



DOWWAY HOLDINGS LIMITED

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

INTERIM REPORT 2021

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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. Ng Ka Man *(ACG,ACS)* (Appointed on 16 July 2021)
Ms. Lam Yuk Ling *(ACG,ACS)* (Resigned on 16 July 2021)

COMPLIANCE OFFICER

Mr. Huang Xiaodi

AUTHORISED REPRESENTATIVES

(Under the GEM Listing Rules)
Mr. Huang Xiaodi
Ms. Ng Ka Man *(ACG,ACS)* (Appointed on 16 July 2021)
Ms. Lam Yuk Ling *(ACG,ACS)* (Resigned on 16 July 2021)

AUDITOR

HLB Hodgson Impey Cheng Limited

STOCK CODE

8403

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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(Since 17 May 2021)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAWS

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PRINCIPAL BANKER

Bank of Communications
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COMPANY'S WEBSITE

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

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the board of directors (the “**Board**”) of Dowway Holdings Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”), I am pleased to present the Group’s unaudited interim results for the six months ended 30 June 2021 (the “**Period**”).

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

In the first half of 2021, faced with the continuous test of the COVID-19 epidemic during winter and spring and the uncertainties of the external environment, China’s government consolidated and expanded the achievements of prevention and control as well as economic and social development, and implemented macroeconomic policies in a scientific and targeted way. As a result, the economy delivered a stable performance with a consolidated foundation and a good momentum of growth, production demand was expanded, market vitality was enhanced, employment and prices were stable and people’s well-being was strongly guaranteed. The national economy made a good start. According to recent released data by National Bureau of Statistics, the gross domestic product (“**GDP**”) in the first half of 2021 reached RMB53,216.7 billion, up by 12.7 percent year-on-year, with an average two-year growth of 5.3 percent at comparable prices.

The first half of 2021 witnessed a steady recovery of the service sector. In June 2021, the Index of Services Production grew by 10.9 percent year-on-year, with an average two-year growth of 6.5 percent. The Business Activity Index for business services (including exhibition sector) and resident services hit hard by the spread of COVID-19 in some areas at the beginning of the year rebounded to the expansion range. In June 2021, it was 52.3 percent, staying above the threshold for sixteen months in a row. Generally speaking, the national economy in the first half of 2021 presented continued momentum of stable recovery, and it will lead further economic growth in the latter half of 2021 with the global economy’s brighter outlook.

During the Period, the Group has managed and coordinated 52 exhibition and event projects, 4 exhibition showroom projects and 1 advertisement project, among which 34 projects had been completed, which collectively generated a revenue of approximately RMB60.97 million, representing a period-on-period increase of RMB18.86 million or approximately 44.79%. The Group recorded a gross profit of approximately RMB7.86 million, increased approximately RMB6.06 million period-on-period, which was mainly due to the recovery of economy and exhibition and event management services industry in the PRC and the Group’s breakthrough at the development of exhibition showroom business in the Period. The Group recorded a net profit attributable to the owners of the Company of approximately RMB0.15 million during the Period. The Board does not recommend the payment of dividend for the Period.

CHAIRMAN'S STATEMENT

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 launched due to the inner circulation policy will continue to be advocated by the PRC government. 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 the shareholders, customers and business partners who have always supported the Group, as well as all my colleagues who have dedicated and worked hard for the Group.

Chairman, Chief Executive Officer and Executive Director

Huang Xiaodi

Beijing, China, 10 August 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. According to the International Monetary Fund, the global gross domestic product (“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 of 2020 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.

During the first half of 2021, China’s economy presented continued momentum of stable recovery, with the GDP up by 12.7 percent year-on-year. Even though the COVID-19 epidemic is still spreading globally and the international landscape is complicated with high uncertainties and instabilities, the foundation for domestic economic recovery will be further consolidated and the economic outlook will be brighter in the latter half of 2021.

BUSINESS REVIEW

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

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 also accepts requests from non-automobile related companies to run exhibitions and events for them.

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the stable recovery of China's economy improved the comprehensive service sector. The Group completed 32 exhibition and event projects and 2 showroom projects, with aggregate revenue increasing to approximately RMB60.97 million by approximately 44.79%.

FINANCIAL REVIEW

Revenue

The Group generates revenue mainly from the provision of design, planning, coordination and management services of exhibitions and events in the PRC. The following table sets forth the breakdown of revenue for the six months ended 30 June 2020 and 2021.

	For the six months ended 30 June			
	2021		2020	
	RMB'000 (Unaudited)	Percentage of the total revenue	RMB'000 (Unaudited)	Percentage of the total revenue
Revenue from automobile related exhibitions and events related services	27,396	44.93%	22,574	53.61%
Revenue from non-automobile related exhibitions and events related services	7,543	12.37%	3,245	7.70%
Revenue from exhibition showroom related services	15,111	24.79%	5,860	13.92%
Revenue from advertisement related services	10,920	17.91%	10,430	24.77%
Total	60,970	100%	42,109	100%

Revenue increased from approximately RMB42.11 million for the six months ended 30 June 2020 to approximately RMB60.97 million for the Period, representing a period-on-period increase of approximately 44.79% or approximately RMB18.86 million. The increase was primarily because the exhibition industry started to recover under the stable growth of China's economy. It resulted the growth of both the number of projects and contract value completed by the Group in the Period. What is more, the Group made improvement at the development of exhibition showroom business, which contributed to the growth of revenue and gross profit.

Revenue from automobile related exhibitions and events related services continued to be the main source of revenue for the Group, which increased from approximately RMB22.57 million for the six months ended 30 June 2020 to approximately RMB27.40 million for the Period, representing a period-on-period increase of approximately 21.36% or approximately RMB4.82 million and accounting for 44.93% of the total revenue for the Period.

Revenue from exhibition showroom related services for the Period was approximately RMB15.11 million, accounting for 24.79% of the total revenue for the Period. It increased from approximately RMB 5.86 million for the six months ended 30 June 2020 and representing a period-on-period increase of approximately 157.87% or approximately RMB9.25 million.

Revenue from advertisement related services for the Period was approximately RMB10.92 million, accounting for 17.91% of the total revenue for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of service

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

The following table sets forth the breakdown of cost of services from business operations for the six months ended 30 June 2020 and 2021.

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of service provided by suppliers	47,549	35,764
Staff costs	3,081	2,760
Depreciation of property, plant and equipment	509	60
Office supplies	12	29
Subsidies paid to our staff	100	69
Travelling and entertainment expenses	403	220
Transportation and logistics expenses	873	735
Operating lease rentals in respect of buildings and related expenses	586	675
Total	53,113	40,312

Cost of service increased from approximately RMB40.31 million for the six months ended 30 June 2020 to approximately RMB53.11 million for the Period, representing a period-on-period increase of approximately 31.75% or approximately RMB12.80 million. Such an increase was primarily because the exhibition industry affected by the COVID-19 epidemic has recovered to normal step by step and the the cost of exhibition and event services increased with the growth of market demands and sales revenue.

The cost of exhibition and event related services provided by suppliers increased from approximately RMB35.76 million for the six months ended 30 June 2020 to approximately RMB47.55 million for the Period, representing a period-on-period increase of approximately 32.95% or approximately RMB11.79 million, accounted for 89.52% of the total cost of service for the Period.

Gross Profit and Gross Profit Margin

For the Period, the Group recorded a gross profit of approximately RMB7.86 million, representing a period-on-period increase of approximately RMB6.06 million as compared to gross profit of approximately RMB1.80 million for the six months ended 30 June 2020. The increase in gross profit was mainly due to the growth of the Group's revenue resulted by strict control of COVID-19 epidemic and recovery of exhibition service industry for the Period.

For the Period, the Group's gross profit margin was approximately 12.89%. The Group's gross profit margin recorded an increase primarily due to (i) the growth of the Group's revenue in exhibition showroom related services and (ii) the control of the cost of service for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling expenses

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

The following table sets forth the breakdown of selling expenses for the six months ended 30 June 2020 and 2021.

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Staff costs	527	376
Travelling expenses	126	20
Office supplies	2	–
Entertainment expenses	1,213	282
Other	1,180	35
Total	3,048	713

Selling expenses for the Period were approximately RMB3.05 million, representing a period-on-period increase of approximately 327.49% or approximately RMB2.34 million as compared to selling expenses of approximately RMB0.71 million for the six months ended 30 June 2020. The increase in selling expenses was primarily due to (i) an increase in staff costs from approximately RMB0.38 million for the six months ended 30 June 2020 to approximately RMB0.53 million for the Period; (ii) an increase in travelling expenses from approximately RMB0.02 million for the six months ended 30 June 2020 to approximately RMB0.13 million for the Period; (iii) an increase in entertaining expenses from approximately RMB0.28 million for the six months ended 30 June 2020 to approximately RMB1.21 million for the Period; and (iv) an increase in other selling expenses incurred during the course of preparing and submitting tenders which the Group subsequently did not win from approximately RMB0.04 million for the six months ended 30 June 2020 to approximately RMB1.18 million for the Period. The increase of selling expenses shows that the Group was actively seeking opportunities in the market and enhance the sales under the stable recovery of economy and exhibition service industry.

Administrative expenses

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of administrative expenses for the six months ended 30 June 2020 and 2021.

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Staff costs	2,210	2,295
Travelling expenses	8	6
Office supplies	195	55
Entertainment expenses	24	27
Conference and training expenses	2	221
Management consulting and other services expenses	939	1,319
Auditor's remuneration	86	–
Subsidies paid to staff	97	97
Operating lease rentals in respect of buildings and related expenses	630	242
Depreciation of property, plant and equipment	91	308
Business taxes and surcharges	24	49
Other	332	51
Total	4,638	4,670

Administrative expenses for the Period were approximately RMB4.64 million, representing a period-on-period decrease of approximately 0.69% or approximately RMB0.03 million as compared to administrative expenses of approximately RMB4.67 million for the six months ended 30 June 2020.

Other gains-net

Other net gains for the Period were approximately RMB0.20 million, mainly due to governmental tax policy of allowing for an additional 10% offset of output VAT from input VAT. Other net gains decreased by approximately RMB0.54 million compared to that of approximately RMB 0.74 million for the six months ended 30 June 2020.

Finance income

Finance income represented interest income on bank balances and deposits. The Group's finance income for the Period was approximately RMB11,000 (for the six months ended 30 June 2020: RMB29,000).

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings and interest expense of lease liabilities. For the Period, the Group's finance expenses were approximately RMB180,000 (for the six months ended 30 June 2020: RMB143,000).

Profit/loss before income tax

As a result of the foregoing, the Group recorded a profit before income tax of approximately RMB0.20 million for the Period, representing a period-on-period increase of approximately RMB3.16 million as compared with a loss before income tax of approximately RMB2.96 million for the six months ended 30 June 2020, which was mainly due to (i) the growth of the Group's revenue and gross profit and (ii) the control of the cost and expenses for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

Income tax expense increased from approximately RMB7,000 for the six months ended 30 June 2020 to approximately RMB44,000 for the Period.

Profit/loss for the Period

As a cumulative effect of the factors cited above, the Group recorded profit for the Period of approximately RMB0.15 million, while for the six months ended 30 June 2020, the Group recorded a loss of approximately RMB2.97 million. The period-on-period increase of profit was approximately RMB3.12 million.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There was no material change in the capital structure of the Group during the Period. Details are set out in Note 11 to the Interim Condensed Consolidated Financial Statements.

Cash position

The following table sets forth the selected cash flow data from the Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2020 and 2021.

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash (used in) operating activities	(5,944)	(9,063)
Net cash (used in)/generated from investing activities	(255)	29
Net cash (used in) financing activities	(78)	(106)
Net (decrease) in cash and cash equivalents	(6,399)	(9,594)
Cash and cash equivalents at the end of the period	8,913	15,544

As at 30 June 2021, the cash and cash equivalents of the Group were approximately RMB8.91 million (as at 30 June 2020: approximately RMB 15.54 million), which mainly denominated in RMB.

Borrowings

As at 30 June 2021, the Group had bank borrowings of RMB9.00 million under a credit agreement (as at 30 June 2020: RMB5.00 million). Save as disclosed in this report, there were no other outstanding bank overdrafts, debt securities, term-loan borrowings, other similar indebtedness, acceptance credits, hire purchase commitments, mortgages, charges, material contingent liabilities nor guarantees outstanding (as at 30 June 2020: nil). The Group did not have any unutilised banking facilities nor plans for any material external debt financing.

Save for the above, the Directors confirmed that there has been no material adverse change in the Group's indebtedness and contingent liabilities for the Period.

Pledge of assets

As at 30 June 2021, none of the Group's assets were pledged (as at 30 June 2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

The Group's gearing ratio at 30 June 2021 and 31 December 2020 were as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Total interest-bearing borrowings	9,000	9,000
Total equity	56,574	56,419
Gearing ratio	15.91%	15.95%

DIVIDEND

The Board did not recommend the payment of any interim dividend for the Period (for the six months ended 30 June 2020: nil).

USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERINGS

The Company raised a total of HK\$72.50 million in gross proceeds after the completion of the initial public offering on 12 June 2018 (the "Listing Date"), and the net proceeds amounted to HK\$36.34 million after deducting underwriting commissions and professional service fees in relation to the Share Offer. The Company has been applying the net proceeds according to the "Use of Proceeds" stated in the prospectus of the Company dated 29 May 2018 (the "Prospectus"). Uses of net proceeds as at 30 June 2021 are listed as follows:

	Planned use of proceeds HK\$'000	Percentage of net proceeds	Actual use of proceeds from the listing date up to 30 June 2021 HK\$'000	Percentage of net proceeds	Unutilized net proceeds as at 30 June 2021 HK\$'000	Percentage of net proceeds	Expected timeline of full utilisation of the remaining net proceeds from the Share Offer at 30 June 2021
Expand the Group's exhibition and event management services	12,972	35.7%	12,972	35.7%	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%	3,016	8.3%	0	0%	N/A
Expand the Group's workforce to support its business expansion	13,372	36.8%	10,479	28.8%	2,893	8%	30 June 2022
Strengthen the Group's marketing efforts	3,343	9.2%	0	0.0%	3,343	9.2%	30 June 2022
Working capital and other general corporate purpose	3,634	10.0%	3,634	10%	0	0%	N/A
Total	36,337	100%	30,101	82.8%	6,236	17.2%	

MANAGEMENT DISCUSSION AND ANALYSIS

Affected by the COVID-19 epidemic, China's economic development has been slowed down for the first half of 2021, and the exhibition industry has been influenced significantly. The Directors will continually evaluate the Group's business strategies in line with the external economic environment and market conditions to support business growth of the Group.

All unutilized balances of approximately HK\$6.24 million had been deposited in licensed banks in Hong Kong and the PRC. The unutilized net proceeds from initial public offering of the Company is expected to be fully utilized by 30 June 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. The exhibition services industry in the PRC has relatively low entry barriers and competition is keen within the industry.
2. The Group's business depends heavily on the provision of exhibition and event management services in the automobile industry.
3. The majority of the Group's customers are automobile companies and there is no assurance that it can successfully diversify its customer base.
4. There is no assurance that the demand for integrated exhibition and event management services the Group provides can continue or increase.
5. There may be fluctuations in the Group's cost of service which it may not be able to pass on to customers.
6. The Group may face cash flow problems if it is unable to receive payments from customers on time and in full under the current pricing policy.
7. The Group may be exposed to litigation risk as a result of the engagement of suppliers without obtaining written consent from customers.
8. The Group relies on suppliers for the provision of construction services, leasing of equipment and logistics and transportation services, hence may have to bear the consequences should these suppliers deliver substandard services on its own.
9. The Group relies on its members of 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 control and prevention of epidemic around the world are still challenging and risky and may continue to influence on the recovery of exhibition industry in PRC to normal, which may in turn have a material and adverse effect on the Group's business, financial position and results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the Prospectus, the Group did not have other plans for material investments, acquisitions and capital assets during the Period.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no significant contingent liabilities (as at 30 June 2020: nil).

HUMAN RESOURCES

As at 30 June 2021, the Group employed a total of 56 employees, among which 10 of them were at management level, all stationed in the PRC. For the Period, the staff costs (including Directors' emoluments) were approximately RMB5.59 million (for the six months ended 30 June 2020: approximately RMB5.60 million). The Group conducts periodic performance review with employees and determines their salaries, benefits and discretionary bonuses based on factors including qualifications, contributions, years of experience and performance.

In accordance with the applicable PRC laws and regulations, the Group has made contributions to social security insurance and housing provident funds for all eligible staff. For the Period, the total amount contributed by the Group was approximately RMB1.15 million. The Group has complied with all the requirements about social security insurance and housing provident fund obligations applicable under the PRC laws and regulations.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

FOREIGN EXCHANGE RISK

The Group is not exposed to any significant foreign exchange risk in the normal course of business, as it operates in the PRC with the majority of the transactions being conducted and settled in RMB.

CREDIT RISK

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

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

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

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

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

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

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

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.

PROSPECTS

In the first half of 2021, China's government consolidated and expanded the achievements of prevention and control as well as economic and social development, and implemented macroeconomic policies in a scientific and targeted way. The economy started with a good momentum of growth, production demand was expanded, market vitality was enhanced, employment and prices were stable and people's well-being was strongly guaranteed. The national economy has made a good start. The exhibition and event services industry recovered step by step as well and is promising to return to normal operation. Under the above situation, the Group will increase its online exhibitions, strengthen its online service capabilities by updating audiovisual and information technology equipment and lower the expense of leasing multimedia audiovisual equipment and venues from third-party suppliers. The Group will actively tackle the challenges due to force majeure, seize new opportunities for business transformation and create new business growth.

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

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

During the Period, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision A.2.1 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 (“Mr. Huang”) is the Chairman and the Chief Executive Officer of the Company. Considering that Mr. Huang has more than 10 years of professional experience in the exhibition and event management industry, the Board believes that it is in the best interest of the Group to have Mr. Huang taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from code provision A.2.1 of the Code is appropriate in such circumstance.

INTEREST OF THE COMPLIANCE ADVISOR

The compliance adviser agreement entered between the Company and Kingsman HK Capital Limited (“Kingsman”) dated 6 October 2019 ended on 29 March 2021. For the period from 1 January 2021 to 29 March 2021, 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 Period, none of the Directors, controlling shareholders or substantial shareholders of the Company, nor any of their respective close associates (as defined under the GEM Listing Rules) have been engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group nor have they been aware of any other conflicts of interest which any such person has or may have with the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

OTHER INFORMATION

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

As at 30 June 2021, the interests and short positions of the Directors and Chief Executive of the Company in the shares of the Company (the “**Shares**”), underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows.

Long Positions in the Shares

Director's Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
Mr. Huang Xiaodi (Note 1)	Interest of controlled corporation	1,272,900,000	63.65%
Mr. Ma Yong (Note 2)	Beneficial owner	20,000,000	1%
Mr. Yan Jinghui (Note 3)	Beneficial owner	20,000,000	1%
Mr. Yuen Lai Him (Note 4)	Beneficial owner	20,000,000	1%

Note 1: These 1,272,900,000 Shares are held by A&B Development Holding Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Huang, the Chairman, Chief Executive Officer and Executive Director of the Company. Therefore, Mr. Huang Xiaodi is deemed to be interested in all the Shares held by A&B Development Holding Limited for the purpose of the SFO.

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

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

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

OTHER INFORMATION

Long Positions in the Ordinary Shares of Associated Corporation

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

Save as disclosed above and so far as is known to the Directors, as at 30 June 2021, none of the Directors nor the Chief Executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2021 and so far as is known to the Directors, the following persons (other than the Directors or Chief Executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long Positions in the Shares

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 (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 30 June 2021, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company under Section 336 of the SFO.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

The Group has adopted the Share Option Scheme on 16 May 2018 and a total of 136,000,000 Share Options have been granted and remained outstanding, details of which have been set out in the Company's annual report for the year ended 31 December 2020 which was published on 29 March 2021.

During the Period, 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 2021	Number of Share Options				As at 30 June 2021
						Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
Directors										
Mr. Ma Yong	16 August 2019	16 August 2022 to 15 August 2029 (both days inclusive)	0.0508	0.048	20,000,000	-	-	-	-	20,000,000
Mr. Yan 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

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

REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

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

OTHER INFORMATION

AUDIT COMMITTEE

The Group has established an audit committee (the “**Audit Committee**”) on 16 May 2018 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with code provision C.3.3 of the Code has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment, reappointment and removal of external auditor, to review financial statements of the Company and make judgments in respect of financial reporting; and to oversee the effectiveness of the internal control procedures of the Group.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Yu Leung Fai, Mr. Gao Hongqi and Ms. Xu Shuang. Mr. Yu Leung Fai is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited financial statements of the Group for the Period.

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

Beijing, China, 10 August 2021

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2021, together with the unaudited comparative figures for the respective corresponding period in 2020 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	6	60,970	42,109
Cost of service		(53,113)	(40,312)
Gross Profit		7,857	1,797
Selling expenses		(3,048)	(713)
Administrative expenses		(4,638)	(4,670)
Other gains-net	7	196	737
Operating profit/(loss)		367	(2,849)
Finance income		11	29
Finance expenses		(180)	(143)
Finance income/(expenses) — net		(169)	(114)
Profit/(loss) before income tax		198	(2,963)
Income tax expense	8	(44)	(7)
Profit/(loss) for the period		154	(2,970)
Total comprehensive income/(loss) for the period		154	(2,970)
Earnings per share attributable to owners of the Company			
— Basic earnings/(losses) per share (in RMB cents)	9	*	(0.15)

* The balance stated above was less than RMB 0.01.

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		2,073	2,830
Right-of-use assets		9,969	1,496
Other non-current assets		180	–
Total non-current assets		12,222	4,326
Current assets			
Trade and other receivables	10	19,309	51,683
Notes receivables		484	18,869
Contract assets		58,032	27,225
Other current assets		18,578	8,320
Cash and cash equivalents		8,913	15,312
Total current assets		105,136	121,409
Total assets		117,358	125,735
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	1,277	1,277
Share premium	11	76,152	76,152
Other reserves		(4,793)	(4,793)
Retained earnings		(16,062)	(16,217)
Total equity		56,574	56,419
LIABILITIES			
Current liabilities			
Trade and other payables	12	37,164	52,497
Contract liabilities		1,307	2,297
Current income tax liabilities		3,822	3,822
Credit loan from bank		9,000	9,000
Lease liabilities		904	807
Total current liabilities		52,197	68,423
Non-current liability			
Lease liability		8,587	893
Total liabilities		60,784	69,316
Total equity and liabilities		117,358	125,735

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2020	1,277	76,152	(5,987)	1,617	73,059
Total comprehensive loss for the year	–	–	–	(17,834)	(17,834)
Share-based payments	–	–	1,194	–	1,194
Balance at 31 December 2020 and 1 January 2021	1,277	76,152	(4,793)	(16,217)	56,419
(Unaudited)					
Total comprehensive income for the Period	–	–	–	154	154
Balance at 30 June 2021	1,277	76,152	(4,793)	(16,062)*	56,574*

* Round off difference

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	(5,899)	(9,063)
Income tax paid	(44)	(454)
Net cash (used in) operating activities	(5,944)	(9,517)
Cash flows from investing activities		
— Purchases of property, plant and equipment	(266)	—
— Interest received	11	29
Net cash (used in)/generated from investing activities	(255)	29
Cash flows from financing activities		
— Borrowing received	5,000	5,000
— Borrowings returned	(5,000)	(5,000)
Government subsidy for interest of loan	90	—
Interest paid	(168)	(106)
Net cash (used in) financing activities	(78)	(106)
Net cash decrease in cash and cash equivalents	(6,277)	(9,594)
Cash and cash equivalents at beginning of period	15,312	25,116
Exchange (loss)/gain on cash and cash equivalents	(122)	22
Cash and cash equivalents at the end of period	8,913	15,544

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

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

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of GEM Listing Rules.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the Group for the year ended 31 December 2020 (the “**Annual Report 2020**”) issued on 29 March 2021, which has been prepared in accordance with the Hong Kong Financial Reporting Standards issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

The accounting policies adopted are consistent with those of financial statements for the year ended 31 December 2020, as described in the Accountant’s report.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3 CHANGES IN ACCOUNTING POLICIES

HKFRS 16 Leases

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

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.

4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in preparation of the Accountant's Report as contained in the Annual Report 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosure required in the annual financial statements, and should be read in conjunction with the Accountant's Report as contained in the Annual Report 2020 of the Group.

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

5.2 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.

6 REVENUE INFORMATION

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Automobile related exhibition and event related services	27,396	22,574
Non-automobile related exhibition and event related services	7,543	3,245
Exhibition showroom related services	15,111	5,860
Advertisement related services	10,920	10,430
	60,970	42,109

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 OTHER GAINS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Foreign exchange (losses)/gains	(118)	8
Additional deduction of input VAT	213*	729*
Government Subsidy	121	–
Others	(20)	–
	196	737

* On 20 March 2019, the Chinese government issued "Announcement No. 39 2019 about further improvement of VAT system". It states that from 1 April 2019 to 31 December 2021, the tax-payer who is a productive and daily life services provider is allowed to apply an additional 10% to offset output VAT from input VAT (i.e. additional deduction of input VAT policy). Benefit from this policy, the Group has other gains of approximate RMB213,000 for the Period.

8 INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax on profits for the period	44	7
Income tax expenses	44	7

- (i) The Company was incorporated in the Cayman Islands. Under current laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Company.
- (ii) According to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, two-tiered profits tax rates regime was implemented from 1 April 2018. Under this regime, the profits tax rate for the first HKD 2,000,000 of profits of corporations will be lowered to 8.25%. Profits above that amount will continue to be subject to the tax rate of 16.5%. For the Period, the profit tax rate for the entity incorporated in Hong Kong was 8.25%. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the Period.
- (iii) Provision for the PRC corporate income tax is calculated based on the statutory tax rate of 25% on the assessable income of each of the Group companies operated in the PRC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 EARNINGS/(LOSSES) PER SHARE

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Total (losses)/earnings attributable to shareholders (in RMB)	154,000	(2,970,000)
Weighted average number of ordinary shares in issue (thousand)	2,000,000	2,000,000
Basic (losses)/earnings per share (in RMB cents)	*	(0.15)

* The balance stated above was less than RMB 0.01 cents.

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

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

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

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
	Trade receivables	18,980
Less: allowance for impairment of trade receivables	(3,623)	(3,623)
Trade receivables — net	15,537	46,690
Deposits	1,175	3,202
Loans to staff	790	790
Staff advances	1,807	1,001
Trade and other receivables	19,309	51,683

As at 31 December 2020 and 30 June 2021, the aging analysis of trade receivables based on invoice date are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
	Up to 90 days	8,953
91 days to 180 days	—	12,599
Over 180 days	10,027	4,004
	18,980	50,313

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 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 30 June 2021	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 31 December 2020, and 1 January 2021	2,000,000,000	200,000	1,277	76,152	77,429
As at 30 June 2021	2,000,000,000	200,000	1,277	76,152	77,429

- (a) On 16 May 2018, the shareholders of the Company resolved to increase the authorised share capital of the Company from US\$50,000 to US\$2,000,000 by the creation of an additional of 19,500,000,000 shares, each ranking pari passu with the shares then in issue in all respects.

Pursuant to the shareholders' resolutions of the Company dated 16 May 2018, following conditional on the share premium account of the Company being credited as a result of the share offering, the directors of the Company were authorised to capitalise an amount of US\$149,999 standing to the credit of the share premium account of the Company by applying such sum to pay up in full 1,499,990,000 shares at par for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on 14 May 2018 in proportion to their the existing shareholdings in the Company.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade payables	33,329	49,575
Employee benefit payables	646	84
Other tax payables	2,771	2,470
Others	418	368
	37,164	52,497

As at 31 December 2020 and 30 June 2021, the aging analysis of the trade payables based on invoice date are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0- 90 days	19,227	33,925
91-180 days	-	12,532
181-365 days	9,115	2,226
Over 365 days	4,987	892
	33,329	49,575

13 DIVIDENDS

No dividend has been paid or declared by the Group during each of periods ended 30 June 2020 and 2021.

14 RELATED-PARTY TRANSACTIONS

(a) During each of periods ended 30 June 2020 and 2021, the Group had no significant transactions with any related party.

(b) Key management compensation

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

	Six months ended 30 June 2021 (Unaudited)	2020 (Unaudited)
Wages and salaries	755	678
Pension scheme and other social security costs	197	141
Housing benefits	61	61
Other costs and benefits	19	16
	1,032	896

15 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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