Dedicate Our Wonderful Way, Assure You.

DOWWAY HOLDINGS LIMITED
天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

ANNUAL REPORT 2019

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

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

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

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

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.

This report will be available on the Company's website www.dowway-exh.com and will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting.

CONTENTS

CORPORATE INFORMATION

THE BOARD

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

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

Independent Non-executive Directors
Mr. Gao Hongqi
Ms. Xu Shuang
Mr. Yu Leung Fai (appointed on 11 October 2019)
Mr. Ng Yuk Yeung (resigned on 11 October 2019)

AUDIT COMMITTEE
Mr. Yu Leung Fai *(Chairman)*
(appointed on 11 October 2019)
Mr. Ng Yuk Yeung *(Chairman)*
(resigned on 11 October 2019)
Mr. Gao Hongqi
Ms. Xu Shuang

REMUNERATION COMMITTEE
Mr. Gao Hongqi *(Chairman)*
Mr. Ma Yong
Mr. Yu Leung Fai (appointed on 11 October 2019)
Mr. Ng Yuk Yeung (resigned on 11 October 2019)

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

COMPANY SECRETARY
Ms. Lam Yuk Ling *(ACIS, ACS)*

COMPLIANCE OFFICER
Mr. Huang Xiaodi

AUTHORISED REPRESENTATIVES
Mr. Huang Xiaodi
Ms. Lam Yuk Ling *(ACIS, ACS)*

STOCK CODE
8403

AUDITOR
PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
1122, 11th Floor, Central Building
1–3 Pedder Street, Central
Hong Kong

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
(terminated on 5 October 2019)
Kingsman HK Capital Limited
(appointed on 6 October 2019)

LEGAL ADVISER 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

FINANCIAL SUMMARY

FINANCIAL SUMMARY

	For the year ended 31 December				
	2015	2016	2017	2018	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	89,768	88,304	97,000	124,779	**228,256**
Cost of service	(69,220)	(65,991)	(72,697)	(99,182)	**(215,251)**
Gross profit	20,548	22,313	24,303	25,597	**13,005**
Selling expenses	(1,117)	(1,182)	(3,251)	(3,485)	**(4,193)**
Administrative expenses	(4,516)	(6,399)	(19,240)	(22,074)	**(11,274)**
Net impairment losses on financial and contract assets	–	–	–	(1,510)	**(2,007)**
Other income	–	24	69	157	**334**
Other gains/(losses) — net	–	182	(144)	3,435	**5,104**
Operating Profit	14,915	14,938	1,737	2,120	**969**
Finance income	21	26	21	36	**38**
Finance expenses	(262)	(237)	(114)	(10)	**(226)**
Profit before income tax	14,674	14,727	1,644	2,146	**781**
Income tax expense	(4,185)	(3,737)	(2,428)	(3,142)	**(2,034)**
Profit/(loss) for the year	10,489	10,990	(784)	(996)	**(1,253)**

SUMMARY OF SELECTED ITEMS IN THE CONSOLIDATED BALANCE SHEET

	As at 31 December				
	2015	2016	2017	2018	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Total non-current assets	1,672	3,148	2,837	5,398	**7,158**
Total current assets	56,172	48,720	64,890	119,879	**154,472**
Total assets	57,844	51,868	67,727	125,277	**161,630**
Total liabilities	40,973	24,007	41,065	51,367	**88,571**
Net current assets	15,199	24,713	23,825	68,512	**65,901**

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the Board (the "**Board**") of Dowway Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), I am pleased to present the Group's audited annual results for the year ended 31 December 2019.

As one of the leading integrated exhibition and event management service providers in the People's Republic of China ("**PRC**"), the Group engages mainly 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 branded cars. The Group also undertakes projects related to automobile exhibitions and events from non-automobile companies. Through its dedicated efforts and reliable services over the last ten years, the Group has established a strong reputation and a loyal customer base.

Reflecting on the past year of 2019, where the global economic and trade environment has been highly uncertain, the economy has suffered from a downward trend. Through the strong internal impetus of the Chinese economy, Chinese markets has been resilient with the support of a strong growth in real disposable income and a steadily growing economy. With the continuous optimization of government policy in favour of China's exhibition industry and the improvement of the standards of the related system, the market scale of the domestic exhibition industry continues to expand. Moreover, China's first Convention and Exhibition Industry Fund was released in Shanghai during the year 2019, which was viewed as a landmark event for China's domestic convention and exhibition industry. With the continuous improvement of the business environment, the Chinese economy is beginning to show signs of stabilization. Despite China's automobile sales facing a downturn in 2019, the demand for promotion of new cars and consumer demand remained stable and the automobile exhibition service market continued to grow steadily. During the year, the Group focused on achieving "steady growth" and conducted in-depth research on industry trends and market demands so as to capitalise on the growth of China's exhibition and the related services industries. The Group aims to improve it's overall service standards by developing it's business layout and management systems with a view to fully meet the strong demand for premium exhibitions and event venues required by different types of projects and customer groups.

During the year, the Group organised and held 95 exhibitions and events and 3 exhibition showroom projects. Among these, approximately 85 projects have been completed, including 1 exhibition showroom project, which in aggregate generated revenues of approximately RMB228.3 million, representing a year-on-year increase of 82.9% or approximately RMB103.5 million. During the year, the Group recorded a gross profit of approximately RMB13.0 million, representing a year-on-year decrease of 49.2% or approximately RMB12.6 million. The gross profit margin was 5.7%, mainly due to the increase in staff costs resulting from the expansion of the business and the undertaking of a number of projects providing exhibition and event management services to new customers at relatively low gross profit margins in the short term with a view to expand the Group's customer base. The Group recorded approximately RMB 1.3 million in net loss attributable to the Company's owners during the year. The board of directors does not recommend payment of final dividend for the current year.

CHAIRMAN'S STATEMENT

Going forward, the Group will continue to uphold the service philosophy of "customer-centered" and adhere to the principle of "high quality and efficiency; cooperation with a view to achieve a win-win situation". The Group will seize the opportunities arising from the development of China's exhibition and related services industry, promote the development of the Group's exhibition and event management and exhibition showroom service, and further expand its customer base and enhance its brand building. To mitigate the impact brought by the outbreak of the novel coronavirus pneumonia epidemic in the first quarter of 2020, the Group will utilize its resources and maintain its stability, ultimately to achieve good results for the Company's shareholders and investors under the severe challenges from the external economic environment and the fierce competition of the exhibition and event management service industry.

Finally, on behalf of the Board of Directors, I would like to extend my sincere gratitude to the shareholders, customers and business partners who have always supported the Group, as well as all my colleagues who have dedicated and worked hard for the Group.

Huang Xiaodi
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 27 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Throughout 2019, the risks and challenges in the domestic and foreign political and economic situations rose significantly. Although the growth rate of global economy and trade has declined, China's overall economy managed to maintain a steady growth. According to the announcement of the National Bureau of Statistics of China on 18 January 2020, the gross domestic product (GDP) of China in 2019 was close to RMB 100 trillion. The growth rate was in line with expectations and the per capita GDP was for the first time heading towards a new levels of US$10,000.

Consumption is still the most important driving force for China's economic growth. Against this background, the volume of China's exhibition industry in 2019 steadily ranked first in the world with a continued overall trend of stable and positive development. The exhibition industry stepped into profound transformation from rapid growth to high-quality development and moved towards large-scale and centralized development. Its industrial structure and regional layout were also gradually optimized. During the year, the national strategies, such as the "Belt and Road" policy, continued to drive demand for commerce, trade and tourism and motivated cities, especially Beijing, Shanghai and Guangzhou, to actively run and participate in exhibitions. Among them, the China International Import Expo held in November 2019 had attracted worldwide attention. Other than the China International Digital Economy Expo 2019, the 4th China-Arab States Expo, the China International Big Data Industry Expo 2019, the World New Energy Vehicle Congress 2019 and the International Horticultural Expo 2019, Beijing, China had also set new records repeatedly in terms of scale of exhibitions, number of exhibitors and number of visitors. Quite a number of exhibitions have brought powerful spillover effects and driven the development of the industry chain of domestic exhibition and economy. Moreover, China's first exhibition fund was set up in Shanghai in June with a total size of RMB 3 billion. The support from capital market will enhance the acquisition, merger and investment capabilities of Chinese exhibition companies and continue to further strengthen the integration of resources.

As the largest industry in China's exhibition industry, the automobile exhibition industry has maintained a steady growth for the year ended 31 December 2019. The Shanghai International Automotive Show 2019 (the 18th Shanghai International Automotive Industry Exhibition) was successfully held in April, indicating the vitality and development potential of the Chinese automotive market. For the first time, the automobile show brought into existence a future travel zone, marking the trend of intellectualization, digitalization and cross-border integration of the industry. During the year, even though China's automobile sales experienced a downturn, the country's long-term demand for cars subsists and the trend of consumption upgrading has not changed. The market shares of SUV, new energy vehicles and high-end branded passenger cars have increased in accelerated speed, which is beneficial to the development of the exhibitions for large, mid-end and high-end branded cars.

The overall improvement of the exhibition industry has led to a steady demand for exhibition services, thus creating a huge development space for leading integrated exhibition and event management service providers with good reputation and track record, network resources, operating experience and management capacity. According to the "China's Exhibition Economy Development Report 2019" issued by the China Council for the Promotion of International Trade, significant progress has been made in the reform of "delegating power, streamlining administration and optimizing services" of the exhibition industry in China. Commercial exhibitions will be further opened up to stimulate the vitality of the market. Among all the heavy industry exhibitions held in 2019, a total of 414 were in relation to the automobile industry, representing a year-on-year increase of 29%; the total exhibition area was 18.402 million square meters, representing a year-on-year increase of 75.6%, and ranking first in terms of number and area of exhibitions.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As one of China's leading integrated exhibition and event management service providers, the Group mainly undertakes exhibition and event projects as a project manager and provides comprehensive and related services to customers, including design, planning, coordination and management of exhibitions and events, ranging from themes, stage, site design and master planning, feasibility studies, procurement of construction materials and equipment, project management, and coordination of suppliers and/or staff and on-site supervisors in respect of construction of settings, stage and exhibition booth, and installation of audiovisual and lighting facilities. The Group offers one-stop service and provides customers with customized themes for their exhibitions or events, and collaborates with different suppliers to plan, coordinate and manage the related plans.

The Group engages principally in offering assistance to display, promotion and sales of automobiles. With more than ten years of rich business experience, the Group has established an extensive customer base, including internationally renowned automobile companies such as premium German and Italian car brands. In addition, the Group will also accept requests from non-automobile related companies to run exhibitions and events for them.

In 2019, under the leadership of a management team with acute market awareness and rich business experience, the Group actively utilized its advantages to consolidate its strategic cooperation with internationally renowned automobile brands. Relying on an extensive supplier network and its continuous and firm implementation of strict service quality control, the Group has successfully achieved steady progress of its performance in a highly competitive and fragmented market. For the year ended 31 December 2019, the Group completed approximately 85 exhibitions and events; achieved a total revenue of approximately RMB228.26 million, representing an increase of 82.93% over the same period in 2018.

During the year, the Group allocated resources to the business segments in the exhibition service industry to enable each business segment to co-operate and provide customers with better services and experiences. On 1 April 2019, the Group established a new subsidiary, namely Sense and Creative Technology Co., Ltd. Its main business areas include exhibition and event design, technology development, consulting, image production and audiovisual services and it is already in operation. At the same time, the Group is also actively accelerating its strategic business expansion across the country and has made good business progress in the areas of exhibition showroom construction and event planning, which has enhanced the Group's comprehensive competitiveness and reinforced its leadership in the industry. As of 31 December 2019, the Group's business covers more than 50 cities in the Mainland China, including Beijing, Shanghai, Guangzhou, Tianjin, Chengdu, Harbin, Shenyang, Kunming, Nanning and Chongqing.

FINANCIAL REVIEW

Revenue

The Group generates revenue mainly from the provision of design, planning, coordination and management services of exhibitions and events in the PRC. The following table sets forth the breakdown of revenue from business operations for the years ended 31 December 2018 and 2019.

	For the year ended 31 December			
	2019		2018	
	RMB'000	***%***	*RMB'000*	*%*
Revenue from automobile related exhibitions and events	**203,356**	**89.09%**	107,877	86.45%
Revenue from non-automobile related exhibitions and event related services	**15,768**	**6.91%**	16,902	13.55%
Revenue from exhibition business	**9,132**	**4.00%**	–	–
Total	**228,256**	**100%**	124,779	100%

Revenue increased from approximately RMB124.78 million for the year ended 31 December 2018 to approximately RMB228.26 million for the year ended 31 December 2019, representing a year-over-year increase of approximately 82.93% or approximately RMB103.48 million. The increase was primarily due to the increase in number of projects and amounts of contract value completed by the Group during the year ended 31 December 2019.

During the year ended 31 December 2019, revenue from automobile related exhibitions and events continued to be the main source of revenue for the Group, which increased from approximately RMB107.88 million for the year ended 31 December 2018 to approximately RMB203.36 million for the year ended 31 December 2019, representing a year-over-year increase of approximately 88.51% or approximately RMB95.48 million and accounting for 89.09% of the total revenue for the year.

Revenue from exhibition showroom related services for the year ended 31 December 2019 was approximately RMB9.13 million, accounting for 4% of the total revenue for the year ended 31 December 2019.

Cost of service

Cost of service increased from approximately RMB99.18 million for the year ended 31 December 2018 to approximately RMB215.25 million for the year ended 31 December 2019, representing a year-over-year increase of approximately 117.03% or approximately RMB116.07 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 (iii) the additional operational lease rentals of a warehouse rented by the Group.

During the year ended 31 December 2019, the cost of exhibition and event related services provided by suppliers increased from approximately RMB88.87 million for the year ended 31 December 2018 to approximately RMB194.61 million for the year ended 31 December 2019, representing a year-over-year increase of approximately 119.00% or approximately RMB105.75 million, accounting for 90.41% of the total cost of service for the year ended 31 December 2019.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2019 was approximately RMB13.01 million, representing a year-on-year decrease of around 49.19% or approximately RMB12.59 million as compared with approximately RMB25.60 million for the year ended 31 December 2018. For the year ended 31 December 2019, the Group's gross profit margin was approximately 5.70%, as compared with 20.51% for the corresponding financial year in 2018. The Group's gross profit and gross profit margin recorded a decrease primarily due to (i) the increase in staff costs arising from business expansion; (ii) the decision to adopt a very competitive pricing strategy in order to broaden the customer base of the Group amid a challenging business environment in the PRC.

Selling expenses

Selling expenses for the year ended 31 December 2019 were approximately RMB4.19 million, representing a year-over-year increase of approximately 20.32% or approximately RMB0.71 million as compared to selling expenses of approximately RMB3.49 million for the year ended 31 December 2018. The increase in selling expenses was primarily due to the growth of staff costs to expand business.

Administrative expenses

Administrative expenses for the year ended 31 December 2019 were approximately RMB11.27 million, representing a year-over-year decrease of approximately 48.93% or approximately RMB10.80 million as compared to administrative expenses of approximately RMB22.07 million for the year ended 31 December 2018. The decrease in administrative expenses was primarily due to a one-time listing expense of approximately RMB7.62 million was incurred for the year ended 31 December 2018 and there was no such listing expense during the Year.

Other income

Other income increased from approximately RMB0.16 million for the year ended 31 December 2018 to RMB0.33 million for the year ended 31 December 2019. Other income for the years ended 31 December 2018 and 2019 mainly represented the agency commissions received.

Other gains-net

Other gains for the year ended 31 December 2019 of approximately RMB5.10 million, was mainly as a result of a one-off governmental grant of RMB5.00 million by the PRC government for its initial public offerings on GEM.

Finance income

Finance income represented interest income on bank balances and deposits. The Group's finance income remained relatively stable during 2018 and 2019.

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings and interest expense of lease liabilities. During the year, the Group's finance expenses was approximately RMB226,000 (for the year ended 31 December 2018: RMB10,000).

Profit before income tax

As a result of the foregoing, the Group recorded profit before income tax of approximately RMB0.78 million for the year ended 31 December 2019 representing a year-over-year decrease of approximately 63.61% or approximately RMB1.37 million as compared with approximately RMB2.15 million for the year ended 31 December 2018, which was mainly due to (i) increase in staff costs arising from business expansion and the Board's decision to adopt a very competitive pricing strategy in order to broaden the customer base of the Group amid a challenging business environment in the PRC, which collectively led to a decrease in the Group's gross profit by approximately RMB12.59 million for the year ended 31 December 2019, as compared to the corresponding financial year in 2018; and (ii) an increase in net impairment losses on financial and contract assets by approximately RMB0.5 million. The effect of decrease in gross profit and increase in net provision losses in financial and contract assets is partially offset by the decrease in administrative expenses incurred during the year.

Income tax expense

Income tax expense decreased from approximately RMB3.14 million for the year ended 31 December 2018 to approximately RMB2.03 million for the year ended 31 December 2019, representing a year-over-year decrease of approximately 35.26% or approximately RMB1.11 million.

Loss for the period

As a cumulative effect of the factors cited above, the Group recorded net loss of the Year of approximately RMB1.25 while the net loss was approximately RMB1.00 million for the year ended 31 December 2018.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

The change in capital structure of the Group for the year ended 31 December 2019 is set out in note 3 to the financial statements.

Cash position

The following table sets forth the selected cash flow data from the Consolidated Statements of Cash Flows for the years ended 31 December 2018 and 2019.

	For the year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
Net Cash Used in Operating Activities	**39,473**	5,877
Net Cash Used in Investing Activities	**447**	2,570
Net Cash Generate from Financing Activities	**3,039**	49,804
Net Increase/(decrease) in Cash and Cash Equivalents	**(36,881)**	41,357
Cash and Cash Equivalents at the end of the year	**25,116**	61,676

As at 31 December 2019, cash and cash equivalents of the Group were approximately RMB25.12 million (as at 31 December 2018: approximately RMB61.68 million), which was mainly denominated in RMB and Hong Kong dollars, recording a decrease of approximately 59.28% as compared with that as at 31 December 2018, primarily due to the usage of net proceeds from the share offering.

MANAGEMENT DISCUSSION AND ANALYSIS

Net Current Assets

The Group recorded net current assets of approximately RMB65.90 million as at 31 December 2019, while the net current assets as at 31 December 2018 was approximately RMB68.51 million.

Treasury Policies

The Group adopts a prudent approach in respect of treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group. The Group will continue to strengthen its policies to manage the operating cash flows, in particular, in the area of billing to and collecting from customers and payment to suppliers, to fullfil the needs of its daily operation and manage the liquidity risk.

Borrowings

As at 31 December 2019, the Group had bank borrowings of RMB5.0 million under a credit agreement (31 December 2018: nil). Pursuant to the agreement, the Group is granted with a credit limit up to RMB5.0 million during the period from 17 May 2019 to 16 May 2021. The Group did not have any other outstanding bank overdrafts, debt securities, term-loan borrowings, other similar indebtedness, acceptance credits, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees outstanding (31 December 2018: nil). The Group did not have any other unutilised banking facilities nor plans for any material external debt financing.

Save for the above, the Directors confirm that there has been no material adverse change in the Group's indebtedness and contingent liabilities for the year ended 31 December 2019.

Pledge of assets/charge on assets

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

Gearing ratio

The Group's gearing ratio as at 31 December 2019 (31 December 2018: nil) were as follows:

	2019 ***RMB'000*** ***(Audited)***	2018 *RMB'000* *(Audited)*
Total interest-bearing borrowings	**5,000**	–
Total Equity	**73,059**	73,910
Gearing ratio	**6.84%**	Nil

DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2019 (for the year ended 31 December 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$36.74 million after deducting underwriting commissions and professional service fees in relation to the Share Offer. The Company has been applying the net proceeds according to the "Use of Proceeds" stated in the prospectus of the Company dated 29 May 2018 (the "**Prospectus**"). Uses of net proceeds as at 31 December 2019 are listed as follows:

	Planned use of proceeds as disclosed in the Prospectus *HK$'000*	Percentage of net proceeds	Actual use of proceeds from the Listing Date up to 31 December 2019 *HK$'000*	Percentage of net proceeds	Unutilized net proceeds as at 31 December 2019 *HK$'000*	Percentage of net proceeds
Expand exhibition and event management services	12,972	35.7%	10,843	29.8%	2,129	5.9%
Expand existing offices and/or set up branch or representative offices in different cities and regions across the PRC	3,016	8.3%	844	2.3%	2,172	6.0%
Expand the Group's workforce to support its business expansion	13,372	36.8%	7,174	19.8%	6,198	17.0%
Strengthen the Group's marketing efforts	3,343	9.2%	0	0.0%	3,343	9.2%
Working capital and other general corporate purpose	3,634	10.0%	2,724	7.5%	910	2.5%
Total	36,337	100%	21,585	59.4%	14,752	40.6%

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

See the unutilized balances of approximately HK$14.75 million had been deposited in licensed banks in Hong Kong and the PRC.

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.

11. The outbreak of COVID-19 or any other natural disasters or infectious diseases may severely affect and restrict the level of economic activity in the PRC which may in turn have a material and adverse effect on the Group's business, financial position and results of operations.

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

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

Major risks and uncertainties relating to the implementation of business strategies

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

The Group did not have other plans or commitments for material investments, acquisitions and capital assets at 31 December 2019.

Business strategies and implementation plan

For the year ended 31 December 2019, business strategies and implementation plan are set out as follows:

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

COMMITMENTS

The minimum lease payments under non-cancellable operating leases of offices not recognised in the financial statements as payables is nil as at 31 December 2019 (for the year ended 31 December 2018: RMB517,000).

Material acquisitions and disposals related to the subsidiaries and associated companies

During the period, the Group did not have any material acquisitions and disposals related to the subsidiaries and associated companies.

CONTINGENT LIABILITIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

As at 31 December 2019, the Group employed a total of 93 employees (for the year ended 31 December 2018: 109), among which 12 of them were at management level, all stationed in the PRC. For the year ended 31 December 2019, the staff costs (including Directors' emoluments) were approximately RMB17.02 million (for the year ended 31 December 2018: approximately RMB11.03 million). The Group conducts periodic performance review with employees and determines their salaries, benefits and discretionary bonuses based on factors including qualifications, contributions, years of experience and performance.

In accordance with the applicable PRC laws and regulations, the Group has made contributions to social security insurance and housing provident funds for all eligible staff. For the year ended 31 December 2019, the total amount contributed to social security insurance and housing provident funds by the Group was approximately RMB3.84 million. The Group has complied with all social security insurance and housing provident fund obligations applicable under the PRC laws and regulations.

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

The Group has maintained a good working relationship with its employees. During the year ended 31 December 2019, 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.

The Company's policies concerning emoluments of Directors are (i) the amount of emoluments is determined on the basis of the relevant Director's experience, responsibility, workload and the time devoted to the Company; and (ii) non-cash benefits may be provided to the Directors under their remuneration package.

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, notes receivables and contract assets shown on consolidated balance sheets.

The Group takes on exposure to credit risk, which is the risk that a customer or counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is one of the most significant risks for the Group's business.

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

The Group's trade receivables arise from exhibition and event marketing services fees, 71.4% of which are in turn derived from main customers that are renowned automobile companies. Should there be change in the strategic relationships with these main customers that might cause change in the cooperative arrangements; or if they experience financial difficulties themselves which in turn causes difficulties in their settling payables to the Group, the Group's revenue from those automobile companies might be adversely affected due to deterioration in recoverability of trade receivables from them.

To manage this risk, the Group's management team maintains frequent communications with their contacts at those automobile companies to ensure the Group captures the most updated understanding about relevant customer's business status and assesses their credibility. In view of the smooth cooperation history with these automobile companies and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding trade receivable balances due from those automobile companies is low. As for new customers, the management is responsible for managing and analysing the credit risk for each of their new customers before they offer such new customers standard payment and delivery terms and conditions. To do such assessment, various factors including their financial position and other factors about these new customers would be considered.

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

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

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.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

For the year ended 31 December 2019, no significant investment was held by the Group. As at the date of this annual report, save for the plans under "Future Plans and Use of Proceeds" detailed in the Company's prospectus dated 29 May 2018, the Group had no other future plans for material investments or capital assets.

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

There were no significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group for the year ended 31 December 2019 (2018: same).

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The National Bureau of Statistics announced that China's GDP in 2019 increased by 6.1% year-on-year. On the whole, the national economy in 2019 continued to maintain an overall stable development trend with steady growth, bringing sustainable room of growth to the exhibition service industry in China. Meanwhile, as a result of the current slowdown in the growth of the world's economy and trade, the increased sources of turbulence and risk factors, intertwined by the domestic structural, systemic and cyclical issues, and the impact brought by the new coronavirus pneumonia epidemic, the downward pressure on the economy remains high.

Facing the opportunities for industry upgrading and transformation, the Group will continue to maintain its existing competitiveness in various aspects such as service capabilities, customer base and promotion and marketing strength, and adopt a multi-pronged approach to improve profitability. The Group will also deepen its exhibition showroom services to expand its service portfolio, including the planning, coordinating and managing the sites or the exhibition showroom at the venues agreed with customers during fixed contract periods. With regard to expanding the customer base, the Group will continue to expand its market share in automobile exhibitions and events through business referrals and business networks, and participate in more marketing activities. At the same time, it will seek to reach out to customers in other industries to expand its business diversification and reduce reliance on a single business target. With regard to promotion and marketing, the Group aims to promote brands through participation in events and exhibitions, compiling company brochures and marketing materials to distribute to potential customers, and widening marketing platforms and multimedia channels to reach a wider potential customer base so as to extend the source of income. In addition, the Group plans to seek and consider opportunities of strategic acquisition with a view to generating synergies with existing businesses and further enhancing the Group's position in the market of exhibition and event management services industry in China.

In the first quarter of 2020, due to the impact of the new coronavirus pneumonia epidemic in China, the upstream demand of the Mainland's convention and exhibition industry plummeted. In the worst cases, the scheduled convention and exhibition activities would be forced to be cancelled, bringing impact to the Mainland's convention and exhibition industry. But up to the date of this report, there is not any indication that the Group's clients would cancel the arranged exhibition activities. However, at the same time, the organizers of the local conventions and exhibitions have successively issued announcements about the postponement of the exhibition and the organizers of the conventions have drawn up emergency plans right away to minimize their losses. At the macro level, the central bank mitigated the impact brought by the epidemic through injecting liquidity into the market and cutting interest rates. The local governments of Zhejiang Province, Shanghai and other places have successively introduced measures to provide financial support for SMEs, reduce financing costs, corporate taxes burdens to mitigate the impact of the epidemic. Against this backdrop, the Group will increase its online exhibitions, strengthen its online service capabilities by updating audiovisual and information technology equipment and lower the expense of leasing multimedia audiovisual equipment and venues from third-party suppliers. The Group will actively tackle the challenges due to force majeure, seize new opportunities for business transformation and create new business growth.

Looking forward, the Group will effectively improve the level of co-ordination and management of exhibitions and events through the implementation of the above business strategies, improve customer service and experience in an all-round way, actively seek reformation with a view to continuing to create sustainable returns for shareholders.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Huang Xiaodi (黃曉迪), aged 34, is the chairman of the Board, the chief executive officer of our Company, an executive Director, the compliance officer of our Company and a controlling shareholder. He was appointed as a Director on 28 April 2017 and re-designated as an executive Director on 28 October 2017. Mr. Huang is responsible for our Group's overall management, strategic development, major decision-making of our Group and overseeing compliance matters of our Group.

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

Mr. Huang was previously a general partner of Tianjin Tianping Chuangxin Corporate Management Consultancy Centre (Limited Partnership), which was deregistered on 2 April 2018. He confirmed that such entity was solvent immediately before the time of deregistration and he did not incur any debt and/or liabilities because of such deregistration.

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

Mr. Ma Yong (馬勇), aged 39, is an executive Director and a member of the remuneration committee of our Company. He obtained his certificate in information management from the University of Science & Technology Beijing (北京科技大學) in July 2002. Mr. Ma has more than 11 years of professional experience in the area of exhibition and event management industry. Mr. Ma worked as a project manager at Beijing Lihui Huanyu Exhibition Services Company Limited (北京力輝環宇展覽服務有限公司) from May 2007 to May 2013, the principal business of which includes automobile exhibition. He then joined Beijing Dowway in May 2013 as the project director and has become the vice chairman of the board of Beijing Dowway since July 2017.

Mr. Yan Jinghui (閆景輝), aged 35, is an executive Director and a member of the nomination committee of our Company. He obtained his certificate in arts and design via the Self-Taught Higher Education Examinations (高等教育自學考試) from Wuchang University of Technology (武昌理工學院) in December 2013. Mr. Yan has more than 10 years of professional experience in the area of exhibition and event management industry. He joined Beijing Dowway since August 2009 as the project director and has become the director of Beijing Dowway since July 2017.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Yuen Lai Him (袁禮謙), aged 48, a non-executive Director since 22 March 2019. He graduated from the University of Sydney with a bachelor degree in Electrical Engineering in 1997. Mr. Yuen has extensive experience in the investment and finance sectors in China and Hong Kong. Mr. Yuen is the founder and director of Galaxy Technology Limited., a company founded in 2004, which specialises in industrial property development in China.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Xu Shuang (徐爽), aged 41, is an independent non-executive Director, the chairman of the nomination committee of our Company and a member of the audit committee of our Company since 16 May 2018. She obtained her bachelor degree in craftsmanship and arts from Tsinghua University (清華大學) in July 2000 and her master degree in computer software engineering from Beijing University of Technology (北京工業大學) in January 2016. Ms. Xu has been a qualified lecturer recognised by Beijing Zhuanye Jishu Zhiwu (Intermediate Professional Rank) Qualification Committee (北京市中級專業技術職務評審委員會) since October 2005.

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

Mr. Gao Hongqi (高紅旗), aged 61, is an independent non-executive Director, the chairman of the remuneration committee of our Company, a member of each of the audit committee and nomination committee of our Company since 16 May 2018. He obtained his bachelor degree in civil engineering from Taiyuan Institute of Technology (太原工學院) now known as Taiyuan University of Technology (太原理工大學) in August 1982. He subsequently obtained the certificate of national registered supervising engineer (國家級註冊監理工程師證書) he certificate of outstanding chief supervising engineer of Beijing (北京市優秀總監理工程師證書) and the qualification of bid evaluation expert of Beijing (北京市評標專家) in March 1997, February 2004 and January 2013 respectively. Mr. Gao has over 34 years of experience in construction work engineering and surveying. Between September 1982 to August 1987, he was responsible for conducting research at the Building Structure Research Centre of China Academy of Building Science Research (中國建築科學研究院建築結構研究所). Subsequently from September 1987 to December 1992, he has worked at the National Construction Engineering Quality Supervision and Testing Centre of China Academy of Building Science Research (中國建築科學研究院國家建設工程質量監督檢驗測試中心) responsible for quality supervision of construction engineering. He has worked at CABR Construction Engineering Consulting Co., Ltd of China Academy of Building Science Research (中國建築科學研究院建研凱勃建設工程諮詢有限公司) since January 1993, responsible for monitoring construction work and his last position is chief engineer.

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

Mr. Yu Leung Fai (余亮暉), aged 42, is an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee since 11 October 2019. Mr. Yu holds a Bachelor of Commerce (Hon.) from the University of Toronto and L.L.B. (Hon.) from the University of London, and is a member of the American Institute of Certified Public Accountants, the Australian Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Yu had served as: the joint company secretary and alternate authorized representative of Beijing Media Corporation Limited (stock code: 1000) since March 2010; the company secretary and authorized representative of Yuanda China Holdings Limited (stock code: 2789) since June 2012; the joint company secretary and authorized representative of Sany Heavy Equipment International Holdings Company Limited (stock code: 631) since February 2017; the company secretary and authorized representative of Bamboos Health Care Holdings Ltd (stock code: 2293) since November 2018; an independent non-executive director of Realord Group Holdings Limited (stock code: 1196) since June 2014; the joint company secretary and authorized representative of China National Materials Co Ltd (stock code: 1893) from May 2009 to April 2018; the company secretary and authorized representative of Haichang Ocean Park Holdings Ltd (stock code: 2255) from March 2014 to March 2015; the company secretary of Group Sense (International) Limited (stock code: 601) from August 2014 to August 2015; the company secretary and authorized representative of Vale S.A. (stock code: 6210 — Common Depositary Receipts and 6230 — Class A Preferred Depositary Receipts) from 2010 to 2016. Except for Vale S.A. and China National Materials Co Ltd which were delisted on the Stock Exchange in July 2016 and April 2018 respectively, all of the above companies are companies listed on the Stock Exchange.

Mr. Yu has accumulated extensive experience in the fields of accounting and corporate services. He joined Fung, Yu & Co., C.P.A in 2001.

SENIOR MANAGEMENT

Mr. Bao Xianglong (包向龍), aged 33, is the design director and supervisor of Beijing Dowway and is responsible for the project designs and graphic designs of exhibitions and events and managing the design department.

Mr. Bao has more than 9 years of professional experience in the area of exhibition and event management industry. He joined our Group since August 2009 as the designer of Beijing Dowway and was subsequently a design director in March 2012 and appointed as the supervisor of Beijing Dowway in July 2017.

Mr. Xiao Yi (肖毅), aged 37, is the customer relations director of our Group and is responsible for planning customer relations strategies and overseeing customer relations matters. Mr. Xiao has worked as the customer relations director of Beijing Dowway since March 2011. He is also currently an executive director of Dowway Cultural.

He has more than 13 years of experience in corporate public relations and customer relations. Prior to joining our Group, Mr. Xiao worked as a public relation officer at Chinese Artists Association's committee of sculptural art (中國美術家協會雕塑藝術委員會) from May 2005 to February 2008. From 2008 to 2010, Mr. Xiao worked at Pamco Limited (北京柏高環球展覽展示服務有限公司) as customer relations manager.

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang Hao (湯浩), aged 35, is the sales director of Beijing Dowway and is responsible for overseeing its sales and business development. Mr. Tang has worked as the sales director of Beijing Dowway since August 2010. He obtained a certificate in accounting from Beijing Information Science and Technology University (北京信息科技大學) in July 2009.

During his term of office as the head of sales department of Beijing Dowway, Mr. Tang was assigned to manage the international automobile exhibitions and events held in Beijing and other cities nearby. He has more than 7 years of experience in managing, designing, coordinating and planning exhibitions and events. Mr. Tang had participated in various main business projects of Beijing Dowway partnered with an internationally renowned automobile company.

DISCLOSURE REQUIRED UNDER RULE 17.50(2) OF THE GEM LISTING RULES

Save as disclosed in this report, each of our Directors confirms with respect to him/her that: (a) he/she has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (b) he/she did not hold other positions in our Company or other members of our Group; (c) he/she did not have any relationship with any other Directors, senior management, substantial shareholder or Controlling Shareholder of our Company; (d) he/she does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in "Appendix IV — Statutory and General Information — C. Further Information about substantial shareholders, directors and experts — 1. Interests of Directors and chief executive in Shares, underlying Shares and debentures of our Company and its associated corporations" in the Prospectus; (e) he/she does not have any interest in any business which competes or is likely to compete, directly or indirectly, with the Group, which is discloseable under GEM Listing Rules; and (f) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no additional information relating to our Directors or senior management that was required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules and no other matter with respect to their appointments that needed to be brought to the attention of our Shareholders.

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 April 2017. The Company is an investment holding company. The Group is one of the leading integrated exhibition and event management service provider in the PRC. It mainly serves as a project manager for exhibitions and events and provides a comprehensive range of related services. These services include design, planning, coordination and management of exhibitions and events covering theme, stage and venue design and overall planning, feasibility studies, procurement of construction materials and equipment. As part of its project management, the Group also conducts liaison with suppliers and/or personnel for construction of backdrops, stages and exhibition booths as well as installation of audio, visual and lighting equipment and facilities, and on-site supervision. Depending on customers' requirements and the themes of exhibitions and events, the Group provides integrated management services which include design, planning, coordination and management of construction and installation works. It may also, upon request, design specific themes for relevant exhibitions and events and coordinate with different suppliers for executing design and layout plans, in accordance with the types and objectives of the exhibition or event. Analysis of the principal activities of the Group during the year ended 31 December 2019 are set out in Note 1 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statements of comprehensive income on page 59 of this annual report.

DIVIDEND POLICY

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

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

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

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

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

DIVIDEND

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

BUSINESS OVERVIEW AND FINANCIAL KEY PERFORMANCE INDICATORS

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

OUTLOOK

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

IMPORTANT EVENT SINCE THE END OF THE REPORTING YEAR

Following the outbreak of the COVID-19, the level of business activities of the Group reduced significantly in the first quarter of 2020 because customers postponed their exhibition activities.

The Group will closely monitor its financial condition and funding requirement in order to capture further business opportunities and the prevailing unstable economic environment.

PRINCIPAL RISKS AND UNCERTAINTIES

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

ENVIRONMENTAL POLICY

The Group actively keep promoting sustainable development and environmental protection, and also has strictly complied with relevant environmental protection, health and related laws and regulations. Please refer to the 2019 environmental, social and governance report of the Company for details.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has complied with all applicable laws and regulations and no non-compliance with applicable laws and regulations. Please refer to the 2019 environmental, social and governance report of the Company for details.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We maintained a good working relationship with our employees and we did not experience any labour disputes for our operations during the Year 2019.

Major customers

For the year ended 31 December 2019, the Group's sales to its five largest customers accounted for approximately 61.4% (Year 2018: 72.5%) of the Group's total revenue and our single largest customer accounted for approximately 28.2% (Year 2018: 24.1%) of the Group's total revenue.

Major suppliers

For the year ended 31 December 2019, the Group's five largest suppliers accounted for approximately 25.7% (Year 2018: 43.0%) of the Group's total purchases and our single largest supplier accounted for approximately 7.0% (Year 2018: 14.7%) of the Group's total purchases.

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

FINANCIAL SUMMARY

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the the year ended 31 December 2019 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the the year ended 31 December 2019 are set out in Note 24 to the consolidated financial statements.

CAPITAL AND RESERVES

Details of movements in the share capital, share premium, retained earnings, capital reserves and other reserves of the Group during the the year ended 31 December 2019 are set out on page 62 of this annual report in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for distribution to equity holders amounted to approximately RMB1.6 million (as at 31 December 2018: 3.3 million).

BANK BORROWINGS AND OTHER BORROWINGS

As at 31 December 2019, the Group had total bank loans of RMB5.0 million (31 December 2018: nil).

DIRECTORS

The Directors during the year ended 31 December 2019 and up to the date of this annual report are:

Executive Directors:

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

Non-executive Director:

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

DIRECTORS' REPORT

Independent Non-executive Directors:
Mr. Gao Hongqi
Ms. Xu Shuang
Mr. Yu Leung Fai (appointed on 11 October 2019)
Mr. Ng Yuk Yeung (resigned on 11 October 2019)

In accordance with the articles of association of the Company (the "**Articles of Association**"), Mr. Yu Leung Fai, Mr. Yuen Lai Him and Mr. Yan Jinghui shall retire by rotation, and being eligible, have offered themselves for re-election at the annual general meeting.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders dated 30 March 2020.

The Board also wishes to announce that Mr. Ng Yuk Yeung ("**Mr. Ng**") has tendered his resignation as an independent non-executive director, chairman of audit committee and member of remuneration committee of the Company with effect from 11 October 2019 due to other business commitments.

Mr. Ng has confirmed that he has no disagreement with the Board and there are no matters in relation to his resignation that need to be brought to the attention of the Shareholders.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the year ended 31 December 2019 and remain so as of the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

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

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

The non-executive Director Mr. Yuen Lai Him has also entered into a letter of appointment with the Company for an initial term of three years commencing from the appointment date, provided that either party may terminate such appointment at any time by giving at least one month's notice in writing to the other.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors nor any entity connected with them had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2019 and as at 31 December 2019 and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2019 and up to the date of this annual report.

EMOLUMENT POLICY

The remuneration committee of the Company was set up for reviewing the emoluments of the Directors and five highest paid individuals during the year ended 31 December 2019. Details are set out in Note 10 and 34 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as the share option scheme disclosed in this annual report, the Company did not have any other equity-linked agreement that would or might result in the Company issuing Shares, or that requiring the Company to enter into an agreement that would or might result in the Company issuing Shares, entered into by the Company during the year ended 31 December 2019 or subsisted as at 31 December 2019.

PRE-EMPTIVE RIGHTS

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

NON-COMPETITION UNDERTAKING

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

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

The Company has received confirmations from the Covenantors confirming their compliance with the Deed of Non-competition during the year ended 31 December 2019 for disclosure in this annual report.

The independent non-executive Directors have reviewed the Deed of Non-competition and based on the information and confirmations provided by or obtained from the Covenantors, they were satisfied that the Covenantors have duly complied with the Deed of Non-competition during the year ended 31 December 2019.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2019, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Group had not entered into any connected transactions nor continuing connected transactions which are required to be disclosed in this annual report pursuant to the GEM Listing Rules.

Related party transactions of the Group are disclosed in Note 30 to the consolidated financial statements. They did not constitute connected transactions or continuing connected transactions of the Company, which are required to comply with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DONATIONS

During the year ended 31 December 2019, the charitable donations made by the Group amounted to RMB10,500.

PERMITTED INDEMNITY PROVISION

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

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

RELIEF OF TAXATION

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the GEM Listing Rules, was held by the public at all times during the year ended 31 December 2019 and as at the latest practicable date prior to the issue of this annual report.

COMPLIANCE OFFICER

The compliance officer of the Company is Mr. Huang Xiaodi, whose biographical details are set out on page 19 of this annual report.

CORPORATE GOVERNANCE PRACTICE

During the year ended 31 December 2019, 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 of the Code.

CHAIRMAN AND CHIEF EXECUTIVE

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

INTEREST OF THE COMPLIANCE ADVISER

As advised by the Company's previous compliance adviser, RaffAello Capital Limited ("**RaffAello**"), during the period from 1 January 2019 to 5 October 2019, save for the compliance adviser agreement entered into between the Company and RaffAello dated 3 November 2017, neither RaffAello nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of the Company 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.

RaffAello ceased to be the compliance adviser to the Company on 5 October 2019 and Kingsman HK Capital Limited ("**Kingsman**") was appointed as the compliance adviser to the Company with effect from 6 October 2019. Please refer to the Company's announcement dated 4 October 2019 for details.

As advised by the Company's compliance adviser, Kingsman, during the period from 6 October 2019 to 31 December 2019, save for the compliance adviser agreement entered into between the Company and Kingsman dated 6 October 2019, neither Kingsman nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of the Company 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 year ended 31 December 2019, none of the Directors, controlling shareholders or substantial shareholders of the Company, nor any of their respective close associates (as defined under the GEM Listing Rules) were engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group nor were they aware of any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company on the Stock Exchange or any other stock exchange, by private arrangement, or by way of grant offer during the year ended 31 December 2019.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 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 (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of the SFO (including interests and short positions which they are taken or deemed to have under those 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 Shares of the Company

Name	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding of our Company
Mr. Huang Xiaodi *(Note 1)*	Interest of controlled corporation	1,272,900,000	63.65%
Mr. Ma Yong *(Note 2)*	Beneficial Owner	20,000,000	1%
Mr. Yan Jinghui *(Note 3)*	Beneficial Owner	20,000,000	1%
Mr. Yuen Lai Him *(Note 4)*	Beneficial Owner	20,000,000	1%

Note 1: 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 ("**Mr. Huang**"), the Chairman, Chief Executive Officer and Executive Director of the Company. 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.

Note 2: Mr. Ma Yong ("**Mr. Ma**") is an executive Director. On 16 August 2019, Mr. Ma was granted 20,000,000 share options (the "**Share Options**") by the Company under the share option scheme adopted by the Company on 16 May 2018 (the "**Share Option Scheme**") entitling him to subscribe for 20,000,000 Shares at the exercise price of HK$0.0508 per share, subject to the terms and conditions of the Share Option Scheme.

Note 3: Mr. Yan Jinghui ("**Mr. Yan**") is an executive Director. On 16 August 2019, Mr. Yan was granted 20,000,000 Share Options by the Company under the Share Option Scheme entitling him to subscribe for 20,000,000 Shares at the exercise price of HK$0.0508 per share, subject to the terms and conditions of the Share Option Scheme.

Note 4: Mr. Yuen Lai Him ("**Mr. Yuen**") is a non-executive Director. On 16 August 2019, Mr. Yuen was granted 20,000,000 Share Options by the Company under the Share Option Scheme entitling him to subscribe for 20,000,000 Shares at the exercise price of HK$0.0508 per share, subject to the terms and conditions of the Share Option Scheme.

Long Positions in the Ordinary Shares of Associated Corporation

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

Save as disclosed above and so far as is known to the Directors, as at 31 December 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 and short positions which they were taken or deemed to have under those provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 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:

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

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

Save as disclosed above, as at 31 December 2019, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive) 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 year ended 31 December 2019 and up to the date of this report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SHARE OPTION SCHEME

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(2) Qualifications and conditions of participants

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with the requirements set out in the prospectus of the Company for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any individual participant to the grant of option shall be determined by the Board (or as the case may be, our independent non-executive directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(3) Maximum number of shares

(i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our Shares in issue as at the date of grant. Therefore, it is expected that our Company may grant options in respect of up to 200,000,000 Shares (or such numbers of Shares as shall result from a subdivision or a consolidation of such 200,000,000 Shares from time to time) to the participants under the Share Option Scheme.

(ii) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.

(iii) Our Company may seek separate approval from our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.

(iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result i such 30% limit being exceeded.

(v) The total issuable shares under the Share Option Scheme are 200,000,000 shares, accounted for approximately 10% of issued shares of the Company as at the date of this annual report.

(4) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12- month period up to the date of grant must not exceed 1% of our Shares in issue. Any further grant of options in excess of such limit must be separately approved by our Shareholders in general meeting with such grantee and his close associates (or his associates if such grantee is a connected persons) abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such participant), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(5) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed the date of grant.

(6) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made.

(7) Price of shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the issue price of our Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before Listing.

(8) Restrictions on the time of grant of options

(i) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and

(bb) the deadline for the issuer to announce its results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM the Listing Rules), and ending on the date of the results announcement.

(9) Remaining validity period of the scheme

On 16 May 2018, Shareholders have by ordinary resolution, conditionally adopted the Share Option Scheme. The remaining validity period of the scheme is about 8 years and 2 months, being the period commencing from the adoption date to the end of the business day immediately preceding the tenth anniversary of the scheme.

During the year ended 31 December 2019, the movement of Share Options under the Share Option Scheme was as follows:

Name and category of participant	Date of grant	Exercise period	Exercise price per Share *(HK$)*	Closing price per Share immediately before the date of grant *(HK$)*	As at 1 January 2019	Number of Share Options				As at 31 December 2019
						Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
Directors										
Mr. Ma Yong	16 August 2019	16 August 2022 to 15 August 2029 (both days inclusive)	0.0508	0.048	–	20,000,000	–	–	–	20,000,000
Mr. Yan Jinghu	16 August 2019	16 August 2022 to 15 August 2029 (both days inclusive)	0.0508	0.048	–	20,000,000	–	–	–	20,000,000
Mr. Yuen Lai Him	16 August 2019	16 August 2022 to 15 August 2029 (both days inclusive)	0.0508	0.048	–	20,000,000	–	–	–	20,000,000
Sub-total						60,000,000	–	–	–	60,000,000
Other Eligible Participants										
In aggregate	16 August 2019	16 August 2022 to 15 August 2029 (both days inclusive)	0.0508	0.048	–	76,000,000	–	–	–	76,000,000
Total					–	136,000,000	–	–	–	136,000,000

The following parameters were used to calculate the fair values of share options at the date of grant on 16 August 2019:

		Batch 1	Batch 2	Total
Pricing Model		Binomial Model	Binomial Model	
Class		Top Management	Employee	
Analysis Date		16/8/2019	16/8/2019	
Grant Date		16/8/2019	16/8/2019	
Vesting Date		16/8/2022	16/8/2022	
Expiry Date		16/8/2029	16/8/2029	
Closing Price of the Shares on the Date of Grant	HKD/share	0.0470	0.0470	
Exercise Price	HKD/share	0.0508	0.0508	
Time to Expiry		10.00	10.00	
Vesting Period		3.00	3.00	
Risk-free Rate		1.019%	1.019%	
Expected Volatility		57.36%	57.36%	
Expected Dividend Yield		0.00%	0.00%	
Exercise Multiple		2.80	2.20	
Pre-vesting exit rate		0.00%	0.00%	
Post-vesting exit rate		0.00%	0.00%	
Total number of outstanding shares		2,000,000,000	2,000,000,000	
Number of Options		40,000,000	96,000,000	136,000,000
Value per Option		0.0273	0.0259	
Total Fair Value	**HKD**	**1,092,771**	**2,490,025**	**3,582,796**

SUBJECT INSTRUMENT

The subject instrument is a batch of share options granted by the Grantor. Details of the Share Options are set out as follows:

Grantor	Dowway Holdings Limited (Stock Code 8403.HK)
Grant Date	16 August 2019
Valuation Date	16 August 2019
Underlying share	Dowway Holdings Limited (Stock Code 8403.HK)
Closing Price	HK$0.0470 per share
Exercise Price	HK$0.0508 per share
Number of Options	136,000,000, of which 40,000,000 granted to executive directors
Vesting Date	all after the 3rd anniversary of the date of grant

The following option pricing model was employed in deriving the fair value of the Share Options.

The Binomial Model

The Binomial Model involves the construction of a binomial lattice which represents different possible paths that might be followed by the share price over the expected life of the option. In developing the binomial lattice, the life of the option is divided into various time steps. In each time step, there is a binomial share price movement. The fair value of the Share Options would then be calculated by making use of the binomial lattice.

ASSUMPTIONS AND NOTES TO VALUATION

Assumptions considered having significant sensitivity effects in this valuation have been evaluated in arriving at the assessed values. The following input parameters as at the Valuation Date were adopted for this valuation:

Grant Date	16 August 2019
Expiry Date	16 August 2029
Underlying Price	HK$0.0470
Exercise Price	HK$0.0508
Total Number of Share Options	Top Management: 40,000,000 Employee: 96,000,000
Vesting Dates	16 August 2022
Risk-free Rate	1.019%
Expected Dividend Yield	0.00%
Expected Volatility	57.36%
Expected Exercise Multiple	Top Management: 2.8x Employee: 2.2x
Pre-vesting exit rate (Top Management)	0.00%
Post-vesting exit rate (Top Management)	0.00%
Pre-vesting exit rate (Employee)	0.00%
Post-vesting exit rate (Employee)	0.00%

In the valuation, the Company have applied the following assumptions:

- Risk-free rate was based on the HK Risk Free rate as at the Valuation Date;
- Expected dividend yield and expected future dividend policy are determined by the management of the Company;
- Expected exercise multiples of top management and employee are 2.8x and 2.2x as assumed and confirmed by the management of the Client, and;
- Expected volatility is based on the historical volatility of 2466 — days of comparable companies' share price as at the Valuation Date.

LIMITING CONDITIONS

The Company has assumed the accuracy of, and have relied on the information and management representations provided in arriving at the opinion of value.

The Company assumes that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the market value.

It is assumed that the assets valued are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

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 year ended 31 December 2019.

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. Yu Leung Fai, Mr. Gao Hongqi and Ms. Xu Shuang. Mr. Yu Leung Fai is the chairman of the Audit Committee. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2019.

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

Hong Kong, 27 March 2020

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2019.

CORPORATE GOVERNANCE PRACTICE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Code as set out in Appendix 15 of the GEM Listing Rules as its own code of corporate governance. Save as disclosed in this annual report, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code (except for the deviation from code provision A.2.1) for the year ended 31 December 2019. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

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

For the year ended 31 December 2019, all the Directors had carried out duties in good faith and, to their best knowledge and belief, in compliance with applicable laws and regulations, and had acted in the interest of the Company and the Shareholders as a whole at all times.

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

Board composition

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

Executive directors:

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

Non-executive director:

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

Independent non-executive directors:

Mr. Gao Hongqi
Ms. Xu Shuang
Mr. Yu Leung Fai (appointed on 11 October 2019)
Mr. Ng Yuk Yeung (resigned on 11 October 2019)

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

During the year ended 31 December 2019, the Board has met at all times the requirements under Rules 5.05(1) and 5.05(2) of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

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

1. Purpose:

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

2. Vision:

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

3. Policy statement:

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

4. Measurable objectives:

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

5. Review and monitoring

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

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

CORPORATE GOVERNANCE REPORT

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

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

	Age distribution			Gender	
Name of director	31–40	41–60	61–70	Male	Female
Mr. Huang Xiaodi	✓			✓	
Mr. Ma Yong	✓			✓	
Mr. Yan Jinghui	✓			✓	
Mr. Yuen Lai Him		✓		✓	
Ms. Xu Shuang		✓			✓
Mr. Gao Hongqi			✓	✓	
Mr. Yu Leung Fai		✓		✓	

	Education background				Professional experience			
Name of director	Arts and design	Civil engineering	Electrical engineering	Computer science and/ or others	Exhibition and design	Architectural engineering	Finance	Investment
Mr. Huang Xiaodi	✓				✓			
Mr. Ma Yong				✓	✓			
Mr. Yan Jinghui	✓				✓			
Mr. Yuen Lai Him			✓					✓
Ms. Xu Shuang				✓	✓			
Mr. Gao Hongqi		✓				✓		
Mr. Yu Leung Fai				✓			✓	

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

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

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

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

According to the information provided by the Directors, a summary of trainings received by the Directors throughout the year ended 31 December 2019 is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes
Executive Directors	
Mr. Huang Xiaodi	C,D
Mr. Ma Yong	C,D
Mr. Yan Jinghui	C,D
Non-Executive Director	
Mr. Yuen Lai Him	D
Independent Non-Executive Directors	
Mr. Gao Hongqi	C,D
Ms. Xu Shuang	C,D
Mr. Yu Leung Fai	A

Notes:

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

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

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has signed a service agreement with the Company for an initial term of three years commencing on the Listing Date until terminated by either party by giving not less than 3 months in writing to the other.

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

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years commencing on the appointment date, provided that either party may terminate such appointment at any time by giving at least 3 months in writing to the other.

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

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

BOARD MEETINGS

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

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

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

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

For the year ended 31 December 2019, the board of directors held 5 board meetings and 1 general meeting. The attendance of each directors at board meeting(s) and general meeting(s) is set out in the table below:

Directors	Attended/ Eligible to attend the Board meeting(s)	Attended/ Eligible to attend the general meeting(s)
Mr. Huang Xiaodi	5/5	1/1
Mr. Ma Yong	5/5	1/1
Mr. Yan Jinghui	5/5	1/1
Mr. Yuen Lai Him *(Note 1)*	4/4	1/1
Mr. Gao Hongqi	5/5	1/1
Ms. Xu Shuang	5/5	1/1
Mr. Yu Leung Fai *(Note 2)*	1/1	N/A
Mr. Ng Yuk Yeung *(Note 3)*	4/4	1/1

Note 1: Mr. Yuen Lai Him was appointed on 22 March 2019 as the Company's non-executive director.

Note 2: Mr. Yu Leung Fai was appointed on 11 October 2019 as the Company's independent non-executive director.

Note 3: Mr. Ng Yuk Yeung resigned on 11 October 2019 as the Company's independent non-executive director.

DELEGATION BY THE BOARD

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

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

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

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

AUDIT COMMITTEE

The Audit Committee currently comprises three members, namely Mr. Yu Leung Fai (chairman), Mr. Gao Hongqi and Ms. Xu Shuang. All of them are independent non-executive Directors.

The principal duties of the Audit Committee are as follows:

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

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

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

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

4 meetings were held by the Audit Committee for the year ended 31 December 2019 and the attendance of each Audit Committee member at the Audit Committee meetings is set out in the table below:

The matters discussed and considered in the meetings were as follows:

Directors Attended/Eligible to attend	
Mr. Yu Leung Fai *(Note 1)*	1/1
Mr. Ng Yuk Yeung *(Note 2)*	3/3
Mr. Gao Hongqi	4/4
Ms. Xu Shuang	4/4

Note 1: Mr. Yu Leung Fai was appointed on 11 October 2019 as independent non-executive director.

Note 2: Mr. Ng Yuk Yeung resigned om 11 October 2019 as independent non-executive director.

During the meetings, the Audit Committee:

- reviewed the financial results of the Group for the year ended 31 December 2018, for the three months ended 31 March 2019, for the six months ended 30 June 2019 and for the nine months ended 30 September 2019 as well as the relevant financial reports;

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

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

NOMINATION COMMITTEE

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

The principal duties of the Nomination Committee include the following:

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

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

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

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

Nomination Policy of Dowway Holdings Limited

1 *Purpose*

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

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

2 *Criteria of selection*

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

- reputation for integrity;
- commitment in respect of available time and interest on behalf of relevant stakeholders;
- diversity in all aspects of the Board, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

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

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

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

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

3. Nomination Procedure

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

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

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

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

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

4. Confidentiality

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

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

2 meetings were held by the Nomination Committee for the year ended 31 December 2019 and the attendance of each Nomination Committee member at the Nomination Committee meetings is set out in the table below:

Directors	Attended/Eligible to attend
Ms. Xu Shuang	2/2
Mr. Gao Hongqi	2/2
Mr. Yu Leung Fai	2/2

During the meetings, the Nomination Committee:

- proposed and approved newly appointed non-executive director and independent non-executive director and submitted to the board of directors for approval.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three members, namely Mr. Gao Hongqi (chairman) and Mr. Yu Leung Fai, the independent non-executive Directors and Mr. Ma Yong, the executive Director.

The principal duties of the Remuneration Committee include the following:

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

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

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

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

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

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

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

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

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

2 meetings were held by the Remuneration Committee for the year ended 31 December 2019 and the attendance of each Remuneration Committee member at the Remuneration Committee meetings is set out in the table below:

Directors Attended/Eligible to attend	
Mr. Gao Hongqi	2/2
Mr. Yu Leung Fai *(note 1)*	N/A
Mr. Ng Yuk Yeung *(note 2)*	1/2
Mr. Ma Yong	2/2

Note 1: Mr. Yu Leung Fai was appointed as an independent non-executive director of the Company on 11 October 2019.

Note 2: Mr. Ng Yuk Yeung resigned as an independent non-executive director of the Company on 11 October 2019

During the meetings, the Remuneration Committee:

- reviewed and approved the remuneration of directors and senior management of the Company in 2018;
- proposed Remuneration Policy and Structure for Directors and Senior Management of the Company in 2019;
- proposed and approved remuneration packages for newly appointed non-executive directors and independent non-executive directors, and submit to the board of directors for approval.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2019 which give a true and fair view of the affairs of the Group and of the Group's results and cash flows.

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

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

The statement by the External Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the independent auditor's report on pages 54 of this annual report.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The remuneration for the audit services and non-audit services provided by the External Auditor to the Group for the year ended 31 December 2019 was approximately as follows:

Type of Services	Amount *RMB'000*
Audit services	1,200
Non-audit services related to internal control review	–
Total	1,200

COMPANY SECRETARY

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

For the year ended 31 December 2019, Ms. Lam has undertaken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

SHAREHOLDERS' RIGHTS

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

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

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such meeting shall be reimbursed to the requisitionist(s) by the Company.

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

Enquiries to the Board

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

CHANGE IN CONSTITUTIONAL DOCUMENTS

For the year ended 31 December 2019, there is no material change to the Memorandum of Association and the Articles of Association of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

SIGNIFICANT RISKS OF THE GROUP

In 2019, the Group identified three significant risks through the risk management procedures above. The Audit Committee has assisted the Board to monitor the Group's overall risk status, and reviewed the nature and gravity of the significant risks that it may face. The Audit Committee is of view that the management has adopted appropriate measures against significant risks and is able to control them at a level acceptable to the Board.

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

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

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

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

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

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

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

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

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

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

The Board conducted an annual review on the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2019 through the Audit Committee. The management has confirmed the effectiveness of the Group's risk management and internal control systems of their respective responsible area during the Year. The Board confirmed that, in absence of any evidence to the contrary, in respect of the year ended 31 December 2019, it considered the Group's risk management and internal control systems to be effective. They also considered the current allocation of resources to be adequate, the qualification and experience of staff and their training to be proper, and their budget for accounting, internal audit and financial reporting functions to be sufficient. Hence, the Group has been able to prevent any material financial misstatements or loss, as well as safeguarding of assets, maintenance of proper accounting records, provision of reliable financial information, compliance with appropriate legislation, and identification and containment/control of business risks.

INSIDE INFORMATION

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

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of Dowway Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 59 to 116, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition Refer to notes 2.22, 4 and 6 to the consolidated financial statements. The Group derives most of its revenue from contracts with customers in relation to exhibition and event related services and exhibition showroom related services which amounted to RMB228 million for the year ended 31 December 2019. Revenues are recognised when or as the control of the services is transferred to the customers. In the contract with the customer, a series of distinct services has the same pattern of transferring the control of the services to the customer. Therefore, series guidance is applied and the Group accounts for a series of distinct services as one performance obligation. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation with the input method, under which, revenue is recognised on the basis of the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. When applying the input method, the management makes estimates on the total costs based on the budget of each project which includes the expected time table of the exhibition, the estimation of resources to be consumed, including labour hours and costs.	We assessed the reasonableness of management's judgement with reference to the relevant accounting standards and consideration of relevant facts and circumstances. We performed the following audit procedures on a sample basis: (i) Obtained the services contracts from management and understood the contract terms; (ii) Inspected the contract sum, budget information, time table of exhibitions, on which the estimated total costs and the extent of progress toward completion were based, and evaluated the appropriateness of management's estimation. If the budget cost has been revised, reviewed the updated time table of exhibitions and other relevant information and evaluated the appropriateness of the revision; (iii) Discussed with the project managers to understand the status of the exhibitions or events and inspected the supporting documents, including progress reports, records of deliverables, invoices and cash receipts, where applicable; (iv) Checked costs incurred during the year by tracing to supporting documents, including contracts with suppliers, progress reports, invoices and cash payments, where applicable; (v) Tested the mathematical accuracy of the calculation of the extent of progress toward completion and revenue and costs recognised during the year;

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Revenue	6	**228,256**	124,779
Cost of service	9	**(215,251)**	(99,182)
Gross profit		**13,005**	25,597
Selling expenses	9	**(4,193)**	(3,485)
Administrative expenses	9	**(11,274)**	(22,074)
Net impairment losses on financial and contract assets		**(2,007)**	(1,510)
Other income	7	**334**	157
Other gains — net	8	**5,104**	3,435
Operating Profit		**969**	2,120
Finance income	11	**38**	36
Finance expenses	11	**(226)**	(10)
Finance (expenses)/income — net	11	**(188)**	26
Profit before income tax		**781**	2,146
Income tax expense	13	**(2,034)**	(3,142)
Loss for the year		**(1,253)**	(996)
Total comprehensive loss for the year		**(1,253)**	(996)
Loss per share attributable to shareholders of the Company	14		
Basic and diluted loss per share *(in RMB cents)*		**(0.06)**	(0.06)

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

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2019	2018
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**4,140**	1,997
Right-of-use assets	*16*	**1,650**	–
Deferred income tax assets	*29*	**1,087**	916
Other non-current assets	*22*	**281**	2,485
Total non-current assets		**7,158**	5,398
Current assets			
Inventories	*18*	**3,478**	–
Trade and other receivables	*19*	**45,626**	37,040
Notes receivables	*20*	**30,076**	6,061
Contract assets	*21*	**42,122**	11,362
Other current assets	*22*	**8,054**	3,740
Cash and cash equivalents	*23*	**25,116**	61,676
Total current assets		**154,472**	119,879
Total assets		**161,630**	125,277
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*24*	**1,277**	1,277
Share premium	*24*	**76,152**	76,152
Other reserves	*25*	**(5,987)**	(6,842)
Retained earnings		**1,617**	3,323
Total equity		**73,059**	73,910

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2019	2018
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Current liabilities			
Trade and other payables	*27*	**75,876**	43,753
Contract liabilities		**2,222**	3,307
Current income tax liabilities		**4,269**	4,307
Borrowings	*28*	**5,000**	–
Lease liabilities		**1,204**	–
Total current liabilities		**88,571**	51,367
Total liabilities		**88,571**	51,367
Total equity and liabilities		**161,630**	125,277

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the Company				
	Note	Share capital RMB'000	Share premium 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	24	956	(956)	–	–	–
Net proceeds from issuance of ordinary shares	24	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
Balance at 1 January 2019		**1,277**	**76,152**	**(6,842)**	**3,323**	**73,910**
Total comprehensive loss for the year		**–**	**–**	**–**	**(1,253)**	**(1,253)**
Share-based payments	26	**–**	**–**	**402**	**–**	**402**
Appropriations to statutory reserves		**–**	**–**	**453**	**(453)**	**–**
Balance at 31 December 2019		**1,277**	**76,152**	**(5,987)**	**1,617**	**73,059**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Cash used in operations	31	**(37,230)**	(3,342)
Income tax paid		**(2,243)**	(2,535)
Net cash used in operating activities		**(39,473)**	(5,877)
Cash flows from investing activities			
— Purchases of property, plant and equipment		**(485)**	(3,272)
— Interest received		**38**	36
— Decrease in advances to Controlling Shareholder		**–**	666
Net cash used in investing activities		**(447)**	(2,570)
Cash flows from financing activities			
— Proceeds from borrowings	31	**5,000**	–
— Interest paid		**(203)**	–
— Principal elements of lease payments		**(1,758)**	–
— Proceeds from issuance of new ordinary shares	24	**–**	49,804
Net cash generated from financing activities		**3,039**	49,804
Net (decrease)/increase in cash and cash equivalents		**(36,881)**	41,357
Cash and cash equivalents at beginning of year		**61,676**	20,163
Exchange gain on cash and cash equivalents		**321**	156
Cash and cash equivalents at end of year		**25,116**	61,676

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Dowway Holdings Limited (the "Company") was incorporated in the Cayman Islands on 28 April 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together referred to as the "Group") are principally engaged in design, planning, coordination and management of exhibitions, events and showrooms 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 chairman of the Board of the Company (the "Controlling Shareholder" or "Mr. Huang").

The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited ("GEM") since 12 June 2018.

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

(i) Compliance with HKFRS and HKCO

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

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that measured at fair value (note 3.3).

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- HKFRS 16 Leases
- Prepayment Features with Negative Compensation — Amendments to HKFRS 9
- Long-term Interests in Associates and Joint Ventures — Amendments to HKAS 28
- Annual Improvements to HKFRS Standards 2015 — 2017 Cycle
- Plan Amendment, Curtailment or Settlement — Amendments to HKAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(iii) New and amended standards adopted by the Group *(Continued)*

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 2.2. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

The following new standards, amendments and interpretations to existing standards which have been issued but not yet effective on 1 January 2019 are applicable to the Group and have not been early adopted by the Group.

Amendment to HKFRS 3	Definition of a Business [1]
HKFRS 17	Insurance Contracts [2]
Amendments to HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture [3]
Amendments to HKAS 1 and HKAS 8	Definition of Material [1]
Revised Conceptual Framework for Financial Reporting	Framework which will be used in standard-setting decisions [1]

(1) Effective for annual periods on 1 January 2020
(2) Effective for annual periods on 1 January 2021
(3) To be determined

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Lease on the Group's financial statements.

As indicated in note 2.1 above, the Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2.24.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.35%.

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

	2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	517
Discounted using the lessee's incremental borrowing rate of at the date of initial application	495
Add: adjustments as a result of a different treatment of extension and termination options	947
Lease liability recognised as at 1 January 2019	**1,442**
Of which are:	
Current lease liabilities	1,442
Non-current lease liabilities	–
	1,442

2 Summary of significant accounting policies *(Continued)*

2.2 Changes in accounting policies *(Continued)*

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

(iv) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets — increase by RMB 2,010,000
- prepayments — decrease by RMB 568,000
- lease liabilities — increase by RMB 1,442,000

The net impact on retained earnings is immaterial, the adjustment is therefore not recognised in the opening balance sheet on 1 January 2019.

(v) Lessor accounting

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

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Summary of significant accounting policies *(Continued)*

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

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

2 Summary of significant accounting policies *(Continued)*

2.6 Foreign currency translation *(Continued)*

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii. income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the translation dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii. all resulting currency translation differences are recognised in other comprehensive income.

2.7 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged in the consolidated statement of comprehensive income during the reporting period in which they are incurred.

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

Motor vehicles	5 years
Equipment	3 years
Furniture	3-5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.8).

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

2 Summary of significant accounting policies *(Continued)*

2.8 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

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

- those to be measured at amortised cost.

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

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

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

2 Summary of significant accounting policies *(Continued)*

2.9 Investments and other financial assets *(Continued)*

(c) Measurement

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

Debt instruments

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.9 Investments and other financial assets *(Continued)*

(c) Measurement *(Continued)*

Equity instruments

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

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

(d) Impairment

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 19 for further details.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.11 Inventories

Inventories are work in progress for the unfinished contracts, which include costs incurred to fulfill a contract with customers which give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered in one year or a period of operating cycle from initial recognition.

2.12 Trade receivables and other receivables

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

2 Summary of significant accounting policies *(Continued)*

2.12 Trade receivables and other receivables *(Continued)*

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 19 for further information about the Group's accounting for trade and other receivables, note 2.9 for a description of the Group's impairment accounting policies, and note 3.1 for the Group's impairment assessment.

2.13 Cash and cash equivalents

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

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2 Summary of significant accounting policies *(Continued)*

2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available to utilise those temporary differences and losses.

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 Summary of significant accounting policies *(Continued)*

2.19 Employee benefits

(a) Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans. The contributions are recognised as employee benefit expense when they are due.

(b) Housing funds

The PRC employees of the Group are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to those funds based on a certain percentage of the employee's salaries. The Group's liabilities in respect of these funds is limited to the contributions payable in each period.

2.20 Share-based payments

Share-based compensation benefits are provided to employees via the share option scheme of the Company adopted on 16 May 2018 (the "Share Option Scheme"). Information relating to the schem is set out in note 26.

Share Option Scheme

The fair value of options granted under the Share Option Scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- excluding any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2 Summary of significant accounting policies *(Continued)*

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

2.22 Revenue recognition

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

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.22 Revenue recognition *(Continued)*

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

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

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

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

Provision of exhibition and event related services

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.22 Revenue recognition *(Continued)*

Provision of exhibition showroom

The Group provides service in the design, decoration and maintaining of exhibition showroom. Revenue from providing exhibition showroom service is recognised in the accounting period in which the services are rendered.

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

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

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

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

2.23 Earnings/(Loss) per share

(i) Basic earnings/(loss) per share

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.23 Earnings/(Loss) per share *(Continued)*

(ii) Diluted earnings/(loss) per share

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

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

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

2.24 Leases

As explained in note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in note 2.2.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2 Summary of significant accounting policies *(Continued)*

2.24 Leases *(Continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by its subsidiaries, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2 Summary of significant accounting policies *(Continued)*

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Note 8 provides further information on how the Group accounts for government grants.

2.26 Interest income

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

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

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

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

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

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

As at 31 December 2019, the Group was exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the HK dollars ("HKD") and US dollars ("USD").

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

	31 December 2019		31 December 2018	
	HKD	**USD**	HKD	USD
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents	**1,341**	**161**	14,164	251
Trade and other payables	**467**	**–**	563	–

As at 31 December 2019, if RMB had weakened/strengthened by 5% against HKD and USD, with all other variable held constant, loss for the year of the Group would have been RMB52,000 lower/higher (2018: RMB693,000 lower/higher).

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

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

(i) Risk management

The Group takes on exposure to credit risk, which is the risk that a customer or counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is one of the most significant risks for the Group's business.

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

The Group's trade receivables arise from exhibition and event marketing services fees, 71.4% of which are in turn derived from main customers that are renowned automobile companies. Should there be change in the strategic relationships with these main customers that might cause change in the cooperative arrangements; or if they experience financial difficulties themselves which in turn causes difficulties in their settling payables to the Group, the Group's revenue from those automobile companies might be adversely affected due to deterioration in recoverability of trade receivables from them.

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

To manage this risk, the Group's management team maintains frequent communications with their contacts at those automobile companies to ensure the Group captures the most updated understanding about relevant customer's business status and assesses their credibility. In view of the smooth cooperation history with these automobile companies and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding trade receivable balances due from those automobile companies is low. As for new customers, the management is responsible for managing and analysing the credit risk for each of their new customers before they offer such new customers standard payment and delivery terms and conditions. To do such assessment, various factors including their financial position and other factors about these new customers would be considered.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(ii) Impairment of financial assets

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

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

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

Trade receivables and contract assets

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the PRC in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

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

31 December 2019	Current	More than 30 days past due	More than 120 days past due	More than 300 days past due	Total
Automobile companies					
Expected loss rate	1.0%	1.0%	1.0%	1.0%	
Gross carrying amount — trade receivables (excluded notes receivables)	30,208	–	–	–	30,208
Gross carrying amount — contract assets	20,851	8,471	6,281	–	35,603
Loss allowance	511	85	63	–	659
Non-automobile companies					
Expected loss rate	6.6%	23.1%	28.3%	40.2%	
Gross carrying amount — trade receivables (excluded notes receivables)	7,529	4,843	1,418	2,124	15,914
Gross carrying amount — contract assets	3,094	4,318	886	50	8,348
Loss allowance	701	2,116	652	874	4,343
Total loss allowance	1,212	2,201	715	874	5,002

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

31 December 2018	Current	More than 30 days past due	More than 120 days past due	More than 300 days past due	Total
Automobile companies					
Expected loss rate	1.0%	1.0%	1.0%	1.0%	
Gross carrying amount — trade receivables (excluded notes receivables)	21,579	2,816	–	–	24,395
Gross carrying amount — contract assets	8,265	–	–	–	8,265
Loss allowance	298	28	–	–	326
Non-automobile companies					
Expected loss rate	8.6%	25.0%	25.0%	28.6%	
Gross carrying amount — trade receivables (excluded notes receivables)	7,360	103	657	4,860	12,980
Gross carrying amount — contract assets	2,760	574	301	–	3,635
Loss allowance	873	169	239	1,388	2,669
Total loss allowance	1,171	197	239	1,388	2,995

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The closing loss allowances for trade receivables and contract assets as at 31 December 2019 and 2018 reconcile to the opening loss allowances as follows:

	Contract assets		Trade receivables	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Opening loss allowance as at 1 January	**538**	–	**2,457**	1,485
Increase in loan loss allowance recognised in profit or loss during the year	**1,291**	538	**716**	972
Closing loss allowance at 31 December	**1,829**	538	**3,173**	2,457

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

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

Other financial assets at amortised cost

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

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's finance department. The Group's finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total contractual cash flows *RMB'000*	Carrying amount liabilities *RMB'000*
As at 31 December 2019						
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	**70,156**	**–**	**–**	**–**	**70,156**	**70,156**
Borrowings	**5,104**	**–**	**–**	**–**	**5,104**	**5,000**
Lease liabilities	**1,241**	**–**	**–**	**–**	**1,241**	**1,204**
	76,501	**–**	**–**	**–**	**76,501**	**76,360**
As at 31 December 2018						
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	40,338	–	–	–	40,338	40,338

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total interest-bearing borrowings divided by total equity.

3 Financial risk management *(Continued)*

3.2 Capital risk management *(Continued)*

The gearing ratios at 31 December 2019 and 2018 were as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Total interest-bearing borrowings	**5,000**	–
Total equity	**73,059**	73,910
Gearing ratio	**6.84%**	Nil

3.3 Fair value estimation

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

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

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

3 Financial risk management *(Continued)*

3.3 Fair value estimation *(Continued)*

The following table presents the Group's assets and liabilities that are required to be measured at fair value at 31 December 2019 and 2018.

	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
As at 31 December 2019				
Assets				
Financial assets at fair value through other comprehensive income				
— Notes receivables	**–**	**–**	**30,076**	**30,076**
Total assets	**–**	**–**	**30,076**	**30,076**

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
As at 31 December 2018				
Assets				
Financial assets at fair value through other comprehensive income				
— Notes receivables	–	–	6,061	6,061
Total assets	–	–	6,061	6,061

Notes receivables are all bank acceptance notes with maturity dates within six months. The fair value of the notes receivables is approximate to the book value and relevant fair value gain/loss is minimal because of short term maturity.

There were no transfers between levels 1, 2 and 3 during the years ended 31 December 2019 and 2018.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Income taxes

The Group is mainly subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Revenue recognition

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

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

5 Segment information

The Group had one single operating and reportable segment, namely the provision of exhibition and event related services, including exhibition showroom related services. Although exhibition and event related services consist of different business units of the Group, information provided to the chief operating decision-maker is at the revenue level and the Group does not allocate operating costs or assets across business units, as the chief operating decision-maker does not use such information to allocate resources or evaluate the performance of the business units. Details of the Group's revenue are set out in note 6.

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

6 Revenue

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Exhibition and event related services	**219,124**	124,779
Exhibition showroom related services	**9,132**	–
	228,256	124,779

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Automobile related exhibition and event related services	**203,356**	107,877
Non-automobile related exhibition and event related services	**15,768**	16,902
Exhibition showroom related services	**9,132**	–
	228,256	124,779

7 Other income

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Agency commissions (a)	**312**	157
Others	**22**	–
	334	157

(a) During the years ended 31 December 2018 and 2019, the Group acted as an agent and introduced advertising company to its customers and earned agency commissions.

8 Other gains — net

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Government grants (a)	**5,000**	–
Foreign exchange gains — net	**104**	3,435
	5,104	3,435

(a) During the year ended 31 December 2019, the Group received a reward of RMB5,000,000 from Beijing Municipal Commission of Development and Reform for its initial public offerings on GEM .

9 Expenses by nature

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Cost of exhibition and event related services provided by suppliers	**194,613**	88,866
Employee benefit expenses, including directors' emoluments *(note 10)*	**17,022**	11,027
Depreciation on property, plant and equipment and right-of-use assets *(note 15 & 16)*	**2,606**	985
Transportation and logistics expenses	**4,155**	523
Operating lease rentals in respect of buildings and related expenses	**177**	1,093
Listing related expenses	**–**	7,623
Management consulting and other services expenses	**3,107**	4,367
Auditors' remuneration		
— Audit services	**1,200**	1,400
— Non-audit services	**–**	150
Travelling and entertainment expenses	**5,516**	6,050
Office supplies	**466**	1,041
Advertising and marketing expenses	**–**	70
Business taxes and surcharges	**302**	405
Others	**1,554**	1,141
Total	**230,718**	124,741

10 Employee benefit expenses

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Wages and salaries	**11,734**	7,761
Share options granted to directors and employees *(note 26)*	**402**	–
Pension scheme and other social security costs	**2,973**	2,158
Housing benefits	**862**	707
Other costs and benefits	**1,051**	401
	17,022	11,027

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2019 and 2018 included three and two directors respectively whose emoluments are reflected in the analysis shown in Note 34. The aggregate amounts of emoluments paid and payable to the remaining two and three individuals for the years ended 31 December 2019 and 2018 respectively are as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Wages and salaries	**763**	490
Share options granted to employees	**17**	–
Pension scheme and other social security costs	**174**	113
Housing benefits	**75**	44
Other costs and benefits	**16**	7
	1,045	654

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2019	2018
Emoluments bands (in HK$)		
Nil — HK$500,000	**–**	3
HK$500,001 — HK$1,000,000	**2**	–

During the year, no emolument was paid by the Group to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or compensation for loss of office (2018: Nil).

11 Finance income and expenses

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Finance income		
Interest income on bank balances and deposits	**38**	36
Finance expenses		
Interest expense on bank borrowings	**(109)**	–
Interest and finance charges paid/payable for lease liabilities	**(94)**	–
Others	**(23)**	(10)
	(226)	(10)
Finance expenses — net	**(188)**	26

12 Subsidiaries

The Group's principal subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Registered/ Issued capital	Ownership interest held by the Group 2019 %	2018 %
Dowway International Company Limited	Hong Kong, limited liability company*	Exhibition and event related services/ Hong Kong	HKD1	**100**	100
Beijing Dowway International Exhibition Company Limited ("Beijing Dowway")	The PRC, limited liability company#	Exhibition and event related services/ The PRC	RMB40,000,000	**100**	100
Tianjin Dowway International Exhibition Company Limited	The PRC, limited liability company@	Inactive/The PRC	RMB500,000	**100**	100
Beijing Dowway Cultural Technology Company Limited	The PRC, limited liability company@	Exhibition and event related services/ The PRC	RMB20,000,000	**100**	100
Connected-To-Create(CTC) PR Consultant Company Limited	The PRC, limited liability company@	Exhibition and event related services/ The PRC	RMB5,000,000	**100**	100
Sense and Creative Technology Company Limited	The PRC, limited liability company@	Exhibition and event related services/ The PRC	RMB5,000,000	**100**	N/A

* Registered as wholly foreign owned enterprises under Hong Kong law.
# Registered as wholly foreign owned enterprises under PRC law.
@ Registered as limited liability company wholly owned by Beijing Dowway under PRC law.

13 Income tax expense

(a) Income tax expense

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current tax on profits for the year	**2,205**	3,416
Increase in deferred tax assets	**(171)**	(274)
Income tax expense	**2,034**	3,142

(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) According to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, two-tiered profits tax rates regime was implemented from 1 April 2018. Under this regime, the profits tax rate for the first HKD 2,000,000 of profits of corporations will be lowered to 8.25%. Profits above that amount will continue to be subject to the tax rate of 16.5%. For the year ended 31 December 2019, the profit tax rate for the entity incorporated in Hong Kong was 8.25%. 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 year ended 31 December 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 operated in the PRC.

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

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Profit before income tax	**781**	2,146
Tax expense calculated at applicable PRC statutory tax rate of 25%	**195**	537
Difference in tax rates	**63**	–
Expenses not deductible for tax purposes	**323**	1,832
Tax effect of unrecognised tax losses	**1,393**	669
Tax effect of unrecognised temporary differences	**60**	104
Tax charge	**2,034**	3,142

13 Income tax expense *(Continued)*

(c) Tax losses

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Unused tax losses for which no deferred tax asset has been recognised	**8,248**	2,674
Potential tax benefit at 25%	**2,062**	669

The unused tax losses were incurred by subsidiaries that are not likely to generate taxable income in the foreseeable future. See note 29 for information about recognised tax losses and note 4.1(a) for significant judgements made in relation to them.

The expiry date of tax losses is as follow:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
As at 31 December 2022	**1,085**	–
As at 31 December 2023	**2,674**	2,674
As at 31 December 2024	**4,489**	–
At the end of the year	**8,248**	2,674

(d) Unrecognised temporary differences

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Provisions	**240**	415
Unrecognised deferred tax assets relating to the above temporary differences	**60**	104

Temporary difference of RMB240,000 (2018: RMB415,000) has arisen as a result of provisions for impairment of trade receivables and contract assets of a subsidiary. However, a deferred tax asset has not been recognised as the subsidiary is not likely to generate taxable income in the foreseeable future.

13 Income tax expense *(Continued)*

(e) According to PRC tax regulations, distribution of profits earning by PRC companies since 1 January 2018 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group does not have any plan to require the PRC subsidiaries to distribute the remaining earnings and intends to retain them to operate and expand its business in the PRC. As a result, no deferred tax liability on withholding tax was recognised.

14 Loss per share

(a) Basic loss per share

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

	Year ended 31 December	
	2019	2018
Total loss attributable to shareholders *(in RMB)*	**(1,253,000)**	(996,000)
Weighted average number of ordinary shares in issue *(thousand)*	**2,000,000**	1,778,082
Basic loss per share *(in RMB cents)*	**(0.06)**	(0.06)

(b) Diluted loss per share

Diluted loss per share were the same as basic loss per share as the share options had anti-dilutive effect on the basic loss per share amount presented.

15 Property, plant and equipment

	Motor vehicles *RMB'000*	Equipment and furniture *RMB'000*	Total *RMB'000*
As at 1 January 2018			
Cost	1,871	1,665	3,536
Accumulated depreciation	(418)	(923)	(1,341)
Net book amount	1,453	742	2,195
Year ended 31 December 2018			
Opening net book amount	1,453	742	2,195
Additions	268	519	787
Depreciation charge	(394)	(591)	(985)
Closing net book amount	1,327	670	1,997
As at 31 December 2018			
Cost	2,139	2,184	4,323
Accumulated depreciation	(812)	(1,514)	(2,326)
Net book amount	1,327	670	1,997
Year ended 31 December 2019			
Opening net book amount	**1,327**	**670**	**1,997**
Additions	**–**	**2,869**	**2,869**
Depreciation charge	**(290)**	**(436)**	**(726)**
Closing net book amount	**1,037**	**3,103**	**4,140**
As at 31 December 2019			
Cost	**2,139**	**5,053**	**7,192**
Accumulated depreciation	**(1,102)**	**(1,950)**	**(3,052)**
Net book amount	**1,037**	**3,103**	**4,140**

15 Property, plant and equipment *(Continued)*

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Cost of service	**374**	441
Administration expenses	**352**	544
	726	985

16 Lease

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	31 December	1 January
	2019	2019
	RMB'000	*RMB'000*
Right-of-use assets		
Buildings	**1,650**	2,010
Lease liabilities		
Current	**1,204**	1,442

Additions to the right-of-use assets during the 2019 financial year were RMB1,520,000.

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
Buildings *(note 9)*	**(1,880)**	–
Interest expense (included in finance cost) *(note 11)*	**(94)**	–

The total cash outflow for leases in 2019 was RMB1,852,000.

16 Lease *(Continued)*

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and warehouses. Rental contracts are typically made for fixed periods of 1 to 2 years. As at 31 December 2019, the remaining rental periods are within 12 months.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17 Financial instruments by category

The Group holds the following financial instruments:

		As at 31 December	
		2019	2018
Financial assets	*Note*	***RMB'000***	*RMB'000*
Financial assets at amortised cost			
Trade and other receivables	*19*	**45,626**	37,040
Cash and cash equivalents	*23*	**25,116**	61,676
Financial assets at fair value through other comprehensive income			
Notes receivables	*20*	**30,076**	6,061
		100,818	104,777

		As at 31 December	
		2019	2018
Financial liabilities	*Note*	***RMB'000***	*RMB'000*
Financial liabilities at amortised cost			
Borrowings	*28*	**5,000**	–
Trade and other payables (excluding accrued employee benefits, other taxes and advance from third parties)	*27*	**70,156**	40,338
		75,156	40,338

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

18 Inventories

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Costs to fulfil contracts	**3,478**	–
	3,478	–

Inventories are costs to fulfil contracts with customers, which give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered in one year or a period of operating cycle.

19 Trade and other receivables

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**46,122**	37,375
Less: allowance for impairment of trade receivables	**(3,173)**	(2,457)
Trade receivables — net	**42,949**	34,918
Deposits	**2,219**	1,472
Loan to employee	**200**	200
Staff advances	**258**	450
Trade and other receivables	**45,626**	37,040

At 31 December 2019 and 2018, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Up to 90 days	**37,737**	28,939
91 days to 180 days	**4,843**	2,919
Over 180 days	**3,542**	5,517
	46,122	37,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Trade and other receivables *(Continued)*

(i) Fair values of trade receivables

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

(ii) Impairment and risk exposure

Trade receivables

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

The loss allowance increased by RMB716,000 to RMB3,173,000 for trade receivables and increased by RMB1,291,000 to RMB1,829,000 for contract assets during the current reporting period.

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

20 Notes receivables

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Notes receivables	**30,076**	6,061

As at 31 December 2019, notes receivables where the contractual cash flow were solely principal and interest were recorded as FVOCI as the Group's business model is achieved both by collecting contractual cash flows and selling out these assets. During the year ended 31 December 2019, no other gains/(losses) were recognised in other comprehensive income (2018: Nil).

21 Contract assets

The Group has recognised the following assets related to contracts with customers:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current contract assets related to contracts with customers	**43,951**	11,900
Loss allowance *(note 3.1(b))*	**(1,829)**	(538)
Total contract assets	**42,122**	11,362

22 Other current assets

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Prepayments for equipment	**281**	2,485
Prepayments for rental and deposit	**100**	1,135
Prepayments for consumable items	**862**	862
Prepayments for other services	**7,092**	1,479
Deductible value-added tax input	**–**	264
	8,335	6,225
Less: non-current portion	**(281)**	(2,485)
Current portion	**8,054**	3,740

23 Cash and cash equivalents

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Cash at banks	**24,785**	61,370
Cash on hand	**331**	306
	25,116	61,676

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

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
US dollars	**161**	251
Hong Kong dollars	**1,341**	14,164
RMB	**23,614**	47,261
	25,116	61,676

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

(ii) Significant restrictions

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

24 Share capital and share premium

Ordinary shares

	Number of shares	Value of ordinary shares US$
Authorised:		
Ordinary shares of US$0.0001 each as at 31 December 2019 and 2018	20,000,000,000	2,000,000

	Number of shares	Nominal value of ordinary shares *US$*	Equivalent value of ordinary shares *RMB'000*	Share premium *RMB'000*	Total *RMB'000*
Issued and paid:					
As at 1 January,2018	10,000	1	–*	29,185	29,185
Capitalisation issue (a)	1,499,990,000	149,999	956	(956)	–
Issuance of ordinary shares upon public offering (b)	500,000,000	50,000	321	47,923	48,244
As at 31 December 2018 and 2019	2,000,000,000	200,000	1,277	76,152	77,429

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

(a) 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 then existing shareholdings in the Company.

(b) 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.

25 Reserves

	Capital reserves *RMB'000*	Share-based payments *RMB'000*	Other reserves *RMB'000*	Total *RMB'000*
As at 1 January 2018	2,453	–	(9,600)	(7,147)
Profit appropriation to statutory reserves	305	–	–	305
As at 31 December 2018	2,758	–	(9,600)	(6,842)
As at 1 January 2019	**2,758**	**–**	**(9,600)**	**(6,842)**
Profit appropriation to statutory reserves	**453**	**–**	**–**	**453**
Share-based payment expenses *(note 26)*	**–**	**402**	**–**	**402**
As at 31 December 2019	**3,211**	**402**	**(9,600)**	**(5,987)**

(a) Statutory reserves

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the companies incorporated in the PRC now comprising the Group (the "PRC Subsidiaries"), it is required to appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserves fund before distributing the net profit. When the balance of the statutory reserves fund reaches 50% of the registered capital of the PRC Subsidiaries, any further appropriation is at the discretion of shareholders. The statutory reserves fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding, provided that the remaining balance of the statutory reserves fund after such issue is not less than 25% of registered capital.

26 Share-based payments

(a) Share Option Scheme

On 16 May 2018, the board of directors of the Company approved the establishment of a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

On 16 August 2019, the board of directors of the Company announced that share options (the "Options") carrying the rights to subscribe for a total of 136,000,000 ordinary shares of US$0.0001 each of the Company were granted to 13 individuals, 40,000,000 for executive directors and 96,000,000 for employee, subject to acceptance of the grantees, under the Share Option Scheme.

The exercise price of the Options is HK$0.0508 per Share. The Options are exercisable during a period of 10 years commencing from the date of grant of the Options, subject to all Options being vested upon the third anniversary of the date of grant of the Options. When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan:

	Exercise price per share option	Number of options
As at 1 January 2019	–	–
Granted during the year	**HK$0.0508**	**136,000,000**
As at 31 December 2019	**HK$0.0508**	**136,000,000**
Vested and exercisable at 31 December 2019	**HK$0.0508**	–

No options exercised or expired during the year ended 31 December 2019.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price	Share options 31 December 2019
16 August 2019	15 August 2029	HK$0.0508	136,000,000
Remaining contractual life of options outstanding at end of period			9.63 years

26 Share-based payments *(Continued)*

(a) Share Option Scheme *(Continued)*

(i) Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 31 December 2019 was HK$0.0273 per option for executive directors and HK$0.0259 per option for employee (2018: Nil). The fair value at grant date is independently determined using binomial model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The model inputs for options granted during the year ended 31 December 2019 included:

(a) Options are granted for no consideration and vest over a three years period. Vested options are exercisable for a period of 10 years commencing from the date of grant of the options.

(b) Exercise price: HK$0.0508 (2018: Not applicable)

(c) Grant date: 16 August 2019 (2018: Not applicable)

(d) Expiry date: 15 August 2029 (2018: Not applicable)

(e) Share price at grant date: HK$0.047 (2018: Not applicable)

(f) Expected price volatility of the Company's shares: 57.36% (2018: Not applicable)

(g) Expected dividend yield: 0.00% (2018: Not applicable)

(h) Risk-free interest rate: 1.019% (2018: Not applicable)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Expenses arising from share-based payment transactions

Expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Options issued under Share Option Scheme	**402**	–

27 Trade and other payables

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade payables	**67,713**	37,351
Employee benefit payables	**298**	1,172
Other tax payables	**5,422**	2,243
Others	**2,443**	2,987
	75,876	43,753

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

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
0 — 90 days	**44,587**	29,752
91 — 180 days	**15,474**	4,948
181 — 365 days	**7,061**	2,621
Over 365 days	**591**	30
	67,713	37,351

28 Borrowings

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current — Bank borrowings	**5,000**	–

On 17 May 2019, Beijing Dowway entered into a credit agreement with the Beijing Branch of the Bank of Communications. Pursuant to the credit agreement, Beijing Dowway is granted with a credit limit up to RMB 5,000,000 during the period from 17 May 2019 to 16 May 2021. The length of maturity of each borrowing under this agreement is 12 months. On 24 June 2019, the first withdrawal amounting to RMB 5,000,000 was received.

Bank borrowing matures in June 2020 and bears interest at rate of 4.35% annually (2018: Nil).

The carrying amount of the borrowing at 31 December 2019 approximate its fair value as the impact of discounting is not significant.

29 Deferred income tax assets

As at 31 December 2019 and 2018, the deferred income tax assets recognised are expected to be recovered more than 12 months.

The movement in deferred income tax assets during the year, without taking into consideration the offsetting of balances with the same tax jurisdiction, is as follows:

Deferred income tax assets

	Provisions *RMB'000*	Tax losses *RMB'000*	Total *RMB'000*
As at 1 January 2018	371	271	642
Credited to consolidated statement of comprehensive income	274	–	274
As at 31 December 2018	645	271	916
As at 1 January 2019	**645**	**271**	**916**
Credited to consolidated statement of comprehensive income	**442**	**(271)**	**171**
As at 31 December 2019	**1,087**	**–**	**1,087**

The Group recognised the deferred tax assets of RMB1,087,000 in respect of provision for impairment of trade receivables and contract assets to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The unrecognised deferred income tax assets of provision was RMB60,000 (2018: RMB104,000) in respect of provisions amouting to RMB240,000 (2018: RMB415,000).The unrecognised deferred income tax assets of tax losses was RMB2,062,000 (2018: RMB 669,000) in respect of losses amounting to RMB8,248,000 (2018: RMB2,674,000) that can be carried forward against future taxable income for the year ended 31 December 2019. There is no material tax losses of other entities in the Group carried forward in respect of which deferred tax assets have not been accounted for.

30 Dividends

No dividend has been paid or declared by the Company during each of the years ended 31 December 2019 and 2018.

31 Cash used in operations

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Profit before income tax	**781**	2,146
Adjustments for:		
— Depreciation of property, plant and equipment and right-of-use assets *(note 9)*	**2,606**	985
— Impairment provision of trade receivables and contract assets	**2,007**	1,510
— Share options granted to directors and employees *(note 26)*	**402**	–
— Interest expenses/(income) — net *(note 11)*	**165**	(36)
— Foreign exchange gain	**(321)**	(156)
Changes in working capital:		
— Inventories	**(3,478)**	–
— Trade and other receivables	**(9,302)**	6,049
— Notes receivables	**(24,015)**	(6,061)
— Contract assets	**(32,051)**	(11,900)
— Other current assets	**(4,882)**	(3,740)
— Other non-current assets	**(180)**	–
— Trade and other payables	**32,123**	4,554
— Contract liabilities	**(1,085)**	3,307
Cash used in operations	**(37,230)**	(3,342)

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
As at the beginning of the year	**–**	–
Cash flows		
— inflow from financing activities	**5,000**	–
As at the end of the year	**5,000**	–

32 Commitments

The Group leases office under non-cancellable operating lease agreements expiring within eight months to eleven months. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 2.2 and note 16 for further information.

32 Commitments *(Continued)*

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Minimum lease payments under non-cancellable operating leases of offices not recognised in the financial statements are payable as follows:		
Within one year	–	517
	–	517

33 Related-party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control. Members of controlling shareholder, key management and their close family member of the Group are also considered as related parties.

(a) Significant transactions with related parties

During the years ended 31 December 2019 and 2018, the Group has no significant transactions with related parties.

(b) Key management compensation

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Wages and salaries	**1,029**	919
Share-based payments	**181**	–
Pension scheme and other social security costs	**272**	240
Housing benefits	**113**	93
Other costs and benefits	**41**	23
	1,636	1,275

34 Benefits and interests of directors

Directors' and chief executive's emoluments

The remuneration of each director during the years ended 31 December 2019 and 2018 set out below:

For the year ended 31 December 2019

Name	Salary *RMB'000*	Share-based payment *RMB'000*	Contribution to pension plan, welfare and other expense *RMB'000*	Total *RMB'000*
Chairman				
Mr. Huang	237	–	98	335
Executive directors				
Mr. Yan Jinghui	177	61	63	301
Mr. Ma Yong	177	61	63	301
Non-executive director				
Mr. Yuen Lai Him*	106	58	–	164
Independent non-executive directors				
Mr. Gaohongqi	120	–	–	120
Ms. Xu Shuang	120	–	–	120
Mr. Ng Yuk Yeung*	35	–	–	35
Mr. Yu Leung Fai*	124	–	–	124
	1,096	180	224	1,500

34 Benefits and interests of directors *(Continued)*

Directors' and chief executive's emoluments *(Continued)*

For the year ended 31 December 2018

Name	Salary *RMB'000*	Share-based payment *RMB'000*	Contribution to pension plan, welfare and other expense *RMB'000*	Total *RMB'000*
Chairman				
Mr. Huang	216	–	76	292
Executive directors				
Mr. Yan Jinghui	152	–	61	213
Mr. Ma Yong	152	–	61	213
Independent non-executive directors				
Mr. Gaohongqi	60	–	–	60
Ms. Xu Shuang	60	–	–	60
Mr. Ng Yuk Yeung	77	–	–	77
	717	–	198	915

* Mr. Lai Him was appointed as the Company's non-executive director on 22 March 2019. Mr. Ng Yuk Yeung resigned as the Company's independent non-executive director on 11 October 2019. Mr. Yu Leung Fai was appointed as the Company's independent non-executive director on 11 October 2019.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2018: Nil). In addition, none of the directors waived or agreed to waive any remuneration during the year (2018: Nil).

35 Events occurring after the reporting period

Following the outbreak of Coronavirus Disease 2019 (the "**COVID-19 Outbreak"**) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country. As certain of the Group's customers have postponed some of the contracted exhibition activities and the signing of new contracts with the Group, the level of business activities of the Group reduced significantly in the first quarter of 2020.

The directors of the Company expect that the Group's revenue and financial performance will be affected adversely in the coming periods. The extent of the impact could not be estimated as at the date of this report.

The Group will closely monitor the latest development of the COVID-19 outbreak so as to adopt positive counter-measures to overcome any challenges arising and to assess the related impact to the Group on a continuous basis.

36 Balance sheet of the Company

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Investment in subsidiaries	**221**	–*
Total non-current assets	**221**	–*
Current assets		
Amounts due from subsidiaries	**66,784**	54,330
Cash and cash equivalents	**10,075**	24,416
Total current assets	**76,859**	78,746
Total assets	**77,080**	78,746
LIABILITIES		
Current liabilities		
Other payables	**467**	563
Total current liabilities	**467**	563
Total liabilities	**467**	563
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	**402**	–
(Accumulated deficits)/Retained earnings	**(1,218)**	754
Total equity	**76,613**	78,183
Total equity and liabilities	**77,080**	78,746

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