	<b>100%</b>	<b>14,796</b>	<b>40.8%</b>	<b>10,774</b>	<b>29.6%</b>	<b>10,767</b>	<b>29.6%</b>

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.

The unutilized balances of approximately HK\$21.54 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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 are set out as follows:

Business strategies	Implementation activities
Expand the Group's exhibition and event management services	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• 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</li> </ul>
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"> <li>• Expansion of its offices and/or set up branch or representative offices</li> <li>• Payment of rental and management fees for its expanded offices and/or branches or representative offices</li> <li>• Decoration, fixture, furniture and office equipment for its expanded offices and/or branches or representative offices</li> </ul>
Expand the Group's workforce to support its business expansion	<ul style="list-style-type: none"> <li>• 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</li> <li>• Provision of training to existing and newly recruited staff</li> </ul>
Strengthen the Group's marketing efforts	<ul style="list-style-type: none"> <li>• Carrying out marketing and promotional campaigns in different cities and regions of the PRC</li> </ul>

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 30 June 2019, the Group had operating lease commitments falling due within one year of approximately RMB0.35 million (as at 30 June 2018: approximately RMB0.12 million). As at 30 June 2019, the Group had no unsettled capital commitments (as at 30 June 2018: Nil).

### CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no significant contingent liabilities (as at 30 June 2018: Nil).

### HUMAN RESOURCES

As at 30 June 2019, the Group employed a total of 96 employees, among which 8 of them were at management level, all stationed in the PRC. For the Period, the staff costs (including Directors' emoluments) were approximately RMB7.73 million (for the six months ended 30 June 2018: approximately RMB4.86 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 RMB2.05 million. The Group has complied with all the requirements about 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

The Group's credit risk is primarily attributable to trade receivables and deposits in banks. With respect to trade receivables from current customers, the Group has maintained frequent communications with points of contact at customers in order to get hold of their latest business development and financial conditions. Moreover, customers are mainly internationally branded automobile brands that are well-known both overseas and in the PRC. Taking into account also the years of business relationship the Group has developed with such customers, as well as the past service fee collection history, Directors are of the view that the credit risk with respect to current customers is low.

In relation to new customers, the Group performs credit check and analysis, including those against their financial position, past payment record and other relevant factors on these new customers before accepting their engagement or offering standard payment and delivery terms and conditions. In view of the aforementioned, Directors are of the view that the credit risk with respect to new customers is controlled.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group places deposits in state-owned financial institutions in the PRC and in reputable international financial institutions. Directors believe that these financial institutions are of high credit-quality without significant credit risk.

### 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 the latter half of 2019, 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 route 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 A.2.1.

### **CHAIRMAN AND CHIEF EXECUTIVE**

Code Provision 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 Code Provision A.2.1 of the Code is appropriate in such circumstance.

### **INTEREST OF THE COMPLIANCE ADVISER**

As advised by the Group’s compliance adviser, RaffAello Capital Limited (the “Compliance Adviser”), as at 30 June 2019, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 3 November 2017, neither the Compliance Adviser 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 30 June 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	100%

Save as disclosed above and so far as is known to the Directors, as at 30 June 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 30 June 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 30 June 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 Group 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 Group has adopted a share option scheme on 16 May 2018. From the date of adoption of such share option scheme to 30 June 2019, no share option was granted, exercised or cancelled and there is no outstanding share option.

### 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.



## OTHER INFORMATION

### AUDIT COMMITTEE

The Group 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 interim 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, 8 August 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.*

## INTERIM RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2019, together with the unaudited comparative figures for the respective corresponding period in 2018 as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	6	94,150	44,965
Cost of service		(88,902)	(34,021)
<b>Gross Profit</b>		<b>5,248</b>	10,944
Selling expenses		(1,417)	(1,745)
Administrative expenses		(4,085)	(11,940)
Other income	7	430	—
Other gains — net	8	5,009	1,665
<b>Operating profit/(loss)</b>		<b>5,185</b>	(1,076)
Finance income		27	9
Finance expenses		(15)	—
Finance income/(expenses) — net		12	9
<b>Profit/(loss) before income tax</b>		<b>5,197</b>	(1,067)
Income tax expense	9	(1,955)	(1,654)
<b>Profit/(loss) for the period</b>		<b>3,242</b>	(2,721)
Total comprehensive income/(loss) for the period		3,242	(2,721)
<b>Earnings per share attributable to owners of the Company</b>			
— Basic earnings/(losses) per share (in RMB)	10	—*	—*

\* The balance stated above was less than RMB0.01.

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

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,580	1,997
Deferred income tax assets		916	916
Other non-current assets		2,912	2,485
<b>Total non-current assets</b>		<b>5,408</b>	5,398
<b>Current assets</b>			
Trade and other receivables	11	18,533	43,101
Contract assets		84,716	11,362
Other current assets		6,994	3,740
Cash and cash equivalents		23,950	61,676
<b>Total current assets</b>		<b>134,193</b>	119,879
<b>Total assets</b>		<b>139,601</b>	125,277
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	12	1,277	1,277
Share premium	12	76,152	76,152
Other reserves		(6,842)	(6,842)
Retained earnings		6,565	3,323
<b>Total equity</b>		<b>77,152</b>	73,910
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	48,639	43,753
Contract liabilities		3,307	3,307
Credit loan from bank		5,000	–
Current income tax liabilities		5,503	4,307
<b>Total current liabilities</b>		<b>62,449</b>	51,367
<b>Total liabilities</b>		<b>62,449</b>	51,367
<b>Total equity and liabilities</b>		<b>139,601</b>	125,277

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total equity <i>RMB'000</i>
<b>Balance at 1 January 2018</b>	–*	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)	–
<b>Balance at 31 December 2018</b>	1,277	76,152	–	(6,842)	3,323	73,910
<b>(Unaudited)</b>						
<b>Balance at 1 January 2019</b>	<b>1,277</b>	<b>76,152</b>	–	<b>(6,842)</b>	<b>3,323</b>	<b>73,910</b>
Total comprehensive income for the period	–	–	–	–	3,242	3,242
<b>Balance at 30 June 2019</b>	<b>1,277</b>	<b>76,152</b>	–	<b>(6,842)</b>	<b>6,565</b>	<b>77,152</b>

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

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Cash used in operations	(41,572)	(2,958)
Income tax paid	(758)	(316)
<b>Net cash used in operating activities</b>	<b>(42,330)</b>	<b>(3,274)</b>
<b>Cash flows from investing activities</b>		
— Purchases of property, plant and equipment	(446)	(526)
— Interest received	27	9
— Decrease in advances to Controlling Shareholder	—	666
<b>Net cash (used in)/generated from investing activities</b>	<b>(419)</b>	<b>149</b>
<b>Cash flows from financing activities</b>		
— Net proceeds from issuance of ordinary shares	—	49,804
— Borrowings received	5,000	—
<b>Net cash generated from financing activities</b>	<b>5,000</b>	<b>49,804</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(37,749)</b>	<b>46,679</b>
Cash and cash equivalents at beginning of period	61,676	20,163
Exchange gain on cash and cash equivalents	23	—
<b>Cash and cash equivalents at the end of period</b>	<b>23,950</b>	<b>66,842</b>

## NOTES TO THE INTERIM 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 interim financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard 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 interim 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 INTERIM 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 30 June 2019, the Group has non-cancellable operating lease commitments of RMB350,000. All of these commitments relate to short-term leases which will be 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 interim 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 interim 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.

### 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 interim condensed consolidated financial information does 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 last 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.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 6 REVENUE INFORMATION

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Automobile related exhibition and event related services	84,706	43,143
Non-automobile related exhibition and event related services	6,433	1,822
Exhibition room	3,011	–
	94,150	44,965

### 7 OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Agency commissions*	430	–
	430	–

\* During the Period, the Group acted as an agent and introduced advertising company to its customers and earned agency commissions.

### 8 OTHER GAINS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Foreign exchange gains	9	1,665
Government grant	5,000	–
	5,009	1,665

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 9 INCOME TAX EXPENSES

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax on profits for the period	1,955	2,047
Increase in deferred tax assets	–	(393)
Income tax expenses	1,955	1,654

- (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 Period. 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 six months ended 30 June 2019 and 2018.
- (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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Total earnings/(losses) attributable to shareholders ( <i>in RMB'000</i> )	3,242	(2,721)
Weighted average number of ordinary shares in issue ( <i>thousand</i> )	1,778,082	1,552,486
Basic earnings/(losses) per share ( <i>in RMB cents</i> )	0.18	(0.18)

- (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 12(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 INTERIM CONDENSED FINANCIAL STATEMENTS

### 11 TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Trade receivables	15,176	37,375
Notes receivables	1,000	6,061
Less: allowance for impairment of trade receivables	(2,457)	(2,457)
Trade receivables — net	13,720	40,979
Deposits	3,482	1,472
Loans to staff	200	200
Staff advances	1,131	450
<b>Trade and other receivables</b>	<b>18,533</b>	43,101

As at 31 December 2018 and 30 June 2019, the aging analysis of trade receivables based on invoice date are as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Up to 90 days	10,307	28,939
Over 90 days	4,869	8,436
	<b>15,176</b>	37,375

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 12 SHARE CAPITAL AND SHARE PREMIUM

#### Ordinary shares

	Number of shares	Value of ordinary shares US\$
<b>Authorised:</b>		
Ordinary shares of US\$0.0001 each upon incorporation and as at 1 January 2018 <sup>(a)</sup>	500,000,000	50,000
Increased in authorised share capital on 16 May 2018 <sup>(c)</sup>	19,500,000,000	1,950,000
Ordinary shares of US\$0.0001 each as at 30 June 2019	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
<b>Issued and paid:</b>					
As at 28 April 2017 (date of incorporation) and 30 June 2017 <sup>(a)</sup>	100	—*	—**	—**	—**
Issuance of ordinary shares <sup>(b)</sup>	9,900	1	—**	29,185	29,185
Capitalisation issue <sup>(c)</sup>	1,499,990,000	149,999	956	(956)	—
Issuance of ordinary shares upon public offering <sup>(d)</sup>	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 30 June 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.
- (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.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 13 TRADE AND OTHER PAYABLES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Trade payables	43,758	37,351
Employee benefit payables	624	1,172
Other tax payables	2,077	2,243
Others	2,180	2,987
	<b>48,639</b>	<b>43,753</b>

As at 31 December 2018 and 30 June 2019, the aging analysis of the trade payables based on invoice date are as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
0-90 days	39,537	29,752
91-180 days	1,776	4,948
181-365 days	1,446	2,621
Over 365 days	999	30
	<b>43,758</b>	<b>37,351</b>

### 14 DIVIDENDS

No dividend has been paid or declared by the Group during each of periods ended 30 June 2018 and 2019.



## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 15 RELATED-PARTY TRANSACTIONS

(a) During each of periods ended 30 June 2018 and 2019, the Group has no significant transactions with any related party.

(b) **Key management compensation**

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

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Wages and salaries	<b>703</b>	382
Pension scheme and other social security costs	<b>188</b>	126
Housing benefits	<b>112</b>	74
Other costs and benefits	<b>30</b>	39
	<b>1,033</b>	621

### 16 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no subsequent events that require additional disclosure.