



DOWWAY HOLDINGS LIMITED

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

# INTERIM REPORT 2020

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

This report will be available on the Company’s website [www.dowway-exh.com](http://www.dowway-exh.com) and will remain on the “Latest Listed Company Announcements” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting.

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## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors:

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

#### Non-executive Director:

Mr. Yuen Lai Him

#### Independent Non-executive Directors:

Ms. Xu Shuang  
Mr. Gao Hongqi  
Mr. Yu Leung Fai

### AUDIT COMMITTEE

Mr. Yu Leung Fai *(Chairman)*  
Mr. Gao Hongqi  
Ms. Xu Shuang

### REMUNERATION COMMITTEE

Mr. Gao Hongqi *(Chairman)*  
Mr. Yu Leung Fai  
Mr. Ma Yong

### NOMINATION COMMITTEE

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

### COMPANY SECRETARY

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

### COMPLIANCE OFFICER

Mr. Huang Xiaodi

### AUTHORISED REPRESENTATIVES

*(under the GEM Listing Rules)*  
Mr. Huang Xiaodi  
Ms. Lam Yuk Ling *(ACIS,ACS)*

### AUDITOR

PricewaterhouseCoopers

### STOCK CODE

8403

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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

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Cayman Islands

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

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183 Queen's Road East  
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### COMPLIANCE ADVISER

Kingsman HK Capital Limited

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

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Room 1603, 16/F, China Building  
29 Queen's Road Central  
Central, Hong Kong

### PRINCIPAL BANKER

Bank of Communications  
Yong An Li Branch  
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Chaoyang District  
Beijing, PRC

### COMPANY'S WEBSITE

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

## CHAIRMAN'S STATEMENT

### To all shareholders,

On behalf of the Board (the "**Board**") of directors (the "**Directors**") of Dowway Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present the Group's unaudited interim results for the six months ended 30 June 2020 (the "**Period**").

As an integrated exhibition and event management service provider in the People's Republic of China ("**PRC**" or "**China**"), the Group is mainly engaged in design, planning, coordination and management services for exhibitions and events across more than 50 cities in the PRC. Since 2009, the Group has been providing integrated exhibition and event management services to domestic and overseas world-renowned automobile brands, primarily for facilitating showcases, promotion and/or sales of their brands. The Group also undertakes projects related to exhibitions and events from non-automobile companies. Through its dedicated efforts and reliable services, the Group has established a strong reputation in this field and a solid and loyal customer base.

In the first half of 2020, faced with serious challenges posed by the COVID-19 outbreak and a complex and fast-changing environment both domestically and abroad, China's government coordinated efforts towards both the prevention and control of the epidemic and the economic and social development. Sustained improvement was made in epidemic prevention and control and the resumption of work, production, business and market was at an accelerated pace. Based on the newly released data by National Bureau of Statistics, the GDP of PRC had a period-to-period decrease of 1.6 percent during the first half of 2020, which for the first quarter declined by 6.8 percent period-to-period and for the second quarter grew by 3.2 percent. Generally speaking, the national economy overcame the adverse impact of the epidemic in the first half of 2020 gradually and demonstrated a momentum of restorative growth and gradual recovery, further manifesting its development resilience and vitality. However, some indicators are still in decline and the losses caused by the epidemic need to be recovered. Given the continuous spread of the epidemic globally, the evolving huge impact of the epidemic on the global economy and the mounting external risks and challenges, the national economic recovery in China was still under pressure.

During the Period, the Group has managed and coordinated 24 exhibitions and event projects, 1 exhibition showroom project and 1 advertisement project, among which 12 projects had been completed, which collectively generated a revenue of approximately RMB42.11 million, representing a period-on-period decrease of RMB52.04 million or approximately 55.27%. The Group recorded a gross profit of approximately RMB1.80 million, decreased by approximately RMB3.45 million period-on-period, which was primarily due to the outbreak of COVID-19 and a significant decrease in demand for new contracts for the Group's exhibition and event management services in the PRC in addition to delays in previously scheduled exhibitions. However, the labour and other overhead cost of service remained relatively same level as that without the presence of COVID-19. The Group recorded a net loss attributable to the owners of the Company of approximately RMB2.97 million during the Period. The Board does not recommend the payment of interim dividend for the Period.

## CHAIRMAN'S STATEMENT

The Group will continue to uphold the “customer-centered” service philosophy 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 COVID-19 in the first half of 2020, the Group will utilize its resources for the interests of 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.

*Chairman, Chief Executive Officer and Executive Director*

**Huang Xiaodi**

Beijing, China, 10 August 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. The volume of China's exhibition industry in 2019 ranked first in the world with a continued overall trend of stable and positive development. The exhibition industry stepped into 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. As the largest sector in China's exhibition industry, the automobile exhibition industry has maintained a steady growth for the year of 2019, even though China's automobile sales experienced a downturn, the country's long-term demand for automobiles subsists and the trend of consumption upgrading has not changed. The market shares of SUVs, 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 capacity for leading integrated exhibition and event management service providers with good reputation and track record, network resources, operating experience and management capacity. According to "China's Exhibition Economy Development Report 2019" issued by the China Council for the Promotion of International Trade, among all the heavy industry exhibitions held in 2019, those related to automobile industry continued to rank first in terms of number and area of exhibitions with a year-on-year increase of approximately 29% and 75.6% respectively.

During the first half of 2020, faced with serious challenges posed by the COVID-19 outbreak and the impact brought by global recession, China's economy has experienced turbulence. The GDP of PRC had a period-on-period decrease of 6.8 percent for the first quarter in 2020 and the main indicators for investment and consumption even suffered declines by over 10 percent. China's government coordinated efforts towards both the prevention and control of the epidemic and the economic and social development, sustained improvement was made in epidemic prevention and control and the resumption of work, production, business and market was at an accelerated pace. The national economic growth in the second quarter of 2020 reversed from negative to positive and main indicators showing restorative growth, the national economy recovered gradually, and the market expectation was generally optimistic. At the latter half of 2020, China's government will continue to deepen the reform of governmental policies and optimize the business operation environment in order to cope with economic challenges and achieve stable development.

### BUSINESS REVIEW

The Group is an integrated exhibition and event management service provider in PRC. It mainly serves 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in exhibitions and events facilitating showcases, promotion and sales of automobiles. With more than ten years' experience in exhibition and event management services, the Group has established an extensive customer base, including internationally renowned automobile companies with premium German and Italian car brands. In addition, the Group will also undertake projects from non-automobile related companies to run exhibitions and events.

Led by an experienced and competent management team with shrewd market acumen and business experience, the Group has actively leveraged its advantages to strengthen its strategic partnership with world-renowned automobile brands, expanded its supplier network and continuously implemented stringent service quality control, and hence successfully achieved steady growth in a highly dispersed market.

During the Period, the COVID-19 epidemic resulted in the restriction of social gatherings and led to a reduction of demands or postponement of exhibition services. The work and production in all the upstream and downstream enterprises in exhibition industry was temporarily suspended. Therefore, the functions of sales, production, sourcing, transport and construction were affected to a certain extent. During the Period, the promotion activities amongst customers were increasingly achieved by way of online activities. Through its keen insight, the Group seized the opportunities of market expansion and actively adjusted its strategy to obtain a number of orders in advertising business in the second quarter of 2020 and through the development of its advertising business to further widen its business scope. Despite the difficult situations, the Group managed and coordinated 24 exhibition and event projects, 1 exhibition showroom project and 1 advertisement project during the Period, with aggregate revenue decreasing to approximately RMB42.11 million, representing a period-on-period decrease of approximately 55.27%. The Group will uphold the spirit of pioneering and enterprising to continuously improve its overall competitiveness so as to generate larger driving force and provide more growth for the steady development of the Group.

### 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 for the six months ended 30 June 2019 and 2020.

	For the six months ended 30 June			
	2020		2019	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Revenue from automobile related exhibitions and events	<b>22,574</b>	<b>53.61%</b>	84,706	89.97%
Revenue from non-automobile related exhibitions and events	<b>3,245</b>	<b>7.70%</b>	6,433	6.83%
Revenue from exhibition showroom related services	<b>5,860</b>	<b>13.92%</b>	3,011	3.20%
Revenue from advertisement related services	<b>10,430</b>	<b>24.77%</b>	–	–
<b>Total</b>	<b>42,109</b>	<b>100%</b>	94,150	100%



## MANAGEMENT DISCUSSION AND ANALYSIS

Revenue decreased from approximately RMB94.15 million for the six months ended 30 June 2019 to approximately RMB42.11 million for the Period, representing a period-on-period decrease of approximately 55.27% or approximately RMB52.04 million. The decrease was primarily due to the outbreak of the COVID-19 epidemic which resulted in the cancellation and deferment of exhibitions and events and reduction of both the number of projects and contract value completed by the Group during the Period.

During the Period, revenue from automobile related exhibitions and events continued to be the main source of revenue for the Group and accounted for 53.61% of the total revenue, which decreased from approximately RMB84.71 million for the six months ended 30 June 2019 to approximately RMB22.57 million for the Period, representing a period-on-period decrease of approximately 73.35% or approximately RMB62.13 million.

Revenue from exhibition showroom related services for the Period was approximately RMB5.86 million, accounting for 13.92% of the total revenue for the Period. During the Period, the advertising business carried on by the Group was mainly related to mobile internet advertising business, especially in the field of in-feed advertising, which has gradually gained a competitive edge in the industry. The Group will provide customers with one-stop solutions and services such as advertising creativity, video shooting, placement strategy, placement tests, database tuning and continuous optimization.

The core pursuit of performance-based advertising is the continuing acquisition of the best price-performance ratio in advertising costs and sales. That is, the advertisement is only presented to the actual target user, and through the high-quality advertising content, the user is deeply impressed and subsequently guided to engage in such behaviour as registration, download and purchase. In the long-term business practice, the Group has gradually formed its unique characteristics and advantages in techniques such as creativity and shooting, placement and optimization. In particular, with its rich experience in placement of advertisements across multiple platforms and big data accumulation, it can effectively help advertisers reach the largest number of effective target users at optimal cost, and ultimately achieve the optimal sales conversion rate based on the high-quality advertising materials. Revenue from advertisement related services for the Period was approximately RMB10.43 million, accounting for 24.77% of the total revenue for the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cost of service

The Group's cost of service mainly comprises (i) cost of exhibition and event related services provided by suppliers (including but not limited to the costs of human resources, construction materials and equipment); (ii) staff costs; (iii) transportation and logistics expenses; (iv) travelling and entertainment expenses; (v) depreciation of property, plant and equipment; and (vi) other overhead related to providing exhibition and event related services.

The following table sets forth the breakdown of cost of service from business operations for the six months ended 30 June 2019 and 2020.

	For the six months ended	
	30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of exhibition and event related services provided by suppliers	35,764	80,243
Staff costs	2,760	4,895
Depreciation of property, plant and equipment	60	144
Office supplies	29	28
Subsidies paid to our staff	69	73
Travelling and entertainment expenses	220	1,759
Transportation and logistics expenses	735	1,517
Operating lease rentals in respect of buildings and related expenses	675	243
<b>Total</b>	<b>40,312</b>	<b>88,902</b>

Cost of service decreased from approximately RMB88.90 million for the six months ended 30 June 2019 to approximately RMB40.31 million for the Period, representing a period-on-period decrease of approximately 54.66% or approximately RMB48.59 million. Such decrease was primarily due to the COVID-19 epidemic affected the demand of exhibition industry, and the cancellation and deferment of exhibitions and events reduced the cost of exhibition and event services provided by suppliers.

The cost of exhibition and event related services provided by suppliers decreased from approximately RMB80.24 million for the six months ended 30 June 2019 to approximately RMB35.76 million for the Period, representing a period-on-period decrease of approximately 55.43% or approximately RMB44.48 million, accounted for 88.72% of the total cost of service for the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profit and Gross Profit Margin

For the Period, the Group recorded a gross profit of approximately RMB1.80 million, representing a period-on-period decrease of approximately RMB3.45 million as compared to the gross profit of approximately RMB5.25 million for the six months ended 30 June 2019. The decrease in gross profit was mainly due to the drop of the Group's revenue resulted by significant decrease in demand for new contracts for the Group's exhibition and event management services in the PRC and the cancellation and deferment of exhibition and events under the COVID-19 epidemic for the Period.

For the Period, the Group's gross profit margin was approximately 4.27%. The Group's gross profit margin recorded a decrease primarily due to (i) the drop of the Group's revenue resulted by significant decrease in demand for new contracts for the Group's exhibition and event management services in the PRC and the cancellation and deferment of exhibition and events under the COVID-19 epidemic for the Period and (ii) the labour and other overhead cost of service remained relatively same level as that without the presence of COVID-19.

### Selling expenses

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

The following table sets forth the breakdown of selling expenses for the six months ended 30 June 2019 and 2020.

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Staff costs	376	722
Travelling expenses	20	58
Office supplies	–	6
Entertainment expenses	282	317
Marketing consulting expenses	–	20
Other	35	294
<b>Total</b>	<b>713</b>	<b>1,417</b>

Selling expenses for the Period were approximately RMB0.71 million, representing a period-on-period decrease of approximately 49.68% or approximately RMB0.70 million as compared to selling expenses of approximately RMB1.42 million for the six months ended 30 June 2019. The decrease in selling expenses was primarily due to (i) a decrease in staff costs from approximately RMB0.72 million for the six months ended in 30 June 2019 to approximately RMB0.38 million for the Period; and (ii) a decrease in other selling expenses incurred during the course of preparing and submitting tenders which the Group subsequently did not win from approximately RMB0.29 million for the six months ended 30 June 2019 to approximately RMB0.04 million for the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative expenses

The Group's administrative expenses mainly represent (i) staff costs; (ii) subsidies paid to staff; (iii) operating lease rentals in respect of buildings and related expenses; (iv) depreciation of property, plant and equipment; (v) management consulting and other services expenses; and (vi) conference and training expenses.

The following table sets forth the breakdown of administrative expenses for the six months ended 30 June 2019 and 2020.

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Staff costs	2,295	1,801
Travelling expenses	6	41
Office supplies	55	49
Entertainment expenses	27	11
Conference and training expenses	221	25
Management consulting and other services expenses	1,319	826
Auditor's remuneration	–	1
Subsidies paid to staff	97	283
Operating lease rentals in respect of buildings and related expenses	242	620
Depreciation of property, plant and equipment	308	296
Business taxes and surcharges	49	70
Other	51	62
<b>Total</b>	<b>4,670</b>	<b>4,085</b>

Administrative expenses for the Period were approximately RMB4.67 million, representing a period-on-period increase of approximately 14.32% or approximately RMB0.59 million as compared to administrative expenses of approximately RMB4.09 million for the six months ended 30 June 2019. The increase in administrative expenses was primarily due to (i) an increase in staff costs of approximately RMB0.49 million resulting by the payment of severance compared to that for the six months ended 30 June 2019; (ii) an increase in conference and training expenses during the Period of approximately RMB0.20 million compared to that for the six months ended 30 June 2019; (iii) and an increase in management consulting and other services expenses of approximately RMB0.49 million mainly due to the cost of ESP internal control consulting had increased.

### Other income

Other income for the Period was nil due to the absence of agency commissions received during the Period (for the six months ended 30 June 2019: RMB0.43 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other net gains

Other net gains for the Period were approximately RMB0.74 million, mainly due to governmental tax policy of allowing for an additional 10% offset of output VAT from input VAT contributing to a gain of approximately RMB0.73 million. Other net gains decreased by approximately RMB4.27 million due to the one-off governmental grant of RMB5.00 million for newly listed companies recognized for the six months ended 30 June 2019 which did not recur during the Period.

### Finance income

Finance income represented interest income on bank balances and deposits. The Group's finance income for the Period was approximately RMB29,000 (for the six months ended 30 June 2019: RMB27,000).

### Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings and interest expense of lease liabilities. For the Period, the Group's finance expenses were approximately RMB143,000 (for the six months ended 30 June 2019: RMB15,000).

### (Loss)/profit before income tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB2.96 million for the Period, representing a period-on-period decrease of approximately RMB8.16 million as compared with a profit before income tax of approximately RMB5.20 million for the six months ended 30 June 2019, which was mainly due to (i) the significant effect of the COVID-19 epidemic on the Group's business during the Period; and (ii) the decrease in other gains as the Group received a one-off governmental grant by PRC government for newly listed companies of approximately RMB5.00 million during the six months ended 30 June 2019, which did not occur during the Period.

### Income tax expense

Income tax expense decreased from approximately RMB1.96 million for the six months ended 30 June 2019 to approximately RMB7,000 for the Period, due to the incurrence of loss before income tax as mentioned above.

### (Loss)/profit for the Period

As a cumulative effect of the factors cited above, the Group recorded a loss for the Period of approximately RMB2.97 million, while for the six months ended 30 June 2019, the Group recorded a profit of approximately RMB3.24 million. The period-on period decrease was approximately RMB6.21 million.

## LIQUIDITY AND FINANCIAL RESOURCES

### Capital structure

There was no material change in the capital structure of the Group during the Period. Details are set out in the interim condensed consolidated statements of changes in equity.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cash position

The following table sets forth the selected cash flow data from the condensed Consolidated Statements of Cash flows for the six months ended 30 June 2019 and 2020.

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Net cash used in operating activities	(9,517)	(42,330)
Net cash generated/(used in) from investing activities	29	(419)
Net cash (used in)/generated from financing activities	(106)	5,000
Net (decrease) in cash and cash equivalents	(9,594)	(37,749)
Cash and cash equivalents at the end of the Period	15,544	23,950

At 30 June 2020, the cash and cash equivalents of the Group were approximately RMB15.54 million (at 30 June 2019: approximately RMB23.95 million), which were mainly denominated in RMB.

### Borrowings

As at 30 June 2020, the Group had bank borrowings of approximately RMB5.00 million under a credit agreement (as at 30 June 2019: approximately RMB5.00 million). Save as disclosed in this report, as at 30 June 2020, there were no other outstanding bank overdrafts, debt securities, term-loan borrowings, other similar indebtedness, acceptance credits, hire purchase commitments, mortgages, charges, material contingent liabilities nor guarantees outstanding (as at 30 June 2019: 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 Period.

### Pledge of assets

As at 30 June 2020, none of the Group's assets were pledged (30 June 2019: nil).

### Gearing ratio

The Group's gearing ratio at 30 June 2020 and 31 December 2019 were as follows:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Total interest-bearing borrowings	5,000	5,000
Total equity	70,089	73,059
Gearing ratio	7.13%	6.84%

## MANAGEMENT DISCUSSION AND ANALYSIS

### DIVIDEND

The Board did not recommend the payment of any interim dividend for the Period (for the six months ended 30 June 2019: nil).

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

The Company raised a total of HK\$72.50 million in gross proceeds after the completion of the initial public offering on 12 June 2018 (the “**Listing Date**”), and the net proceeds amounted to HK\$36.34 million after deducting underwriting commissions and professional service fees in relation to the Share Offer. The Company has been applying the net proceeds according to the “Use of Proceeds” stated in the prospectus of the Company dated 29 May 2018 (the “**Prospectus**”). Uses of net proceeds as at 30 June 2020 are listed as follows:

	Planned use of proceeds as disclosed in the Prospectus <i>HK\$'000</i>	Percentage of net proceeds	Actual use of proceeds from the Listing Date up to 30 June 2020 <i>HK\$'000</i>	Percentage of net proceeds	Unutilized net proceeds as at 30 June 2020 <i>HK\$'000</i>	Percentage of net proceeds <i>HK\$'000</i>
Expand the Group’s exhibition and event management services	12,972	35.7%	12,972	35.7%	0	0.0%
Expand the Group’s existing offices and/or set up branch or representative offices in different cities and regions across the PRC	3,016	8.3%	1,076	3.0%	1,940	5.3%
Expand the Group’s workforce to support its business expansion	13,372	36.8%	7,737	21.3%	5,635	15.5%
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%	3,634	10.0%	0	0%
<b>Total</b>	<b>36,337</b>	<b>100%</b>	<b>25,419</b>	<b>70.0%</b>	<b>10,918</b>	<b>30.0%</b>

Affected by the COVID-19 epidemic, China’s economic development has been slowed down for the first half of 2020, and the exhibition industry has been stagnant from January to April. The Directors will continually evaluate the Group’s business strategies in line with the external economic environment and market conditions to support business growth of the Group.

All unutilized balances of approximately HK\$10.92 million has been deposited in licensed banks in Hong Kong and the PRC. The unutilized net proceeds from initial public offering of the Company is expected to be fully utilized by 30 June 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PRINCIPAL RISKS AND UNCERTAINTIES

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

1. The exhibition services industry in the PRC has relatively low entry barriers and competition is keen within the industry.
2. The Group's business depends heavily on the provision of exhibition and event management services in the automobile industry.
3. The majority of the Group's customers are automobile companies and there is no assurance that it can successfully diversify its customer base.
4. There is no assurance that the demand for integrated exhibition and event management services the Group provides can continue or increase.
5. There may be fluctuations in the Group's cost of service which it may not be able to pass on to customers.
6. The Group may face cash flow problems if it is unable to receive payments from customers on time and in full under the current pricing policy.
7. The Group may be exposed to litigation risk as a result of the engagement of suppliers without obtaining written consent from customers.
8. The Group relies on suppliers for the provision of construction services, leasing of equipment and logistics and transportation services, hence may have to bear the consequences should these suppliers deliver substandard services on its own.
9. The Group relies on its senior management and other key personnel and may not be able to retain these staff to provide services.
10. The Group may not be able to implement its business strategies and its future growth could be limited.
11. The global recession resulted by COVID-19 epidemic and the control and prevention of epidemic around the world are still challenging and may continue to influence on the resumption of work and production of exhibition industry in 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:

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Major risks and uncertainties relating to the implementation of business strategies

1. The Group expects to tender proposals to potential new customers with lower profit margins in the short run in connection with its future expansion to new segments in the market and such expansion could exert great pressure on allocation of resources.
2. The Group cannot guarantee that it will have sufficient resources to support future development. Its future growth is also subject to the preferences of potential clients and the overall market situation. Failure to execute expansion strategy effectively may lead to higher costs, inefficient operation flow and decline in profitability.

### FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans or commitments for material investments, acquisitions and capital assets during the Period.

### Business strategies and implementation plan

Business strategies and implementation plan for the Period are set out as follows:

Business strategies	Implementation activities
Expand the Group's exhibition and event management services	<ul style="list-style-type: none"><li>• Development of exhibition showroom services including planning, coordination and management of exhibition showrooms at the premises or venues as agreed with our customers for a fixed contract period</li><li>• Purchase of multimedia audiovisual equipment, including but not limited to amplifiers, projectors, LCD/LED monitors, speakers and stage lighting systems. Such equipment will be used for enhancing exhibition and event management services</li><li>• Installation and/or upgrade of the Group's information technology systems and/or computer hardware and software to enhance its financial and project management capabilities</li></ul>
Expand the Group's existing offices and/or set up branch or representative offices in different cities and regions across the PRC	<ul style="list-style-type: none"><li>• Expansion of its offices and/or set up branch or representative offices</li><li>• Payment of rental and management fees for its expanded offices and/or branches or representative offices</li><li>• Decoration, fixture, furniture and office equipment for its expanded offices and/or branches or representative offices</li></ul>

## MANAGEMENT DISCUSSION AND ANALYSIS

Business strategies	Implementation activities
Expand the Group's workforce to support its business expansion	<ul style="list-style-type: none"> <li>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</li> <li>Provision of training to existing and newly recruited staff</li> </ul>
Strengthen the Group's marketing efforts	<ul style="list-style-type: none"> <li>Carrying out marketing and promotional campaigns in different cities and regions of the PRC</li> </ul>

### COMMITMENTS

The minimum lease payments under non-cancellable operating leases of offices not recognised in the financial statements as payables was approximately RMB365,000 as at 30 June 2020 (as at 30 June 2019: RMB350,000).

### CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no significant contingent liabilities (as at 30 June 2019: nil).

### HUMAN RESOURCES

As at 30 June 2020, the Group employed a total of 70 employees, among which 10 of them were management level, all stationed in the PRC. For the Period, the staff costs (including Directors' emoluments) were approximately RMB5.60 million (for the six months ended 30 June 2019: approximately RMB7.73 million). The Group conducts periodic performance review with employees and determines their salaries, benefits and discretionary bonuses based on factors including qualifications, contributions, years of experience and performance.

In accordance with the applicable PRC laws and regulations, the Group has made contributions to social security insurance and housing provident funds for all eligible staff. For the Period, the total amount contributed by the Group was approximately RMB0.76 million. The Group has complied with all the requirements about social security insurance and housing provident fund obligations applicable under the PRC laws and regulations during the Period.

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

The Group has maintained a good working relationship with its employees. During the Period, the Group has not experienced any significant labour 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.

In response to the financial impact caused by COVID-19, the directors and senior management of the Company agreed to a 30% reduction in salaries on a temporary basis during the epidemic.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, we appointed Mr. Zhang Xin (張鑫) and Ms. Tao Zhihong (姚志宏) as our customer relations directors of our Group in place of Mr. Xiao Yi. The biographical details of Mr. Zhang Xin and Ms. Tao Zhihong are as follows:

Mr. Zhang Xin (張鑫), aged 37, has over 10 years of experience in exhibition and event management services industry. He is an expert in planning, design and implementation of exhibition audio-visual design with abundant experience in company management and operation. Mr. Zhang is good at managing large-scale exhibitions and events with in-depth and unique insights in the industry. The Board believes that Mr. Zhang would be able to lead the team by using his experience.

Ms. Tao Zhihong (姚志宏), aged 40, has over 10 years of experience in exhibition and event management services industry. Ms. Tao is a veteran of automobile brand event planning, organization and operation, especially large-scale luxury car exhibitions. The Board believes that Ms. Tao would be able to contribute the Group by using her knowledge in luxury car brand exhibition craftsmanship, quality requirements, event tonality, etc.

### 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 and therefore considers its cash at bank are not at high credit risk.

The Group's trade receivables arise from exhibition and event management services fees, over 70% of which are in turn derived from major customers that are renowned automobile companies. Should there be change in the strategic relationships with these major customers that might cause change in the cooperative arrangements; or if they themselves experience financial difficulties which in turn causes difficulties in their settling payables to the Group, the Group's profitability from business with those automobile companies might be adversely affected due to deterioration in recoverability of trade receivables from them.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 information about relevant customer's business status and assesses their credibility. In view of the smooth cooperation history with these automobile companies and the reliable collection history of receivables due from them, the management believes that the credit risk inherent in the Group's outstanding trade receivable balances due from these automobile companies is low. As for new customers, the management is responsible for managing and analysing the credit risk for each of them before such new customers will be offered standard payment and delivery terms and conditions. In making such assessment, the management will consider various factors such as the new customers' financial position, market reputation and other factors.

The Group's other receivables comprise 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.

### 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 six months ended 30 June 2020 (2019: nil).

### PROSPECTS

In the first four months of 2020, due to the impact of the COVID-19 epidemic, the upstream demand for PRC's convention and exhibition industry plummeted with the scheduled convention and exhibition activities being forced to be delayed or cancelled. To the Group's relief, with the progress of the prevention and control of the COVID-19 epidemic, the work and production resumed in the PRC. The national economic growth in the second quarter changing from negative to positive and main indicators showing restorative growth, the national economy recovered gradually, and the market expectation was generally optimistic. The contraction in exhibition industry has lessened considerably. Up to the date of this report, the exhibition activities have resumed step by step except in a few cities where there are still recurrence of COVID-19 cases. At the same time, national government had introduced policies that are beneficial to enterprise to reduce financing costs and lessen corporate taxes and social insurance burdens. In addition, the national government will continue to introduce favourable stimulus to improve the economy in the latter half of 2020, and it is promising that China's exhibition industry would recover to normal operation then. Given the above situation, the Group will increase its online exhibitions and develop new business areas (e.g. advertisement), strengthen its online service capabilities by updating audiovisual and information technology equipment and lower the expenses 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 a comprehensive way, and actively seek reformation with a view to continue creating sustainable returns for shareholders.

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICE

During the Period, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 15 to the GEM Listing Rules, except for the deviation from the Code Provision A.2.1.

### CHAIRMAN AND CHIEF EXECUTIVE

Code Provision A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Huang Xiaodi (“Mr. Huang”) 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 Code Provision A.2.1 of the Code is appropriate in such circumstance.

### INTEREST OF THE COMPLIANCE ADVISOR

As advised by the Company’s compliance adviser, Kingsman HK Capital Limited (the “Compliance Adviser”), as at 30 June 2020, save for the compliance adviser agreement entered into between the Company and Kingsman dated 6 October 2019, neither the Compliance Adviser 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 Period, none of the Directors, controlling shareholders or substantial shareholders of the Company, nor any of their respective close associates (as defined under the GEM Listing Rules) have been engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group nor have they been aware of any other conflicts of interest which any such person has or may have with the Group.

### CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Period, the Group had not entered into any connected transactions nor continuing connected transactions which are subject to disclosure requirements under the GEM Listing Rules.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Period.

## OTHER INFORMATION

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

As at 30 June 2020, the interests and short positions of the Directors and Chief Executive of the Company in the shares of the Company (the “**Shares**”), underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows.

#### Long positions in the Shares

Director's Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
Mr. Huang Xiaodi (Note 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, the Chairman, Chief Executive Officer and Executive Director of the Company. Therefore, Mr. Huang 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 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 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 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.

## OTHER INFORMATION

### 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	A&B Development Holding Limited	Beneficial owner	one	100%

Save as disclosed above and so far as is known to the Directors, as at 30 June 2020, none of the Directors nor the Chief Executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2020 and so far as is known to the Directors, the following persons (other than the Directors or Chief Executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

#### Long Positions in the Shares

Shareholder'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. Therefore, Mr. Huang is deemed to be interested in all the Shares held by A&B Development Holding Limited for the purpose of the SFO.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company under Section 336 of the SFO.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

### SHARE OPTION SCHEME

The Group has adopted the Share Option Scheme on 16 May 2018 and a total of 136,000,000 Share Options have been granted on 16 August 2019 and remained outstanding, details of which have been set out in the Company's annual report for the year ended 31 December 2019 which was published on 30 March 2020.

During the Period, no additional Share Option was granted, exercised, cancelled and forfeited under the Share Option Scheme.

### REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

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

### 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 Code Provision 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 unaudited interim financial statements of the Group for the Period.

By Order of the Board  
**Dowway Holdings Limited**  
**Huang Xiaodi**

*Chairman, Chief Executive Officer and Executive Director*

Beijing, China, 10 August 2020

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



## INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2020, together with the unaudited comparative figures for the respective corresponding period in 2019 as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	6	42,109	94,150
Cost of service		(40,312)	(88,902)
<b>Gross Profit</b>		<b>1,797</b>	5,248
Selling expenses		(713)	(1,417)
Administrative expenses		(4,670)	(4,085)
Other income		–	430
Other gains-net	7	737	5,009
<b>Operating (loss)/profit</b>		<b>(2,849)</b>	5,185
Finance income		29	27
Finance expenses		(143)	(15)
Finance (expenses)/income-net		(114)	12
<b>(Loss)/profit before income tax</b>		<b>(2,963)</b>	5,197
Income tax expense	8	(7)	(1,955)
<b>(Loss)/profit for the period</b>		<b>(2,970)</b>	3,242
Total comprehensive (loss)/income for the period		(2,970)	3,242
<b>Earnings per share attributable to owners of the Company</b>			
— Basic (losses)/earnings per share (in RMB cents)	9	(0.15)	0.18

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

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,304	4,140
Right-of-use assets		628	1,650
Deferred income tax assets		1,087	1,087
Other non-current assets		281	281
<b>Total non-current assets</b>		<b>5,300</b>	7,158
<b>Current assets</b>			
Inventories		716	3,478
Trade and other receivables	10	19,050	45,626
Notes receivables		–	30,076
Contract assets		41,252	42,122
Other current assets		22,215	8,054
Cash and cash equivalents		15,544	25,116
<b>Total current assets</b>		<b>98,777</b>	154,472
<b>Total assets</b>		<b>104,077</b>	161,630
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	11	1,277	1,277
Share premium	11	76,152	76,152
Other reserves		(5,987)	(5,987)
Retained earnings		(1,353)	1,617
<b>Total equity</b>		<b>70,089</b>	73,059
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	23,893	75,876
Contract liabilities		–	2,222
Current income tax liabilities		3,823	4,269
Credit loan from bank		5,000	5,000
Lease liabilities		1,216	1,204
Deferred income		56	–
<b>Total current liabilities</b>		<b>33,988</b>	88,571
<b>Total liabilities</b>		<b>33,988</b>	88,571
<b>Total equity and liabilities</b>		<b>104,077</b>	161,630

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
<b>Balance at 1 January 2019</b>	1,277	76,152	(6,842)	3,323	73,910
Total comprehensive loss for the year	–	–	–	(1,253)	(1,253)
Share-based payments	–	–	402	–	402
Appropriations to statutory reserves	–	–	453	(453)	–
<b>Balance at 31 December 2019</b>	1,277	76,152	(5,987)	1,617	73,059
<b>(Unaudited)</b>					
<b>Balance at 1 January 2020</b>	<b>1,277</b>	<b>76,152</b>	<b>(5,987)</b>	<b>1,617</b>	<b>73,059</b>
Total comprehensive income for the period	–	–	–	(2,970)	(2,970)
<b>Balance at 30 June 2020</b>	<b>1,277</b>	<b>76,152</b>	<b>(5,987)</b>	<b>(1,353)</b>	<b>70,089</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Cash used in operations	(9,063)	(41,572)
Income tax paid	(454)	(758)
<b>Net cash used in operating activities</b>	<b>(9,517)</b>	<b>(42,330)</b>
<b>Cash flows from investing activities</b>		
— Purchases of property, plant and equipment	—	(446)
— Interest received	29	27
<b>Net cash generated/(used in) from investing activities</b>	<b>29</b>	<b>(419)</b>
<b>Cash flows from financing activities</b>		
— Borrowing received	5,000	5,000
— Borrowings returned	(5,000)	—
— Interest paid	(106)	—
<b>Net cash (used)/generated from financing activities</b>	<b>(106)</b>	<b>5,000</b>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	<b>(9,594)</b>	<b>(37,749)</b>
Cash and cash equivalents at beginning of period	25,116	61,676
Exchange gain on cash and cash equivalents	22	23
<b>Cash and cash equivalents at the end of period</b>	<b>15,544</b>	<b>23,950</b>

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

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

The Company is an investment holding company and its subsidiaries (together referred to as the “**Group**”) are principally engaged in design, planning, coordination and management of exhibitions and events in the People’s Republic of China (the “**PRC**”).

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

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

The condensed consolidated interim financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard HKAS 34 Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of GEM Listing Rules.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the Group for the year ended 31 December 2019 (the “**Annual Report 2019**”) issued on 30 March 2020, which has been prepared in accordance with the Hong Kong Financial Reporting Standards issued by HKICPA and the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

The accounting policies adopted are consistent with those of financial statement for the year ended 31 December 2019, as described in the Accountant’s Report as contained in the Annual Report 2019.

The unaudited condensed consolidated financial statements have not been audited by the Company’s independent auditor but have been reviewed by the audit committee of the Company and were approved for issue by the Board on 10 August 2020.

### 3 CHANGES IN ACCOUNTING POLICIES

The Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019.

The reclassifications and the adjustments arising from the new leasing rules are disclosed in note 2.2 and 2.24 of the Annual Report 2019.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in preparation of the Accountant's Report as contained in the Annual Report 2019.

### 5 FINANCIAL RISK MANAGEMENT

#### 5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosure required in the annual financial statements, and should be read in conjunction with the Accountant's Report as contained in the Annual Report 2019.

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

#### 5.2 Liquidity risk

Since January 2020, affected by the outbreak of COVID-19, the Group's business had been completely postponed, and the cash flow forecasting of entities in consolidating level should be made upon unprecedentedly different assumptions. The Group's finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

### 6 REVENUE INFORMATION

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Automobile related exhibition and event related services	22,574	84,706
Non-automobile related exhibition and event related services	3,245	6,433
Exhibition showroom related services	5,860	3,011
Advertisement related services	10,430	–
	<b>42,109</b>	94,150

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 7 OTHER GAINS

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Foreign exchange gains	8	9
Additional deduction of input VAT	729*	–
Government grant	–	5,000
	<b>737</b>	<b>5,009</b>

\* On 20 March 2019, the Chinese government issued “Announcement No. 39 2019 about further improvement of VAT system”. It states that from 1 April 2019 to 31 December 2021, the tax-payer who is a productive and daily life services provider is allowed to apply an additional 10% to offset output VAT from input VAT (i.e. additional deduction of input VAT policy). Benefit from this policy, the Group has other gains of approximate RMB729,000 for the Period.

### 8 INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax on profits for the period	7	1,955
Income tax expenses	7	1,955

- (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 Period, 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 Period.
- (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.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 9 (LOSSES)/EARNINGS PER SHARE

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Total (losses)/earnings attributable to shareholders ( <i>in RMB</i> )	<b>(2,970,000)</b>	3,242,000
Weighted average number of ordinary shares in issue ( <i>thousand</i> )	<b>2,000,000</b>	1,778,082
Basic (losses)/earnings per share ( <i>in RMB cents</i> )	<b>(0.15)</b>	0.18

(a) Basic (losses)/earnings per share is calculated by dividing the (losses)/earnings attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the Period.

(b) **Diluted (losses)/earnings per shares**

No diluted (losses)/earnings per share is presented as the Group has no dilutive potential ordinary shares during the Period.

### 10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
	Trade receivables	<b>14,820</b>
Less: allowance for impairment of trade receivables	<b>(3,174)</b>	(3,173)
Trade receivables — net	<b>11,646</b>	42,949
Deposits	<b>5,520</b>	2,219
Loans to staff	<b>200</b>	200
Staff advances	<b>1,684</b>	258
<b>Trade and other receivables</b>	<b>19,050</b>	45,626



## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 10 TRADE AND OTHER RECEIVABLES *(Continued)*

As at 31 December 2019 and 30 June 2020, the aging analysis of trade receivables based on invoice date are as follows:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Up to 90 days	9,448	37,737
91 days to 180 days	751	4,843
Over 180 days	4,621	3,542
	<b>14,820</b>	<b>46,122</b>

### 11 SHARE CAPITAL AND SHARE PREMIUM

#### Ordinary shares

	Number of shares	Value of ordinary shares US\$
<b>Authorised:</b>		
Ordinary shares of US\$0.0001 each as at 30 June 2020	20,000,000,000	2,000,000

	Number of shares	Nominal value of ordinary shares US\$	Equivalent value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
<b>Issued and paid:</b>					
As at 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 1 January 2020	2,000,000,000	200,000	1,277	76,152	77,429
As at 30 June 2020	2,000,000,000	200,000	1,277	76,152	77,429

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

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 11 SHARE CAPITAL AND SHARE PREMIUM *(Continued)*

- (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 the existing shareholdings in the Company.

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

### 12 TRADE AND OTHER PAYABLES

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	<b>As at 31 December 2019 RMB'000 (Audited)</b>
Trade payables	<b>19,495</b>	67,173
Employee benefit payables	<b>179</b>	298
Other tax payables	<b>878</b>	5,422
Others	<b>3,341</b>	2,443
	<b>23,893</b>	75,876

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 12 TRADE AND OTHER PAYABLES *(Continued)*

As at 31 December 2019 and 30 June 2020, the aging analysis of the trade payables based on invoice date are as follows:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
0-90 days	6,863	44,587
91-180 days	2,399	15,474
181-365 days	8,758	7,061
Over 365 days	1,475	591
	<b>19,495</b>	<b>67,713</b>

### 13 DIVIDENDS

No dividend has been paid or declared by the Group during each of periods ended 30 June 2019 and 2020, respectively.

### 14 RELATED-PARTY TRANSACTIONS

(a) During each of periods ended 30 June 2019 and 2020, the Group has no significant transactions with any related party.

#### (b) Key management compensation

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

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Wages and salaries	678	703
Pension scheme and other social security costs	141	188
Housing benefits	61	112
Other costs and benefits	16	30
	<b>896</b>	<b>1,033</b>

### 15 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no subsequent events that require additional disclosure after the reporting period.