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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 2020

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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 and will remain on the "Latest Listed Company Information" page on the GEM website at 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
(resigned on 16 November 2020)
HLB Hodgson Impey Cheng Limited
(Since 16 November 2020)
31/F, Gloucester Tower, The Landmark
11 Pedder Street, Central, Hong Kong

STOCK CODE

8403

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

(since 1 July 2020)
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Beijing 100600
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands
(since 16 December 2020)

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

Kingsman HK Capital Limited

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAWS

Loong & Yeung (since 1 July 2020)
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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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				
	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*	2019 *RMB'000*	**2020** ***RMB'000***
Revenue	88,304	97,000	124,779	228,256	**144,166**
Cost of service	(65,991)	(72,697)	(99,182)	(215,251)	**(143,542)**
Gross profit	22,313	24,303	25,597	13,005	**624**
Selling expenses	(1,182)	(3,251)	(3,485)	(4,193)	**(4,270)**
Administrative expenses	(6,399)	(19,240)	(22,074)	(11,274)	**(12,227)**
Net allowance for expected credit loss on financial and contract assets	–	–	(1,510)	(2,007)	**(1,536)**
Other income, gains or losses	24	69	157	5,438	**1,177**
Other gains/(losses) — net	182	(144)	3,435	–	**–**
Operating profit/(loss)	14,938	1,737	2,120	969	**(16,232)**
Finance income	26	21	36	–	**–**
Finance costs — net	(237)	(114)	(10)	(188)	**(510)**
Profit /(loss) before income tax	14,727	1,644	2,146	781	**(16,742)**
Income tax expense	(3,737)	(2,428)	(3,142)	(2,034)	**(1,092)**
Profit/(loss) for the year	10,990	(784)	(996)	(1,253)	**(17,834)**

SUMMARY OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*	2019 *RMB'000*	**2020** ***RMB'000***
Total non-current assets	3,148	2,837	5,398	7,158	**4,326**
Total current assets	48,720	64,890	119,879	154,472	**121,409**
Total assets	51,868	67,727	125,277	161,630	**125,735**
Total liabilities	24,007	41,065	51,367	88,571	**69,316**
Net current assets	24,713	23,825	68,512	65,901	**52,986**

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the board of Directors (the "**Board**") of Dowway Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present the Group's audited annual report for the year ended 31 December 2020 (the "**Year**").

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

In 2020, the global economic environment experienced turbulence. Major economies faced unprecedented challenges due to the sudden outbreak of novel coronavirus (the "**COVID-19**") pandemic. Different cities around the world imposed various measures to control the pandemic, such as border closures, entry and exit restrictions and crowd control. As a result, the business environment became precarious. Uncertainties led to increased downward pressure on the economic outlook. However, given the implementation of appropriate anti-pandemic measures under the leadership of the PRC government, the pandemic was initially brought under control in the second quarter of 2020. Normal business operations were able to be resumed in major cities, fueling a rapid economic recovery. Meanwhile, the PRC promoted an inner circulation economic strategy to boost domestic consumption, launching a series of policies to support and stimulate the economy. Consequently, the economy maintained a steady and progressive growth, with the gross domestic product (the "**GDP**") up by 2.3% year-on-year to more than RMB100 trillion for the full year(1).

Faced with the COVID-19 pandemic, most countries adopted stringent travel restrictions and crowd control measures, forcing international business activities to be suspended. The global exhibition industry was inevitably affected. The Group continued to embrace the ethos of "seeking progress while maintaining stability" as its main direction for development. It relentlessly followed the industry's development trends, actively responded to the challenges brought about by the pandemic, strengthened its communication with core customers, conducted in-depth analysis of the needs of core customers, and provided core customers with more thorough and precise services. At the same time, leveraging both its extensive experience in the exhibition and advertising industry and its solid customer base, the Group weathered market trends by proactively exploring market opportunities arising from online exhibitions and advertising, strengthening its business presence, upgrading audiovisual and technical equipment, and enhancing management efficiency, all in a bid to provide more comprehensive exhibition and advertising services to customers, as well as further improve the customer experience and better meet customers' needs.

CHAIRMAN'S STATEMENT

During the Year, due to the adverse impact of the COVID-19 pandemic, crowd control and other anti-pandemic measures, many exhibitions were unable to commence as scheduled. Moreover, customers adopted a conservative, wait-and-see attitude amid the uncertainties, and the demand for the Group's exhibition and event management services in the PRC decreased. The Group undertook 40 exhibition and event projects and two exhibitions showroom projects (2019: 95 exhibitions and event projects and three exhibition showroom projects). Among these, 32 projects had been completed, including 1 exhibition showroom project (2019: 85 projects completed), which collectively generated a revenue of approximately RMB144.2 million, representing a year-on-year decrease of 36.8% or approximately RMB84.1 million. During the Year, the Group recorded a gross profit of approximately RMB0.6 million, representing a year-on-year decrease of 95.20% or approximately RMB12.4 million. The decrease was mainly due to the drop in revenue of the Group, as well as reduction in costs that were unable to offset the revenue decline, despite the stringent cost controls employed by the Group. The Group recorded a net loss attributable to the owners of the Company of approximately RMB17.83 million during the Year. The Board does not recommend the payment of a final dividend for the Year.

Looking ahead, the impacts of the pandemic across the world are expected to continue. However, following the development of several COVID-19 vaccines, the pandemic is expected to be gradually brought under control, and corporate and consumer activities will eventually return to normal. Moreover, favorable policies were launched due to the inner circulation policy advocated by the PRC government. For example, corporate financing costs and burden on enterprises from social insurance, taxes and tariffs were reduced, hence allowing more effort to be devoted to stimulating economic growth. The Group will continue to uphold the "customer-oriented" service philosophy and adhere to the principle of "high quality and efficiency; cooperation with a view to achieve a win-win situation" and will closely monitor the development trends of the PRC exhibition and related services industries. It will dig into the needs of its core customers in order to provide more dedicated services. Meanwhile, the Group will horizontally develop the advertising and other exhibition and promotion businesses to improve their business layout. It will also grasp all potential opportunities that arise within the market so as to further promote the development of the Group's exhibition and event management and exhibition showroom services businesses, in a bid to maintain the Group's leading position in the industry, thrive in an increasingly competitive environment and generate long-term value for the Company's shareholders and investors.

Finally, on behalf of the Board, I would like to extend my sincere gratitude to shareholders, customers and business partners for their unwavering support to the Group, and all my fellow colleagues for their dedication and hard work over the past year.

Chairman, Chief Executive Officer and Executive Director
Huang Xiaodi

Hong Kong, 22 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2020, the COVID-19 pandemic spread across the globe, and the global economic environment experienced turbulence. The risks and challenges continued to rise in domestic and international trade. This turbulent political and economic situation was heightened by the US-China Trade War. According to the International Monetary Fund, the global GDP will shrink by 4.4%, indicating an unoptimistic macro-economic environment. Notwithstanding, leveraging on effective anti-pandemic measures and a series of economic support and stimulus policies to boost domestic production and demand, China forged ahead against the tide of economic contraction and it has recorded a rebound in GDP since the second quarter of 2020. China has achieved GDP amounted to RMB101.6 trillion in 2020. The country has made positive achievements in its economic recovery and realized an increase in GDP for the Year by 2.3%, which was not easy.

Under this background, the exhibition industry in the PRC was at an important stage for its transformation from high-speed growth to high-quality development. Affected by the haze brought by the COVID-19 pandemic, the exhibition industry was facing difficulties of unceasing delay or cancellation of the schedules for contracted exhibition and event management services, and a slump in the upstream demand in the exhibition industry. Nevertheless, the exhibition and event service providers with good reputation, strong customer base and rich operational experiences could still deeply explore customer demand in such a difficult environment and provided customers with better and more refined services, while optimizing the business layout to provide customers with more comprehensive and innovative services in view of the development of science and technology, in order to explore potential demand and further broaden the market demands.

The PRC government has been actively promoting its inner circulation economic strategy to boost domestic consumption. Under this background, as stated in the Report on Development of the Consumer Market in the PRC in 2020 (《2020年中國消費市場發展報告》) issued by Research Institute of Ministry of Commerce of the PRC in December 2020, the year-on-year growth in the total retail sales of social consumer goods in the PRC has changed from negative to positive since August 2020, and the contribution rate of final consumption expenditure to economic growth has rebounded to 34.9% in the third quarter of 2020. There would be national demand for automobiles in the long term and the trend of consumption upgrading would continue(1). The market shares of SUVs, new energy vehicles and high-end branded passenger cars grew rapidly. Although the exhibition related to automobile industry was also affected by the pandemic, it continued to be one of the leading industries in terms of number and area of exhibitions. There were automobile related exhibitions in different sizes held in succession in the PRC, including off-line exhibitions such as the 18th Central China International Auto Show held in Wuhan International Expo Center and the 10th Guiyang International Auto Show & New Energy • Smart Auto Show. Meanwhile, there were more online exhibitions held under the current circumstances, such as the 10th China (Guizhou) International Wine Fair(2) and Alibaba.com Online Trade Fair(3).

Notes:

(1) Source extracted from Research Institute of Ministry of Commerce: Report on Development of the Consumer Market in the PRC in 2020 (https://finance.sina.com.cn/tech/2020-12-12/doc-iiznezxs6482949.shtml)

(2) Source extracted from China Convention / Exhibition / Event Society (http://www.cces2006.org/index.php/home/index/category/cate_id/61)

(3) Source extracted from National Business Daily (https://supplier.alibaba.com/trade/domestic/PXJJP51Z.htm)

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 2020, the management actively conducted cost control and promoted the business development. Nevertheless, confronted with the COVID-19 pandemic, downward pressure on economy and anti-pandemic measures such as restrictions on movement of people, there was unceasing delay or cancellation of the schedules for contracted exhibition and event management services, and a slump in the upstream demand in the exhibition industry. Under such difficult circumstances, the Group completed 31 exhibition and event projects and 1 exhibition showroom project, and its total revenue decreased by 36.84% to approximately RMB144.17 million as compared with the same period in 2019.

Leveraging on its rich experiences and solid customer bases in the exhibition promotion industry, the Group actively explored new business opportunities and new source of revenue, actively explored market opportunities of online exhibition and advertising, and successfully carried out advertising related services in the Year. The Group mainly focused on mobile internet advertising business, especially in the field of in-feed advertising, which has gradually gained an effective competitive edge in the industry. By accurately capturing the target customers of advertisers, the Group offered the most distinctive and cost-effective advertising solutions, and provided advertisers with one-stop integrated services such as advertising creativity, video shooting, placement strategy, placement tests, database tuning and continuous optimization, so as to achieve an optimal sales conversion rate. The revenue from advertisement related services accounted for 20.29% of the total revenue.

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 2019 and 2020:

	For the year ended 31 December			
	2020		2019	
	RMB'000	**%**	*RMB'000*	*%*
Revenue from automobile related exhibitions and events related services	**99,560**	**69.07**	203,356	89.09
Revenue from non-automobile related exhibitions and events related services	**6,566**	**4.55**	15,768	6.91
Revenue from exhibition showroom related services	**8,786**	**6.09**	9,132	4.00
Revenue from advertisement related services	**29,254**	**20.29**	–	–
Total	**144,166**	**100**	228,256	100

Revenue decreased from approximately RMB228.26 million for the year ended 31 December 2019 to approximately RMB144.17 million for the year ended 31 December 2020, representing a year-over-year decrease of approximately 36.84% or approximately RMB84.09 million. It was primarily due to a decrease in revenue resulted from a decrease in the number of projects or contracts completed by the Group caused by deferment or cancellation of scheduled exhibitions in succession and significant reduction in demand for exhibitions and events management services due to the outbreak of COVID-19 pandemic during the Year.

For the Year, revenue from automobile related exhibitions and events related services continued to be the main source of revenue for the Group, which decreased from approximately RMB203.36 million for the year ended 31 December 2019 to approximately RMB99.56 million for the year ended 31 December 2020, representing a year-over-year decrease of approximately 51.04% or approximately RMB103.80 million. The revenue from automobile related exhibitions and events related services accounted for approximately 69.07% of the total revenue for the Year.

Revenue from non-automobile related exhibitions and events related services decreased from approximately RMB15.77 million for the year ended 31 December 2019 to approximately RMB6.57 million for the year ended 31 December 2020, representing a year-over-year decrease of approximately 58.36% or approximately RMB9.20 million. The revenue from non-automobile related exhibitions and events related services accounted for approximately 4.55% of the total revenue for the Year.

Revenue from exhibition showroom related services decreased from approximately RMB9.13 million for the year ended 31 December 2019 to approximately RMB8.79 million for the year ended 31 December 2020, representing a year-over-year decrease of approximately 3.79% or approximately RMB0.34 million. The revenue from exhibition showroom related services accounted for approximately 6.09% of the total revenue for the Year.

During the Year, the Group started to carry out advertising business and has successfully explored new source of revenue. The Group mainly focused on mobile internet advertising business, especially in the field of in-feed advertising, which has gradually gained an effective competitive edge in the industry. Revenue from advertising related services was approximately RMB29.25 million, accounted for 20.29% of the total revenue for the Year.

Cost of service

Cost of service decreased from approximately RMB215.25 million for the year ended 31 December 2019 to approximately RMB143.54 million for the year ended 31 December 2020, representing a year-over-year decrease of approximately 33.31% or approximately RMB71.71 million. The decrease in cost of service was primarily due to the decrease in cost of exhibitions and events related services provided by suppliers as the deferment and cancellation of scheduled exhibitions due to the overall decrease on demand of exhibition industry which was affected by the COVID-19 pandemic during the Year.

For the Year, the cost of services provided by suppliers decreased from approximately RMB194.61 million for the year ended 31 December 2019 to approximately RMB133.55 million for the year ended 31 December 2020, representing a year-over-year decrease of approximately 31.38% or approximately RMB61.07 million, the cost of service provided by suppliers accounted for approximately 93.04% of the total cost of service for the Year.

Gross profit

The Group's gross profit for the year ended 31 December 2020 was approximately RMB0.62 million, representing a decrease of approximately 95.20% or approximately RMB12.38 million as compared with the gross profit of approximately RMB13.01 million for the year ended 31 December 2019. The decrease in gross profit was primarily due to a decrease in revenue resulted from deferment or cancellation of exhibitions and events caused by the COVID-19 pandemic during the Year. Although the Group strictly controlled costs, the decrease in cost of service was less than the decrease in revenue.

Selling expenses

For the Year, selling expenses were approximately RMB4.27 million, representing an increase of approximately 1.84% or approximately RMB0.08 million as compared with approximately RMB4.19 million for the year ended 31 December 2019. The selling expenses remained stable for both years ended 31 December 2019 and 2020.

Administrative expenses

For the Year, administrative expenses were approximately RMB12.23 million, representing a year-over-year increase of approximately 8.45% or approximately RMB0.95 million as compared with approximately RMB11.27 million for the year ended 31 December 2019. The increase was mainly attributable to the increase in depreciation expenses and management consulting and other services expenses.

Other income, gains or losses

Other income, gains or losses were approximately RMB1.18 million for the Year, while other income, gains or losses for the year ended 31 December 2019 was approximately RMB5.44 million. The decrease was mainly attributable to the decrease in government grant received.

Finance income

Finance income represented interest income on bank balances and deposits. For the Year, the Group's finance income was approximately RMB46,000 (2019: RMB38,000).

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings and interest expense of lease liabilities. For the Year, the Group's finance expenses were approximately RMB556,000 (2019: RMB226,000).

(Loss)/profit before income tax

As a result of the foregoing, the Group recorded loss before income tax of approximately RMB16.74 million for the Year, as compared with profit before income tax of approximately RMB0.78 million for the year ended 31 December 2019, which was mainly due to (i) it recorded loss due to decrease in revenue and gross profit resulted from the deferment or cancellation of exhibitions and events due to the adverse impact from the COVID-19 pandemic; (ii) decrease in other gains as the Group received a one-off governmental grant by the PRC government for newly listed company of approximately RMB5.00 million for the year ended 31 December 2019 which did not recur during the Year.

Income tax expense

Income tax expense decreased from approximately RMB2.03 million for the year ended 31 December 2019 to approximately RMB1.10 million for the Year, representing a year-over-year decrease of approximately 46.31% or approximately RMB0.94 million.

Loss for the Year

As a result of combined influence of the above-mentioned factors, the Group recorded a loss of approximately RMB17.83 million for the Year, while the loss was approximately RMB1.25 million for the year ended 31 December 2019.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There was no material change in the capital structure of the Group for the year ended 31 December 2020 as compared with year ended 31 December 2019. Details are set out in Note 23 to the consolidated financial statements of this report.

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 2019 and 2020:

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
Net cash used in operating activities	**(12,324)**	(39,473)
Net cash generated from/(used in) investing activities	**46**	(447)
Net cash generated from financing activities	**2,340**	3,039
Net decrease in cash and cash equivalents	**(9,938)**	(36,881)
Cash and cash equivalents at the end of the year	**15,312**	25,116

As at 31 December 2020, cash and cash equivalents of the Group were approximately RMB15.31 million (as at 31 December 2019: approximately RMB25.12 million), which was mainly denominated in RMB and Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

Net current assets
The Group recorded net current assets of approximately RMB52.99 million as at 31 December 2020, while the net current assets of the Group as at 31 December 2019 was approximately RMB65.90 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 fulfill the needs of its daily operation and manage the liquidity risk.

Borrowings
As at 31 December 2020, the Group had bank borrowings of RMB9.00 million (as at 31 December 2019: approximately RMB5.00 million). Save as the foregoing, the Group did not have any outstanding bank overdrafts, unutilised banking borrowings, debt securities, other similar indebtedness, acceptance credits, hire purchase commitments, mortgages, charges, material contingent liabilities nor guarantees outstanding. The Group did not have plan for any material external debt financing.

The Directors confirm that there was no material adverse change in the Group's indebtedness and contingent liabilities for the year ended 31 December 2020 as compared with year ended 31 December 2019.

Pledge of assets/charge on assets
As at 31 December 2019 and 2020, none of the Group's assets were pledged or charged.

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

	As at 31 December 2020 ***RMB'000*** ***(Audited)***	As at 31 December 2019 *RMB'000* *(Audited)*
Total interest-bearing borrowings	**9,000**	5,000
Total equity	**56,419**	73,059
Gearing ratio	**15.95%**	6.84%

DIVIDEND
The Board did not recommend the payment of any final dividend for the year ended 31 December 2020 (for the year ended 31 December 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 proceeds amounted to HK$36.34 million after deducting underwriting commissions and professional service fees in relation to the Share Offer. The Company has been applying the net proceeds according to the "Use of Proceeds" stated in the prospectus of the Company dated 29 May 2018 (the "**Prospectus**"). Uses of net proceeds as at 31 December 2020 are listed as follows:

	Planned use of proceeds as disclosed in the Prospectus *HK$'000*	Percentage of net proceeds	Actual use of proceeds from the Listing Date up to 31 December 2020 *HK$'000*	Percentage of net proceeds	Unutilized net proceeds as at 31 December 2020 *HK$'000*	Percentage of net proceeds	Expected timetable for fully utilizing the remaining net proceeds from the Share Offer as at 31 December 2020
Expand the Group's exhibition and event management services	12,972	35.7%	12,972	35.7%	0	0.0%	N/A
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%	1,319	3.6%	1,697	4.7%	30 June 2021
Expand the Group's workforce to support its business expansion	13,372	36.8%	7,936	21.8%	5,436	15.0%	30 June 2021
Strengthen the Group's marketing efforts	3,343	9.2%	0	0.0%	3,343	9.2%	30 June 2021
Working capital and other general corporate purpose	3,634	10.0%	3,634	10.0%	0	0.0%	N/A
Total	36,337	100%	25,861	71.1%	10,476	28.9%	

The Directors will continually evaluate the Group's business strategies in line with the external economic environment and market conditions, and will change or modify the plan according to changes in market conditions, to support business growth of the Group.

All unutilized balances of approximately HK$10.48 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.

During the Year, the actual application for the net proceeds from the Share Offer were used according to the purposes previously disclosed in the Prospectus. Save for the timing of the expected utilisation of the remaining net proceeds as set out above, there was no material change in the use of proceeds, and that the unutilised amount is expected to be used in accordance with the purposes as disclosed in the Prospectus. Given the impacts of the COVID-19 on the PRC and global economy, the Company will continue to evaluate and adopt a prudent and flexible approach for utilising the remaining net proceeds effectively and efficiently for the long-term benefit and development of the Group.

The expected timeline of full utilisation is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions. Should there be any material change in the intended use of the remaining net proceeds from the Share Offer as described in the Prospectus and in this report, the Company will make appropriate announcement(s) in due course.

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-related 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 the Group 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 pandemic and the control and prevention of pandemic 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:

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

Major risks and uncertainties relating to the implementation of business strategies

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

Save as disclosed in this Report, the Group did not have other plans for material investments, acquisitions and capital assets during the Year.

Business strategies and implementation plan

For the year ended 31 December 2020, 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) strengthening its capabilities for advertising business; (iv) executing its marketing plans; and (v) 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

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL INVESTMENTS HELD

As at 31 December 2020, the Group did not hold any material investments.

MATERIAL ACQUISITIONS AND DISPOSALS RELATED TO THE SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Year, the Group did not have any material acquisitions and disposals related to the subsidiaries and associated companies (2019: nil).

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no significant contingent liabilities (2019: nil).

HUMAN RESOURCES

As at 31 December 2020, the Group employed a total of 62 employees (2019: 93), among which 6 of them were at management level, all stationed in the PRC. For the year ended 31 December 2020, the staff costs (including Directors' emoluments) were approximately RMB9.22 million (2019: approximately RMB17.02 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 2020, the total amount contributed to social security insurance and housing provident funds by the Group was approximately RMB1.11 million. The Group has complied with all social security insurance and housing provident fund obligations applicable under the PRC laws and regulations.

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

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

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 at bank, trade and other receivables, notes receivables and contract assets shown on consolidated statement of financial position.

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 as the effect of credit risk is insignificant.

The Group's trade receivables arise from exhibition and event marketing services fees, more than 60% of which are in turn derived from main customers that are renowned automobile companies. Should there be any 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 might be adversely affected due to deterioration in recoverability of trade receivables from these automobile companies.

To manage this risk, the Group's management team maintains frequent communications with their representatives 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 as the effect of credit risk is insignificant.

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 as the effect of credit risk is insignificant.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY RISK

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

For the year ended 31 December 2020, 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.

OUTLOOK

In 2020, the PRC government has introduced various economic stimulus plans, including reducing financing costs of enterprises and reducing burden of enterprises on social insurance, taxes and tariffs, and has established different pandemic related funds, in order to mitigate the impact of the pandemic. With the operation of the normalized pandemic prevention and control mechanism as well as the production and launch of COVID-19 vaccines, consumption will further rebound and consumption will still be the major driver for economic growth. The economic recovery in the PRC will gradually pick up momentum, and the exhibition industry is expected to recover steadily.

The Group remains optimistic about the development of the exhibition industry in the future. Leveraging on its rich experiences and solid customer bases in the exhibition promotion industry, the Group will continue to uphold the "customer-oriented" service philosophy and adhere to the principle of "high quality and efficiency; cooperation with a view to achieve a win-win situation" and will closely monitor the development trends of the PRC exhibition and related services industries. The Group will cautiously analyze market risks and challenges and prudently respond to market changes. It will deeply explore the needs of its core customers in order to provide refined services. Meanwhile, the Group will weather the market trends by increasing its efforts to develop the online exhibition business, and integrating its online and offline channels to expand its advertising and other exhibition promotion businesses, so as to improve the business layout of the Group. It will also grasp all potential opportunities that arise within the market and continue to explore potential customers and projects, so as to further promote the development of the Group's business. Moreover, the Group will also upgrade and optimize its audiovisual and information technology equipment, strengthen its online service capabilities, and reduce its reliance on the external suppliers. It will strive to reduce its service costs and improve its profitability, so as to maintain the leading position of the Group in the industry, lay a more solid foundation for its long-term development in the future, and create long-term value for all shareholders and investors of the Company.

EXECUTIVE DIRECTORS

Mr. Huang Xiaodi (黃曉迪), aged 35, 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 40, 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 36, 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 49, 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 42, 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 62, 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), the certificate of outstanding chief supervising engineer of Beijing (北京市優秀總監理工程師證書) and the qualification of bid evaluation expert of Beijing (北京市評標專家) in March 1997, February 2004 and January 2013 respectively. Mr. Gao has over 34 years of experience in construction work engineering and surveying. Between September 1982 to August 1987, he was responsible for conducting research at the Building Structure Research Centre of China Academy of Building Science Research (中國建築科學研究院建築結構研究所). Subsequently from September 1987 to December 1992, he has worked at the National Construction Engineering Quality Supervision and Testing Centre of China Academy of Building Science Research (中國建築科學研究院國家建設工程質量監督檢驗測試中心) responsible for quality supervision of construction engineering. He has worked at CABR Construction Engineering Consulting Co., Ltd of China Academy of Building Science Research (中國建築科學研究院建研凱勃建設工程諮詢有限公司) since January 1993, responsible for monitoring construction work and his last position is chief engineer.

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yu Leung Fai (余亮暉), aged 43, 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 34, 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. Zhang Xin (張鑫), aged 37, is the sales director of Beijing Dowway since 1 July 2019 and is responsible for overseeing its sales and business development. Mr. Zhang has over 10 years of professional experiences in the exhibition and event management industry. He is a professional in exhibition execution and planning, as well as design and implementation in the exhibition audiovisual industry. He is skilled in providing overall control for large-scale exhibitions and release events, has deep and unique views on the industry, and can precisely grasp the purposes and quality of large-scale events and brand exhibitions.

Ms. Yao Zhihong (姚志宏), aged 40, joined Beijing Dowway as an account director on 13 August 2018, and currently a sales director of Beijing Dowway. Ms. Yao has more than 10 years of professional experiences in the exhibition and event management industry. She is a veteran in the planning, organization and operation of automobile brand events. She is especially skilled in luxury automobile exhibition and release events. She can precisely grasp the process, quality requirements and event style of the luxury automobile brand exhibitions. She has rich experiences in large-scale automobile exhibitions and release events.

DIRECTORS AND SENIOR MANAGEMENT

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 2020.

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 2020 are set out in Note 1 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statements of comprehensive income on page 57 of this annual report.

DIVIDEND POLICY

This policy is made by 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 2020 (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; and
- other factors that the Board deems relevant.

DIRECTORS' REPORT

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 (2019: 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 Review 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

The Group had no material events for disclosure subsequent to 31 December 2020 and up to the date of this annual report.

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 2020 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 2020 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.

Major customers

For the year ended 31 December 2020, the Group's sales to its five largest customers accounted for approximately 55.0% (2019: 61.4%) of the Group's total revenue and our single largest customer accounted for approximately 32.7% (2019: 28.2%) of the Group's total revenue.

Major suppliers

For the year ended 31 December 2020, the Group's five largest suppliers accounted for approximately 33.3% (2019: 25.7%) of the Group's total purchases and our single largest supplier accounted for approximately 9.0% (2019: 7.0%) 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 or five largest 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 year ended 31 December 2020 are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the the year ended 31 December 2020 are set out in Note 23 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 2020 are set out on page 60 of this annual report in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's reserves available for distribution to equity holders amounted to approximately RMB-13.2 million (as at 31 December 2019: RMB1.6 million).

BANK BORROWINGS AND OTHER BORROWINGS

As at 31 December 2020, the Group had total bank loans of RMB9.0 million (31 December 2019: RMB5.0 million).

DIRECTORS' REPORT

DIRECTORS

The Directors during the year ended 31 December 2020 and up to the date of this annual report are:

Executive Directors:

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

Non-executive Director:

Mr. Yuen Lai Him

Independent Non-executive Directors:

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

In accordance with the articles of association of the Company (the "**Articles of Association**"), Mr. Huang Xiaodi, Mr. Ma Yong and Mr. Gao Hongqi 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 forthcoming annual general meeting are set out in the circular to the Shareholders dated 30 March 2021.

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 2020 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 and as at 31 December 2020 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 2020 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 2020. Details are set out in Note 33 and 9 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 or subsisted as at 31 December 2020.

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.

DIRECTORS' REPORT

The Company has received confirmations from the Covenantors confirming their compliance with the Deed of Non-competition during the year ended 31 December 2020 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 2020.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2020, 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 2020, 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 32 to the consolidated financial statements. They did not constitute connected transactions or continuing connected transactions of the Company in accordance with Chapter 20 of the GEM Listing Rules, and the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

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 2020 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 2020, 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

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

INTEREST OF THE COMPLIANCE ADVISER

As advised by the Company's compliance adviser, Kingsman HK Capital Limited (the "**Kingsman**"), during the Year, 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 2020, 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 2020.

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

As at 31 December 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 (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 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 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 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 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:

Director's Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
A&B Development Holding Limited *(Note 1)*	Beneficial owner	1,272,900,000	63.65%
Ms. Lin Yuting (林雨亭) *(Note 2)*	Interest of a spouse	1,272,900,000	63.65%

Note 1: 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.

Note 2: Ms Lin Yuting is the spouse of Mr. Huang Xiaodi. Therefore, Ms. Lin Yuting is deemed, or taken to be, interested in all the Shares in which Mr. Huang has, or is deemed to have, an interest for the purpose of the SFO.

Save as disclosed above, as at 31 December 2020, 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 2020 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 paragraph (c) below 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 in 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 7 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 2020, 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 2020	Number of Share Options Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	As at 31 December 2020
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 Jinghui	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
Employees										
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

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.

CHANGE IN AUDITORS IN THE PRECEDING THREE YEARS

The consolidated financial statements for the year ended 31 December 2020 have been audited by HLB Hodgson Impey Cheng Limited who will retire and, being eligible, offer themselves for re-appointment as the auditor of the Company. A resolution for re-appointment of HLB Hodgson Impey Cheng Limited as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

PricewaterhouseCoopers has resigned as auditor of the Company with effect from 16 November 2020 and HLB Hodgson Impey Cheng Limited has been appointed as the new auditor of the Company with effect from 16 November 2020 to fill the casual vacancy following the resignation of PricewaterhouseCoopers.

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 2020.

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

Beijing, 22 March 2021

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2020.

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 2020. 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 2020, 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 Director and three independent non-executive Directors as follows:

Executive directors:

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

Non-executive director:

Mr. Yuen Lai Him

Independent non-executive directors:

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

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 2020, 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.

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 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 2020 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	
Ms. Xu Shuang	C,D
Mr. Gao Hongqi	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 2020, 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	5/5	1/1
Mr. Gao Hongqi	5/5	1/1
Ms. Xu Shuang	5/5	1/1
Mr. Yu Leung Fai	5/5	1/1

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 REPORT

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.

5 meetings were held by the Audit Committee for the year ended 31 December 2020 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	5/5
Mr. Gao Hongqi	5/5
Ms. Xu Shuang	5/5

During the meetings, the Audit Committee:

- reviewed the financial results of the Group for the year ended 31 December 2019, for the three months ended 31 March 2020, for the six months ended 30 June 2020 and for the nine months ended 30 September 2020 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;

- proposed and approved the change of auditors and submitted to the board of the directors for approval;

- 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); and (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.

1 meeting was held by the Nomination Committee for the year ended 31 December 2020 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	1/1
Mr. Gao Hongqi	1/1
Mr. Yan Jinghui	1/1

During the meeting, the Nomination Committee:

- considered the re-appointment of Directors;
- assessed the independent non-executive Directors;
- reviewed the structure, size and composition of the Board.

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.

1 meeting was held by the Remuneration Committee for the year ended 31 December 2020 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	1/1
Mr. Yu Leung Fai	1/1
Mr. Ma Yong	1/1

During the meeting, the Remuneration Committee:

- reviewed and approved the remuneration of directors and senior management of the Company in 2019;

- proposed Remuneration Policy and Structure for Directors and Senior Management of the Company in 2020.

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 2020 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.

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 2020 was approximately as follows:

Type of Services	Amount *(HK$'000)*
Audit services	1,100
Non-audit services related to internal control review	–
Total	1,100

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 2020, 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 2020, 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 2020, 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 sudden outbreak of COVID-19 pandemic at the beginning of 2020 has caused severe impacts on offline activities and enormous effects on the revenue of the Company. The Company has taken a series of measures to respond to the relevant challenges. The Company has strengthened its effective communication with customers and conducted online discussion about the status of projects in the circumstances that meeting face to face being infeasible, so as to make adequate preparations for work after resumption of projects. Based on the execution of projects of the Company, it has appropriately reduced the size of its project execution team and has implemented flexible working hours, thus reducing certain staff costs. Meanwhile, the Company has actively expanded its resources of suppliers and refined its procurement process to effectively reduce direct costs of projects. The above-mentioned measures has played a positive role in generating stable income and reducing costs throughout the Year.

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 2020 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 2020, 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 AUDITORS' REPORT

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

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

Opinion

We have audited the consolidated financial statements of Dowway Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 57 to 128, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2020.

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 year. 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	How our audit addressed the Key Audit Matter
Refer to Note 6 to the consolidated financial statements and the accounting policies in Note 2 to the consolidated financial statement	
Revenue recognition 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 RMB114.9 million for the year ended 31 December 2020. 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;

INDEPENDENT AUDITORS' REPORT

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 supportable by available evidence.

Other Information

The directors 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 auditors' report thereon ("Other Information").

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 The Audit Committee for the Consolidated Financial Statements

The directors 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.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 AUDITORS' REPORT

We communicate with the Audit Committee 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 the Audit Committee 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, action taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, 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 auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate number: P05029

Hong Kong, 22 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue	*6*	**144,166**	228,256
Cost of service		**(143,542)**	(215,251)
Gross profit		**624**	13,005
Selling expenses		**(4,270)**	(4,193)
Administrative expenses		**(12,227)**	(11,274)
Net allowance for expected credit loss on financial and contract assets		**(1,536)**	(2,007)
Other income, gains or losses	*7*	**1,177**	5,438
Operating (loss)/profit		**(16,232)**	969
Finance costs — net	*10*	**(510)**	(188)
(Loss)/profit before income tax	*8*	**(16,742)**	781
Income tax expense	*12*	**(1,092)**	(2,034)
Loss and total comprehensive expense for the year attributable to owners of the Company		**(17,834)**	(1,253)
Loss per share attributable to owners of the Company	*13*		
Basic and diluted loss per share *(in RMB cents)*		**(0.89)**	(0.06)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**2,830**	4,140
Right-of-use assets	*15*	**1,496**	1,650
Deferred tax assets	*29*	**–**	1,087
Other non-current assets	*21*	**–**	281
Total non-current assets		**4,326**	7,158
Current assets			
Inventories	*17*	**–**	3,478
Trade and other receivables	*18*	**51,683**	45,626
Notes receivables	*19*	**18,869**	30,076
Contract assets	*20*	**27,225**	42,122
Other current assets	*21*	**8,320**	8,054
Cash and cash equivalents	*22*	**15,312**	25,116
Total current assets		**121,409**	154,472
Total assets		**125,735**	161,630
EQUITY			
Capital and reserves			
Share capital	*23*	**1,277**	1,277
Share premium	*23*	**76,152**	76,152
Other reserves	*24*	**(4,793)**	(5,987)
(Accumulated losses)/retained earnings		**(16,217)**	1,617
Total equity		**56,419**	73,059

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Current liabilities			
Trade and other payables	*26*	**52,497**	75,876
Contract liabilities	*28*	**2,297**	2,222
Tax payables		**3,822**	4,269
Borrowings	*27*	**9,000**	5,000
Lease liabilities	*15*	**807**	1,204
Total current liabilities		**68,423**	88,571
Net current assets		**52,986**	65,901
Non-current liability			
Lease liabilities	*15*	**893**	–
Total liabilities		**69,316**	88,571
Total equity and liabilities		**125,735**	161,630

The consolidated financial statements on pages 57 to 128 were approved and authorised for issue by the Board of Directors on 22 March 2021 and are signed on its behalf by:

Huang Xiaodi
Executive Director

Ma Yong
Executive Director

The above consolidated statement of financial position 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* *(Note 24)*	Retained earnings/ (accumulated losses) *RMB'000*	Total equity *RMB'000*
At 1 January 2019		1,277	76,152	(6,842)	3,323	73,910
Total comprehensive expense for the year		–	–	–	(1,253)	(1,253)
Share-based payments	*25*	–	–	402	–	402
Appropriations to statutory reserves	*24*	–	–	453	(453)	–
At 31 December 2019 and 1 January 2020		1,277	76,152	(5,987)	1,617	73,059
Total comprehensive expense for the year		**–**	**–**	**–**	**(17,834)**	**(17,834)**
Share-based payments	*25*	**–**	**–**	**1,194**	**–**	**1,194**
At 31 December 2020		**1,277**	**76,152**	**(4,793)**	**(16,217)**	**56,419**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Cash flows from operating activities			
Cash used in operations	*31*	**(11,872)**	(37,230)
Income tax paid		**(452)**	(2,243)
Net cash used in operating activities		**(12,324)**	(39,473)
Cash flows from investing activities			
— Purchases of property, plant and equipment		**–**	(485)
— Interest received		**46**	38
Net cash generated from/(used in) investing activities		**46**	(447)
Cash flows from financing activities			
— Proceeds from borrowings		**9,000**	5,000
— Repayment of borrowings		**(5,000)**	–
— Interest paid		**(404)**	(109)
— Interest elements of lease payments		**(69)**	(94)
— Principal elements of lease payments		**(1,187)**	(1,758)
Net cash generated from financing activities		**2,340**	3,039
Net decrease in cash and cash equivalents		**(9,938)**	(36,881)
Cash and cash equivalents at beginning of year		**25,116**	61,676
Effect of foreign exchange rate changes		**134**	321
Cash and cash equivalents at end of year		**15,312**	25,116

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 and principal place of business of the Company are disclosed in the corporate information to this annual report.

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 consolidated financial statements are presented in Renminbi ('RMB'), which is also the functional currency of the Company. All values are rounded to the nearest thousand ("RMB$'000"), except when otherwise indicated.

2 Basis of preparation of consolidated financial statements and 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 of consolidated financial statements

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) relating to the preparation of consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets that measured at fair value (note 3.3) at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.1 Basis of preparation of consolidated financial statements *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.2 Application of amendments to HKFRSs

(i) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA") for the first time for their annual reporting period commencing 1 January 2020:

- Amendments to HKAS 1 and HKAS 8 — Definition of Material
- Amendments to HKFRS3 — Definition of a Business
- Amendments to HKFRS9, HKAS 39 and HKFRS 7 — Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performances for the current and prior years and on the disclosures set out in these consolidated financial statements.

(ii) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have issued but not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Costs of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.2 Application of amendments to HKFRSs *(Continued)*

(ii) New and amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19- related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application is not expected to have impact on the Group’s financial position and performance as the Group does not intend to apply the practical expedient.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.3 Principles of consolidation and equity accounting

2.3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use is power to affect is returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.4 Subsidiaries *(Continued)*

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of profit or loss and other comprehensive income.

2.5 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.

2.6 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.

2.7 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.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.7 Foreign currency translation *(Continued)*

(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 consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within "other income, gains or losses" line item.

(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.

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. 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 profit or loss and other comprehensive income during the reporting period in which they are incurred.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.8 Property, plant and equipment *(Continued)*

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.

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

2.9 Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating-unit.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.9 Impairment of non-financial assets *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 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").

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(a) Classification *(Continued)*

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.

(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 income, gains or losses" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

- 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 income, gains or 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 income, gains or losses" and impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(d) Impairment

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, note receivables, contract assets and other receivables which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes life-time ECL for trade receivables and contract assets without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(d) Impairment (continued)

Significant increase in credit risk (Continued)
In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default
For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(d) Impairment (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(d) Impairment (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of profit or loss and other comprehensive income.

On derecognition of an investment in a debt instrument classified as FVOCI, the accumulative gain or loss previously accumulated in the FVOCI reserve is reclassified to the consolidated statement of profit loss and other comprehensive income.

2.11 Financial liabilities and equity

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

(c) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

(d) Financial liabilities at amortised cost

Financial liabilities including borrowings, trade and other payables and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

(e) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.12 Inventories

The Group incurs costs to fulfil a contract in its exhibition service contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

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 Borrowing costs

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

2.15 Current and deferred income tax

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

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.15 Current and deferred income tax *(Continued)*

(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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.16 Employee benefits

(a) Pension obligations

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

(b) Housing funds

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

2.17 Share-based payments

Share Option Scheme

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserves). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserves. For share options that vest immediately at the date of grant, the fair value of the share options granted is expense immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserves will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserves will be transferred to retained earnings.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.18 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.

2.19 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 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.19 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 statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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 contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

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. As the Group's performance does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date and so revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation with the input method, under which, revenue is recognised on the basis of the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.19 Revenue recognition *(Continued)*

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

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

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

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

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. As the Group's performance does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date and so 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 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.19 Revenue recognition *(Continued)*

Advertisement related services

The Group provides service in design, planning, coordination and management of the advertisements on the publications and online media platform. Revenue from providing advertising service is recognised when the related services are delivered based on the specific terms of the contract. The customers simultaneously receive and consume the benefits when the advertisements are released on the designated publications and online media platform. Revenue from advertisement related services is recognised on a gross basis over time using the output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.20 Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

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

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

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic 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.

2.21 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.21 Leases *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.21 Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend 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 the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.21 Leases *(Continued)*

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.22 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;or

2 Basis of preparation of consolidated financial statements and summary of significant accounting policies *(Continued)*

2.22 Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity)

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

2.23 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they become receivable. Such grants are presented under "other income, gains or losses" line item.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and interest rate 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) Currency risk

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. Currency risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 December 2020 and 2019, the Group was exposed to currency 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 2020		31 December 2019	
	HKD	**USD**	HKD	USD
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents	**1,892**	**152**	1,341	161
Trade and other payables	**980**	**–**	467	–

As at 31 December 2020, if RMB had weakened/strengthened by 5% against USD and HKD (which is pegged to USD), with all other variable held constant, loss for the year of the Group would have been RMB40,000 lower/higher (2019: RMB39,000 lower/higher).

(b) Credit risk

Credit risk exposures arise principally in cash at bank, trade and other receivables, notes receivables and contract assets shown on the consolidated statement of financial position.

(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.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(i) Risk management (Continued)

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 as the effect of credit risk is insignificant and no loss allowance is recognised.

The Group's trade receivables and contract assets arise from exhibition and event related services and advertisement related services, 62.9% (2019: 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 is exposed to concentration of credit risk as at 31 December 2020 on trade receivables and contract assets from the Group's five major customers amounting to approximately RMB45,233,000 (2019: RMB56,381,000) and accounted for 60.0% (2019: 66.3%) of the Group's total trade receivables and contract assets.

The Group's other receivables comprise of deposits and loan to employees, which have a low risk of default, thus the Group considers its other receivables are not at high credit risk as the effect of credit risk is insignificant and no loss allowance is recognised.

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 as the effect of credit risk is insignificant and no loss allowance is recognised.

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 four types of financial assets that are subject to the ECL model:

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

While cash at bank are also subject to the impairment requirements of HKFRS 9, the ECL was immaterial. Thus, no loss allowance for cash and cash equivalents was recognised as at 31 December 2020 and 2019.

The Group performs impairment assessment under ECL model on trade receivables and contract assets.

To measure the ECL, 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 expected loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over the past 36 months 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.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

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

31 December 2020	0-30 days past due	31-120 days past due	121-300 days past due	More than 300 days past due	Total
Automobile companies					
Expected loss rate	1.0%	3.7%	–	5.3%	
Gross carrying amount — trade receivables	32,367	103	–	19	32,489
Gross carrying amount — contract assets	15,431	4	–	–	15,435
Allowance for ECL	492	4	–	1	497
Non-automobile companies					
Expected loss rate	10.5%	30.3%	44.5%	58.8%	
Gross carrying amount — trade receivables	14,419	300	1,354	1,751	17,824
Gross carrying amount — contract assets	8,452	6,100	153	–	14,705
Allowance for ECL	2,404	1,936	671	1,030	6,041
Total Allowance for ECL	2,896	1,940	671	1,031	6,538

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

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

31 December 2019	0-30 days past due	31-120 days past due	121-300 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	30,208	–	–	–	30,208
Gross carrying amount — contract assets	20,851	8,471	6,281	–	35,603
Allowance for ECL	511	85	63	–	659
Non-automobile companies					
Expected loss rate	6.6%	23.1%	28.3%	40.2%	
Gross carrying amount — trade receivables	7,529	4,843	1,418	2,124	15,914
Gross carrying amount — contract assets	3,094	4,318	886	50	8,348
Allowance for ECL	701	2,116	652	874	4,343
Total Allowance for ECL	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)*

The closing loss allowances for trade receivables and contract assets as at 31 December 2020 and 2019 reconcile to the opening allowance for ECL as follows:

	Contract assets		Trade receivables	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Allowance for ECL as at 1 January	**1,829**	538	**3,173**	2,457
Allowance for ECL recognised during the year	**1,086**	1,291	**450**	716
Allowance for ECL as at 31 December	**2,915**	1,829	**3,623**	3,173

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 loss and total comprehensive loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(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 date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Weighted average interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020							
Trade and other payables (excluding accrued employee benefits and other taxes)	**–**	**49,943**	**–**	**–**	**–**	**49,943**	**49,943**
Borrowings	**3.85%**	**9,186**	**–**	**–**	**–**	**9,186**	**9,000**
Lease liabilities	**4.55%**	**876**	**924**	**–**	**–**	**1,800**	**1,700**
		60,005	**924**	**–**	**–**	**60,929**	**60,643**
As at 31 December 2019							
Trade and other payables (excluding accrued employee benefits and other taxes)	–	70,156	–	–	–	70,156	70,156
Borrowings	4.35%	5,104	–	–	–	5,104	5,000
Lease liabilities	4.35%	1,241	–	–	–	1,241	1,204
		76,501	–	–	–	76,501	76,360

(d) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings and lease liabilities.

The Group also exposed to cash flow interest rate risk in relation to its bank balances. The Group considered interest rate risk on bank balances is insignificant and thus no sensitivity analysis is presented.

3 Financial risk management *(Continued)*

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.

The gearing ratios at 31 December 2020 and 2019 were as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Total interest-bearing borrowings	**9,000**	5,000
Total equity	**56,419**	73,059
Gearing ratio	**15.95%**	6.84%

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 financial assets and liabilities that are required to be measured at fair value at 31 December 2020 and 2019.

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
As at 31 December 2020				
Assets				
Financial assets at FVOCI				
— Notes receivables	**–**	**–**	**18,869**	**18,869**

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2019				
Assets				
Financial assets at FVOCI				
— Notes receivables	–	–	30,076	30,076

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. Therefore, no reconciliation of fair value measurements of notes receivables is presented.

The fair values of the financial assets included in level 3 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant unobservable input being the discount rate that reflects the credit risk of counterparties. The higher the discount rate, the lower the fair value is. No sensitivity analysis is disclosed as the management considers that the exposure is insignificant to the Group.

There were no transfers between levels 1, 2 and 3 during the years ended 31 December 2020 and 2019.

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.

4 Critical accounting estimates and judgements *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

(c) Impairment of right-of-use assets and property, plant and equipment

Right-of-use assets and property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2020, the carrying amounts of property, plant and equipment and right-of-use assets amounted to RMB2,549,000 (2019: RMB4,140,000) and RMB1,496,000 (2019: RMB1,650,000), respectively. No impairment losses were recognised during the year ended 31 December 2020. Details of the right-of-use assets and property, plant an equipment are disclosed in notes 14 and 15.

(d) Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, account receivables and contract assets with significant balances and credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates. Due to greater financial uncertainty triggered by the Covid-19 pandemic, the Group has increase the expected loss rates in the current year as there is a higher risk that a prolonged pandemic could led to increase in credit default rate. The information about the ECL is disclosed in note 3.1(b).

5 Segment information

During the year, the Group commenced the business engaging on advertisement related services and it is considered as a new operating and reportable segment by CODM. Thus, the Group had two operating and reportable segments, namely the provision of exhibition and event related services including exhibition showroom related services and advertisement related services.

The chief operating decision-maker ("CODM") assesses the performance of the operating segments based on measure of segment results. Segment results represent the profit or loss by each segment without allocation of finance costs — net, corporate incomes and expenses, which is the measure reported to CODM for the purposes of resource allocation and assessment of segment performance. No information of segment assets and liabilities is reviewed regularly by the CODM for resource allocations and the assessment of performance of operating segments. Therefore, only the segment revenue and segment results are presented.

Year ended 31 December 2020

Revenue	Exhibition and event related services *(RMB'000)*	Advertisement related services *(RMB'000)*	Total *(RMB'000)*
Revenue from external customers	114,912	29,254	144,166
Results of reportable segments	(11,363)	(1,884)	(13,247)
Corporate incomes			1,177
Corporate expenses			(4,162)
Operating loss			(16,232)
Finance costs — net			(510)
Loss before income tax			(16,742)

Amounts included in the measure of segment profit or loss.

	Exhibition and event related services *(RMB'000)*	Advertisement related services *(RMB'000)*	Total *(RMB'000)*
Capital expenditure	281	–	281
Depreciation of rights-of-use assets	1,653	184	1,837
Depreciation of property, plant and equipment	1,432	159	1,591
Allowance for ECL on financial and contract assets	246	1,290	1,536

5 Segment information *(Continued)*

Year ended 31 December 2019

Revenue	Exhibition and event related services *(RMB'000)*	Advertisement related services *(RMB'000)*	Total *(RMB'000)*
Revenue from external customers	228,256	–	228,256
Results of reportable segments	(1,927)	–	(1,927)
Corporate incomes			5,438
Corporate expenses			(2,542)
Operating profit			969
Finance costs — net			(188)
Profit before income tax			781

Amounts included in the measure of segment profit or loss.

	Exhibition and event related services *(RMB'000)*	Advertisement related services *(RMB'000)*	Total *(RMB'000)*
Capital expenditure	2,869	–	2,869
Depreciation of rights-of-use assets	1,880	–	1,880
Depreciation of property, plant and equipment	726	–	726
Allowance for ECL on financial and contract assets	2,007	–	2,007

The Group's revenue is derived from within the PRC, and the non-current assets are allocated in the PRC, no geographical information is presented.

5 Segment information *(Continued)*

Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of the Group's revenue are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Customer A[1]	**47,192**	–[2]
Customer B[1]	**16,674**	–[2]
	63,866	–

(1) Revenue from exhibition and event related services .

(2) The customer contributed less than 10% of the total revenue of the Group.

As at 31 December 2020, 30.6% of the Group's trade receivables were due from these customers which accounted for 10% or more of the Group's revenue during the year.

All revenue contracts are for one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocate to these unsatisfied contracts is not disclosed.

6 Revenue

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Disaggregation of revenue from contracts with customers		
Exhibition and event related services	**106,126**	219,124
Exhibition showroom related services	**8,786**	9,132
Advertisement related services	**29,254**	–
	144,166	228,256

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Timing of revenue recognition		
Over time	**144,166**	228,256

7 Other income, gains or losses

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Agency commissions (a)	**–**	312
Government grant (b)	**1,043**	5,000
Exchange gains-net	**134**	104
Others	**–**	22
	1,177	5,438

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

(b) During the year ended 31 December 2020, the Group received a government grant of approximately RMB1,043,000 which mainly derived from the government tax policy. 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.

8 (Loss)/profit before income tax

The Group's (loss)/profit before income tax is arrived after charging:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cost of service provided by suppliers	**133,546**	194,613
Employee benefit expenses, including directors' emoluments *(note 9)*	**9,217**	17,022
Depreciation on property, plant and equipment *(note 14)*	**1,591**	726
Depreciation on right-of-use assets *(note 15)*	**1,837**	1,880
Expenses relating to short-term leases	**393**	177
Auditors' remuneration		
— Audit services	**1,100**	1,200
— Non-audit services	**–**	–

9 Employee benefit expenses

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Wages and salaries	**5,836**	11,734
Share options granted to directors and employees *(note 25)*	**1,194**	402
Pension scheme and other social security costs	**815**	2,973
Housing benefits	**292**	862
Other costs and benefits	**1,080**	1,051
	9,217	17,022

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2020 and 2019 included three (2019: three) directors whose emoluments are reflected in the analysis shown in Note 33. The aggregate amounts of emoluments paid and payable to the remaining two (2019: two) individuals for the years ended 31 December 2020 and 2019 respectively are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Wages and salaries	**512**	763
Share options granted to employees	**50**	17
Pension scheme and other social security costs	**164**	174
Housing benefits	**76**	75
Other costs and benefits	**7**	16
	809	1,045

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2020	2019
Emoluments bands (in HK$)		
Nil — HK$500,000	**2**	–
HK$500,001 — HK$1,000,000	**–**	2

During the years ended 31 December 2020 and 2019, 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. All directors partly waived their remuneration during the year due to the impact of financial performance of the Group arising from COVID-19 pandemic (2019: Nil).

10 Finance costs — net

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Finance income		
Interest income on bank balances and deposits	**46**	38
Finance costs		
Interest expense on bank borrowings	**(404)**	(109)
Interest on lease liabilities	**(69)**	(94)
Others	**(83)**	(23)
	(556)	(226)
Finance costs — net	**(510)**	(188)

11 Subsidiaries

The Group's principal subsidiaries at 31 December 2020 and 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. 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 Company			
				directly		indirectly	
				2020 %	2019 %	2020 %	2019 %
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 ("Dowway Cultural")	The PRC, limited liability company@	Exhibition showroom related services and advertisement 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	100

* 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.

12 Income tax expense

(a) Income tax expense

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current PRC enterprise income tax	**5**	2,205
Deferred tax *(note 29)*	**1,087**	(171)
Income tax expense	**1,092**	2,034

(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 years ended 31 December 2020 and 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 years ended 31 December 2020 and 2019.

(iii) Provision for the PRC corporate income tax is calculated based on the statutory tax rate of 25% on the assessable income of each of the Group companies operated in the PRC.

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

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit before income tax	**(16,742)**	781
Tax expense calculated at applicable PRC statutory tax rate of 25%	**(4,186)**	195
Difference in tax rates	**336**	63
Expenses not deductible for tax purposes	**754**	323
Tax effect of unrecognised tax losses	**2,613**	1,393
Tax effect of unrecognised temporary differences	**1,575**	60
Income tax expense	**1,092**	2,034

13 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	
	2020	2019
Total loss attributable to shareholders *(in RMB)*	**(17,834,000)**	(1,253,000)
Weighted average number of ordinary shares in issue *(thousand)*	**2,000,000**	2,000,000
Basic loss per share *(in RMB cents)*	**(0.89)**	(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.

14 Property, plant and equipment

	Motor vehicles *RMB'000*	Equipment and furniture *RMB'000*	Total *RMB'000*
As at 1 January 2019			
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
Year ended 31 December 2020			
Opening net book amount	**1,037**	**3,103**	**4,140**
Additions	**–**	**281**	**281**
Depreciation charge	**(290)**	**(1,301)**	**(1,591)**
Closing net book amount	**747**	**2,083**	**2,830**
As at 31 December 2020			
Cost	**2,139**	**5,334**	**7,473**
Accumulated depreciation	**(1,392)**	**(3,251)**	**(4,643)**
Net book amount	**747**	**2,083**	**2,830**

14 Property, plant and equipment *(Continued)*

Depreciation charges were expensed in the following categories in the consolidated statement profit or loss and other comprehensive income:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cost of service	**709**	374
Administration expenses	**882**	352
	1,591	726

15 Leases

(i) Amounts recognised in the consolidated statement of financial position

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Right-of-use assets		
Buildings	**1,496**	1,650
Lease liabilities		
Current	**807**	1,204
Non-current	**893**	–

Additions to the right-of-use assets during the year were RMB1,683,000 (2019: RMB1,520,000), which includes right-of-use assets resulting from new leases entered.

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
Buildings *(note 8)*	**1,837**	1,880
Interest expense (included in finance costs — net) *(note 10)*	**69**	94

The total cash outflow for leases during the year was RMB1,256,000 (2019: RMB1,852,000).

15 Leases *(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.

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.

(iv) Lease liabilities

	Minimum lease payment		Present value of minimum lease payment	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Lease liabilities payable:				
Within one year	**876**	1,241	**807**	1,204
Within a period of more than one year but not exceeding two years	**924**	–	**893**	–
	1,800	1,241	**1,700**	1,204
Less: Future finance charges	**(100)**	(37)	**–**	–
Present value of lease obligations	**1,700**	1,204	**1,700**	1,204
Less: Amount due within one year shown under current liabilities			**(807)**	(1,204)
Amount due after one year shown under non-current liabilities			**893**	–

The weighted average incremental borrowing rates applied to lease liabilities was 4.55% (2019: 4.35%)

16 Financial instruments by category

The Group holds the following financial instruments:

Financial assets	Note	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Financial assets at amortised cost			
Trade and other receivables	*18*	**50,682**	45,368
Cash and cash equivalents	*22*	**15,312**	25,116
Financial assets at FVOCI			
Notes receivables	*19*	**18,869**	30,076
		84,863	100,818

Financial liabilities	Note	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Financial liabilities at amortised cost			
Borrowings	*27*	**9,000**	5,000
Trade and other payables (excluding accrued employee benefits and other taxes)		**49,943**	70,156
		58,943	75,156

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

17 Inventories

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Costs to fulfil contracts	**–**	3,478

Contract costs capitalised relate to the exhibition services whose selling activities resulted in customers entering into service agreement for exhibition service which are still processing at the reporting date. Contract costs are recognised as part of cost of service in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from exhibition services is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB3,478,000 (2019: Nil). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2019: Nil).

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.

18 Trade and other receivables

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**50,313**	46,122
Less: allowance for ECL	**(3,623)**	(3,173)
Trade receivables — net	**46,690**	42,949
Deposits	**3,202**	2,219
Loan to employees	**790**	200
Staff advances	**1,001**	258
Trade and other receivables	**51,683**	45,626

As at 31 December 2020 and 2019, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Up to 90 days	**33,710**	37,737
91 days to 180 days	**12,599**	4,843
Over 180 days	**4,004**	3,542
	50,313	46,122

As at 1 January 2019, trade receivables from contracts with customers amounted to RMB34,918,000.

The Group generally allow a credit period of 30 to 180 days to its customers. As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB4,004,000 (2019: RMB3,542,000) which are past due as at the reporting date. Out of the past due balances, RMB2,235,000 (2019: RMB104,000) has been past due 90 days or more and is considered to be fully recoverable according to the customers' historical payment record.

Details of the impairment assessment of trade receivables are set out in note 3.1(b).

19 Notes receivables

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Notes receivables	**18,869**	30,076

As at 31 December 2020, 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.

Details of the impairment assessment of notes receivables are set out in note 3.1(b).

20 Contract assets

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current contract assets related to contracts with customers	**30,140**	43,951
Less: allowance for ECL	**(2,915)**	(1,829)
Contract assets — net	**27,225**	42,122

As at 1 January 2019, contract assets amounted to RMB11,362,000.

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts at the reporting date. The contract assets are transferred to trade receivables where the rights become unconditional.

Details of the impairment assessment of contract assets are set out in note 3.1(b).

21 Other current assets

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Prepayments for equipment	**–**	281
Prepayments for rental and deposit	**100**	100
Prepayments for consumable items	**862**	862
Prepayments for other services	**7,358**	7,092
	8,320	8,335
Less: non-current portion	**–**	(281)
Current portion	**8,320**	8,054

22 Cash and cash equivalents

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cash at banks	**14,978**	24,785
Cash on hand	**334**	331
	15,312	25,116

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
US dollars	**152**	161
Hong Kong dollars	**1,892**	1,341
RMB	**13,268**	23,614
	15,312	25,116

(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.

23 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 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 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*
Issued and paid:					
As at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	2,000,000,000	200,000	1,277	76,152	77,429

24 Reserves

	Capital reserves *RMB'000* *(Note a)*	Share-option reserves *RMB'000* *(Note 25)*	Other reserves *RMB'000* *(Note b)*	Total *RMB'000*
As at 1 January 2019	2,758	–	(9,600)	(6,842)
Profit appropriation to statutory reserves	453	–	–	453
Share-based payment expenses *(note 25)*	–	402	–	402
As at 31 December 2019 and 1 January 2020	3,211	402	(9,600)	(5,987)
Share-based payment expenses *(note 25)*	**–**	**1,194**	**–**	**1,194**
As at 31 December 2020	**3,211**	**1,596**	**(9,600)**	**(4,793)**

24 Reserves *(Continued)*

(a) Capital 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.

(b) Other reserves

The other reserve represents the consideration paid during the reorganization on 25 September 2017 as deemed distributions to shareholders.

25 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") which will expire at the close of business on the business day immediately preceding the tenth anniversary thereof. 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 maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme of our Company (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 must not in aggregate exceed 10% of all our Shares in issue. 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.

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.

25 Share-based payments *(Continued)*

(a) Share Option Scheme *(Continued)*

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 *(Note)*	**HK$0.0508**	**136,000,000**
As at 31 December 2019, 1 January 2020 and 31 December 2020	**HK$0.0508**	**136,000,000**
Vested and exercisable as at 31 December 2019, 1 January 2020 and 31 December 2020	**HK$0.0508**	**–**

Note: These options are vesting upon 16 August 2022 and will expire on 15 August 2029.

No options exercised or expired during the year ended 31 December 2020 and 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 2020
16 August 2019	15 August 2029	HK$0.0508	136,000,000
Remaining contractual life of options outstanding at end of period			8.63 years

(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. 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.

25 Share-based payments *(Continued)*

(a) Share Option Scheme *(Continued)*

(i) Fair value of options granted *(Continued)*

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

(c) Grant date: 16 August 2019

(d) Expiry date: 15 August 2029

(e) Share price at grant date: HK$0.047

(f) Expected price volatility of the Company's shares: 57.36%

(g) Expected dividend yield: 0.00%

(h) Risk-free interest rate: 1.019%

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 expenses were as follows:

	2020 ***RMB'000***	2019 *RMB'000*
Options issued under Share Option Scheme	**1,194**	402

26 Trade and other payables

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade payables	**49,575**	67,713
Employee benefit payables	**84**	298
Other tax payables	**2,470**	5,422
Others	**368**	2,443
	52,497	75,876

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Up to 90 days	**33,925**	44,587
91 days to 180 days	**12,532**	15,474
181 days to 365 days	**2,226**	7,061
Over 365 days	**892**	591
	49,575	67,713

27 Borrowings

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Secured bank borrowings	**9,000**	5,000
The carrying amounts of the above borrowings are repayable:		
— Within one year	**9,000**	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. The borrowings were secured by corporate guarantee of an independent third party.

27 Borrowings *(Continued)*

On 25 September 2020, Beijing Dowway and Dowway Cultural entered into a credit agreement with the Beijing Branch of the Bank of China. Pursuant to the credit agreement, Beijing Dowway and Dowway Cultural are granted with a credit limit up to RMB 2,000,000 each. The length of maturity of each borrowing under this agreement is 12 months. On 28 September 2020, the withdrawal amounting to RMB4,000,000 was received. The borrowing of Beijing Dowway of RMB2,000,000 was secured by personal guarantee of a director of the Company and a corporate guarantee of an independent third party. The borrowing of Dowway Cultural of RMB2,000,000 was secured by a corporate guarantee of an independent third party.

Bank borrowing will mature within a year and bears fixed interest at rate of 3.85% annually (2019: 4.35%).

28 Contract liabilities

The following table shows the movement of contract liabilities:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Receipts in advance	**2,297**	2,222

As at 1 January 2019, contract liabilities amounted to RMB3,307,000.

	Receipt in advance *RMB'000*
Balance at 1 January 2019	3,307
Revenue recognised that was included in the contract liabilities at the beginning of the year	(3,307)
Increase in contract liabilities excluding amounts recognised as revenue during the year	2,222
Balance at 31 December 2019 and 1 January 2020	**2,222**
Revenue recognised that was included in the contract liabilities at the beginning of the year	**(2,222)**
Increase in contract liabilities excluding amounts recognised as revenue during the year	**2,297**
Balance at 31 December 2020	**2,297**

29 Deferred tax assets

As at 31 December 2020 and 2019, the deferred tax assets recognised are expected to be recovered more than 12 months.

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

Deferred tax assets

	Provisions *RMB'000*	Tax losses *RMB'000*	Total *RMB'000*
As at 1 January 2019	645	271	916
Credited/(charged) to consolidated statement of profit or loss and other comprehensive income	442	(271)	171
As at 31 December 2019 and 1 January 2020	1,087	–	1,087
Charged to consolidated statement of profit or loss and other comprehensive income	**(1,087)**	**–**	**(1,087)**
As at 31 December 2020	**–**	**–**	**–**

The Group recognised the deferred tax assets of RMBNil (2019: RMB1,087,000) in respect of provision for allowance of ECL on 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 tax assets of tax losses was RMB4,675,000 (2019: RMB2,062,000) in respect of losses amounting to RMB18,701,000 (2019: RMB8,248,000) that can be carried forward against future taxable income. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. 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.

At the end of the reporting period, the Group has deductible temporary differences of RMB6,538,000 (2019: RMB240,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

29 Deferred tax assets *(Continued)*

The expiry date of tax losses is as follow:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
31 December 2022	**1,085**	1,085
31 December 2023	**2,674**	2,674
31 December 2024	**4,489**	4,489
31 December 2025	**10,453**	–
At the end of the year	**18,701**	8,248

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.

30 Dividends

No dividend has been paid or declared by the Company during the years ended 31 December 2020 and 2019.

31 Cash used in operations

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit before income tax	**(16,742)**	781
Adjustments for:		
— Depreciation of property, plant and equipment *(note 14)*	**1,591**	726
— Depreciation of right-of-use assets *(note 15)*	**1,837**	1,880
— Allowance for ECL on trade receivables and contract assets	**1,536**	2,007
— Share options granted to directors and employees *(note 25)*	**1,194**	402
— Finance costs — net	**427**	165
— Exchange gains — net *(note 7)*	**(134)**	(321)
Changes in working capital:		
— Inventories	**3,478**	(3,478)
— Trade and other receivables	**(6,507)**	(9,302)
— Notes receivables	**11,207**	(24,015)
— Contract assets	**13,811**	(32,051)
— Other current assets	**(547)**	(4,882)
— Other non-current assets	**281**	(180)
— Trade and other payables	**(23,379)**	32,123
— Contract liabilities	**75**	(1,085)
Cash used in operations	**(11,872)**	(37,230)

31 Cash used in operations *(Continued)*

The table below detail, changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financial activities.

	Borrowings *RMB'000*	Lease liabilities *RMB'000*	Total *RMB'000*
As at 1 January 2019	–	1,442	1,442
Interest expenses *(note 10)*	109	94	203
Interest paid	(109)	–	(109)
Proceeds from borrowings	5,000	–	5,000
New leases entered *(note 15)*	–	1,520	1,520
Principal elements of lease payments	–	(1,758)	(1,758)
Interest elements of lease payments	–	(94)	(94)
As at 31 December 2019 and 1 January 2020	**5,000**	**1,204**	**6,204**
Interest expenses *(note 10)*	**404**	**69**	**473**
Interest paid	**(404)**	**–**	**(404)**
Proceeds from borrowings	**9,000**	**–**	**9,000**
New leases entered *(note 15)*	**–**	**1,683**	**1,683**
Repayment of borrowings	**(5,000)**	**–**	**(5,000)**
Principal elements of lease payments	**–**	**(1,187)**	**(1,187)**
Interest elements of lease payments	**–**	**(69)**	**(69)**
As at 31 December 2020	**9,000**	**1,700**	**10,700**

32 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 transaction with related parties

As at 31 December 2020, a borrowing of RMB2,000,000 was guaranteed by Mr. Huang Xiaodi (2019: nil).

(b) Key management compensation

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

	Year ended 31 December	
	2020 *RMB'000*	2019 *RMB'000*
Wages and salaries	**1,263**	1,029
Share-based payments	**537**	181
Pension scheme and other social security costs	**232**	272
Housing benefits	**104**	113
Other costs and benefits	**9**	41
	2,145	1,636

33 Benefits and interests of directors

Directors' and chief executive's emoluments

The remuneration of each director during the years ended 31 December 2020 and 2019 set out below:

For the year ended 31 December 2020

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	199	–	96	295
Executive directors				
Mr. Yan Jinghui	154	181	61	396
Mr. Ma Yong	154	181	61	396
Non-executive director				
Mr. Yuen Lai Him*	127	172	–	299
Independent non-executive directors				
Mr. Gao Hongqi	99	–	–	99
Ms. Xu Shuang	99	–	–	99
Mr. Yu Leung Fai*	125	–	–	125
	957	534	218	1,709

33 Benefits and interests of directors *(Continued)*

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

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. Gao Hongqi	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

* Mr. Yuen 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 (2019: Nil). In addition, all directors partly waived their remuneration during the year due to the impact of financial performance of the Group arising from COVID-19 pandemic (2019: Nil).

34 Statement of financial position of the Company

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Investment in subsidiaries	**221**	221
Total non-current assets	**221**	221
Current assets		
Amounts due from subsidiaries	**50,812**	66,784
Cash and cash equivalents	**2,146**	10,075
Total current assets	**52,958**	76,859
Total assets	**53,179**	77,080
LIABILITIES		
Current liabilities		
Other payables	**–**	467
Total current liabilities	**–**	467
Total liabilities	**–**	467
EQUITY		
Capital and reserves		
Share capital	**1,277**	1,277
Share premium	**76,152**	76,152
Other reserves	**1,596**	402
Accumulated losses	**(25,846)**	(1,218)
Total equity	**53,179**	76,613
Total equity and liabilities	**53,179**	77,080

35 Changes in reserves of the Company

	Share permium *RMB'000*	Share option reserves *RMB'000*	Retained earnings/ (Accumulated losses) *RMB'000*	Total *RMB'000*
At 1 January 2019	76,152	–	754	76,906
Total comprehensive loss for the year	–	–	(1,972)	(1,972)
Share-based payments	–	402	–	402
At 31 December 2019 and 1 January 2020	**76,152**	**402**	**(1,218)**	**75,336**
Total comprehensive loss for the year	**–**	**–**	**(24,628)**	**(24,628)**
Share-based payments	**–**	**1,194**	**–**	**1,194**
At 31 December 2020	**76,152**	**1,596**	**(25,846)**	**51,902**

36 Major non-cash transactions

(a) During the year, the share-based payment recognised was approximately RMB1,194,000 (2019: RMB402,000).

(b) During the year, the additions to right-of-use assets and lease liabilities were approximately RMB1,683,000 (2019: RMB1,520,000) in respect of lease arrangements of buildings.