Dedicate Our Wonderful Way, Assure You.

DOWWAY HOLDINGS LIMITED
天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

ANNUAL REPORT 2023

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This report will remain on the "Latest Listed Company Information" page of the Stock Exchange at https://www.hkexnews.hk for at least 7 days from the date of its publication and published on the website of the Company at www.dowway-exh.com.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Huang Xiaodi
(Chairman of the Board and Chief Executive Officer)
Mr. Yan Jinghui
Mr. Dong Kejia
Mr. Shum Ngok Wa

Independent Non-executive Directors:

Ms. Xu Shuang
Mr. Gao Hongqi
Mr. Yu Leung Fai (resigned on 27 October 2023)
Mr. Tsoi Ka Shing (appointed on 27 October 2023)

AUDIT COMMITTEE

Mr. Yu Leung Fai *(Chairman)*
(resigned on 27 October 2023)
Mr. Tsoi Ka Shing *(Chairman)*
(appointed on 27 October 2023)
Ms. Xu Shuang
Mr. Gao Hongqi

REMUNERATION COMMITTEE

Mr. Gao Hongqi *(Chairman)*
Mr. Yu Leung Fai (resigned on 27 October 2023)
Mr. Tsoi Ka Shing (appointed on 27 October 2023)
Mr. Shum Ngok Wa

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Leung Gavin, L. *(HKICPA)*
(resigned on 27 July 2023)
Ms. Tang So Him *(ACG, HKACG)*
(appointed on 27 July 2023)

COMPLIANCE OFFICER

Mr. Huang Xiaodi

AUTHORISED REPRESENTATIVES

Mr. Huang Xiaodi
Mr. Leung Gavin, L. *(HKICPA)*
(resigned on 27 July 2023)
Ms. Tang So Him *(ACG, HKACG)*
(appointed on 27 July 2023)

STOCK CODE

8403

AUDITOR

Moore CPA Limited *(formerly known as “Moore Stephens CPA Limited”)*
Certified Public Accountants and Registered Public Interest Entity Auditor
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Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

(since 27 July 2023)
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE’S REPUBLIC OF CHINA

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Chaoyang District
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PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1–1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

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

COMPANY’S WEBSITE

http://www.dowway-exh.com

FINANCIAL SUMMARY

FINANCIAL SUMMARY

	For the year ended 31 December				
	2019 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*	**2023** ***RMB'000***
Revenue	228,256	144,166	170,016	177,132	**117,446**
Cost of service	(215,251)	(143,542)	(155,705)	(171,751)	**(111,584)**
Gross profit	13,005	624	14,311	5,381	**5,862**
Selling expenses	(4,193)	(4,270)	(6,582)	(7,843)	**(8,936)**
Administrative expenses	(11,274)	(12,227)	(12,012)	(11,729)	**(12,635)**
Net impairment losses on financial and contract assets	(2,007)	(1,536)	(3,070)	(22,376)	**(1,811)**
Other income	334	1,177	539	311	**192**
Other gains/(losses) — net	5,104	–	–	–	**–**
Operating profit/(loss)	969	(16,232)	(6,814)	(36,256)	**(17,328)**
Finance income/(costs) — net	(188)	(510)	(793)	(702)	**(577)**
Profit/(loss) before income tax	781	(16,742)	(7,607)	(36,958)	**(17,905)**
Income tax expense/(credit)	(2,034)	(1,092)	(44)	504	**987**
Loss for the year	(1,253)	(17,834)	(7,651)	(36,454)	**(16,918)**

SUMMARY OF SELECTED ITEMS IN THE CONSOLIDATED BALANCE SHEET

	As at 31 December				
	2019 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*	**2023** ***RMB'000***
Total non-current assets	7,158	4,326	11,656	7,876	**3,578**
Total current assets	154,472	121,409	137,204	129,195	**105,348**
Total assets	161,630	125,735	148,860	137,071	**108,926**
Total liabilities	88,571	69,316	98,898	116,578	**105,351**
Net current assets	65,901	52,986	44,811	18,715	**1,953**

CHAIRMAN'S STATEMENT

TO ALL SHAREHOLDERS,

On behalf of the board of directors (the "**Board**") of Dowway Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), I am pleased to present the Group's audited annual results for the year ended 31 December 2023 (the "**Year**").

The Group stands as a leading integrated exhibition and event management service provider in the People's Republic of China (the "**PRC**"), principally engaged in the design, planning, coordination, and management of integrated exhibitions and events across more than 50 metropolises. Over the years, the Group has garnered a strong reputation and established a solid client base in the industry through its professional services and excellent performance. Our client base is built on solid foundations, with prominent global brands such as Lamborghini, Volkswagen, and several other premium German and Italian automobile brands entrusting us with organizing their product showcases, promotions, and sales campaigns. In addition to serving the automotive sector, we extend our expertise to enterprises across various industries by providing project-related services tailored to their unique needs. This diversification allows us to leverage our capabilities and expand our reach, ensuring we remain at the forefront of the exhibition and event management industry.

In 2023, the Chinese economy displayed resilience, achieving a gross domestic product (the "**GDP**") growth rate of 5.2% despite complexities in both domestic and international environments. The service sector, as a crucial pillar of economic development, maintained its growth trajectory. The exhibition industry regained momentum within this context as the broader economy recovered. However, the Group encountered specific challenges within its core client base of traditional premium Western automobile brands. Shifting consumer preferences towards new energy vehicles and local Chinese brands affected the business performance of these major clients, subsequently impacting the Group's automobile-related exhibitions and events-related services.

Still, it is also essential to acknowledge the impact of the rapid development of the digital economy on the exhibition industry. This ongoing transformation reshapes traditional formats and models, requiring organizations to embrace digitalization. The COVID-19 pandemic further accelerated this process, compelling the industry to integrate digital technologies more extensively. However, the Group faced inevitable setbacks in swiftly adapting to these transformations, which retarded its ability to capitalize on the digitalization trend fully. Moreover, the exhibition industry has witnessed intensified competition, resulting in a complex market landscape. These factors collectively contributed to the hurdles faced by the Group in navigating the evolving industry dynamics.

Influenced by the changing market climates, the Group's operating results came under pressure in 2023. Throughout the Year, the Group managed and coordinated 117 exhibition and event projects, 3 exhibition showroom projects, and 3 advertisement projects. All projects were completed on schedule and collectively generated a revenue of approximately RMB117.45 million, edged down RMB59.68 million or 33.70% year-on-year. The decrease in revenue was primarily attributable to a decline in revenue from advertisement-related services, as the Group strategically shifted its focus towards the exhibition and showroom business in the post-COVID-19 pandemic market environment. This realignment aimed to concentrate the Group's resources on higher-margin business segments, optimizing its portfolio and operational efficiency. The gross profit was approximately RMB5.86 million, increase 8.94% compared to the previous year, mainly due to the decline of sales revenue from advertisement-related services for the Year which had lower gross margin. The net loss attributable to the owners of the Company was approximately RMB16.92 million.

CHAIRMAN'S STATEMENT

To mitigate the overdependence on the automobile industry for exhibition and event management services, the Group has implemented a strategic diversification approach to broaden its client portfolio. The Group successfully expanded its reach and secured engagements from non-automotive enterprises, particularly in the information and communication technology sector. The diversification effort has yielded positive results, with revenue from non-automotive-related exhibitions and event-related services growing by 293.61% to reach RMB117.45 million during the Year. This achievement can be attributed to the dedicated efforts of our team, who diligently pursued new business opportunities and catered to clients' unique needs in the information and communication technology sector. By diversifying our client base, we have strengthened our overall business performance and enhanced our resilience against sector-specific challenges.

Looking ahead, the Group remains steadfast in its commitment to fortifying its core competencies and adapting to the ever-evolving industry landscape. In pursuit of this objective, strategic initiatives have been meticulously crafted, encompassing the diversification of clients across high-growth sectors, expediting digital transformation through informed technology investments, pursuing projects with elevated profit margins to optimize profitability, implementing operational efficiency programs, and exploring strategic partnerships. This deliberate course of action positions the Group advantageously to deftly navigate challenges, seize burgeoning opportunities, and propel sustained long-term growth within the dynamic exhibition and event management industry. With our unwavering dedication to excellence, industry expertise, client-centric approach, and a reservoir of profound industry expertise, we exude confidence in our ability to deliver enduring value to our stakeholders.

Finally, on behalf of the Board, I would like to extend my sincere gratitude to the shareholders, customers and business partners for their continuous support of the Group, as well as to all our dedicated colleagues who have worked diligently together. With their persistent trust and support, the Group will strive for further growth and success, broadening our horizons and providing ample returns for our shareholders.

Huang Xiaodi
Chairman, Chief Executive Officer and Executive Director

Beijing, China, 19 April 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2023, China further returned to normalcy in both its economy and society, showcasing its prowess as a vast and lucrative market. Various sectors, including cultural entertainment, tourism, and sports events, witnessed a significant uptick in consumer demand. Moreover, the integration of urban and rural areas, coupled with advancements in urbanization, provided fertile grounds for consumption growth. As a result, consumption once again emerged as the primary propeller of economic expansion, with the nation's GDP reaching RMB126,058.2 billion, reflecting a substantial 5.2% increase at constant prices compared to the previous year. Furthermore, total retail sales of consumer goods reached a record high of RMB47.1 trillion, while domestic demand contributed 111.4% of economic growth, representing an increase of 25.3% points from the previous year.

The persistent recovery of the macroeconomy has also contributed to the stable growth of the automobile industry. In 2023, automobile production and sales reached 30.161 million units and 30.094 million units respectively, marking a year-on-year increase of 11.6% and 12% and attaining an unprecedented pinnacle. According to data from the Automotive Industry Association, starting from 2019, for every three vehicles sold worldwide, one is purchased by a Chinese consumer. The automobile industry assumes a pivotal role in supporting the stable operation of the national economy and propelling the upward trajectory of the manufacturing and industrial sectors. On a global scale, the automotive industry is currently confronted with an urgent imperative to undergo a profound restructuring of its industrial framework while undertaking comprehensive transformation and modernization. Consequently, the interdependence of related industries, both upstream and downstream, becomes intricately intertwined and susceptible to multifaceted factors such as global energy supply and demand, national economics and environmental policies, import-export trade regulations, supply chain dynamics and human resources. Any alterations in these aspects possess the potency to exert a significant impact on the automobile industry as a cohesive whole.

The **27th Guangdong-Hongkong-Macao Greater Bay Area International Auto Show**, held from 16 to 24 June 2023, was one of the most representative auto shows last year and has attracted participation from over 200 global automotive manufacturers, part suppliers, technology service providers, academic research institutions worldwide. During the nine-day exhibition, the number of visitors reached approximately 702,000, a total of 38,967 vehicles were sold, and the total transaction value exceeded RMB9.5 billion.

According to the "Fairs and Exhibitions in China 2023" (《中國博覽會和展覽會2023》) coordinated and issued by the China Council for the Promotion of International Trade (中國國際貿易促進委員會), over 1,370 economic and trade exhibitions were expected to be held in roughly 100 cities across 23 provinces, 5 autonomous regions, 4 municipalities directly under the Central Government, and the Hong Kong and Macao Special Administrative Regions (data collected as of 15 December 2022) in 2023, a decrease from more than 1,500 last year.

Despite the robust economic recovery, the exhibition industry has undergone a profound transformation due to the swift advancement of the digital economy. The COVID-19 pandemic has accelerated the digital transformation process within the exhibition industry, necessitating a deep integration with digital technologies as an inevitable trend for its development. Even as offline exhibitions gradually resume regular operation in 2023, the emergence of dual-line exhibitions, encompassing both online and offline components, will continue to drive innovation in the exhibition industry model. This evolution will inevitably lead to a reduction in the prevalence of physical exhibitions.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward, China remains steadfast in its commitment to promoting consumption and ensuring stable economic growth, thereby enhancing market vitality and unlocking further untapped consumption potential. As a testament to this commitment, the highly anticipated Auto China 2024 will grace Beijing from 25 April to 4 May 2024, serving as an exemplary showcase. Renowned as a significant biennial exhibition for the global automotive industry in China, Auto China serves as a vital platform for driving industry development and catalyzing automotive consumption. Its resumption, following the pandemic-induced disruptions, signifies the industry's resilience and anticipated improvements in 2024.

BUSINESS REVIEW

The Group stands as an eminent leader in China's exhibition and event management landscape, distinguished for its unparalleled provision of integrated services. As a trusted project and event manager, we offer an extensive array of comprehensive solutions that encompass the entire spectrum of exhibition and event execution. Our services span the whole gamut of design, planning, coordination, and management, tailored to meet the unique needs of our esteemed clients. With meticulous attention to detail, we adeptly navigate the intricacies of theme development, stage and site design, feasibility studies, procurement of construction materials and equipment, multi-party coordination with suppliers and personnel, on-site setup supervision, construction of exhibition booths, and installation of state-of-the-art audiovisual and lighting facilities.

With over a decade of experience, the Group has established itself as a trusted facilitator in automotive display, promotion, and sales. Our client portfolio includes globally renowned automobile brands such as Lamborghini, Volkswagen, and other German and Italian car companies. While our expertise lies in the automotive industry, we maintain flexibility and versatility by extending our services to exhibitions and event management projects for a diverse range of non-automotive entities.

Throughout the past year, China's economy continued a gradual yet promising path towards structural recovery, prompting the Group to diligently assess its strategies and make apt adjustments. During the Year, the Group accomplished 117 exhibition and event projects, 3 showroom projects, and 3 advertisement projects, with aggregate revenue amounting to approximately RMB117.45 million, a decrease of approximately 33.70% over 2022.

Guided by a skilled and experienced management team, the Group harnessed its inherent strengths to forge enduring strategic alliances with renowned automobile manufacturers on a global scale. Simultaneously, recognizing the importance of risk mitigation and business diversification, the Group steered into non-automotive sectors, broadening its portfolio and expanding its horizons. Driven by an unwavering commitment to excellence, the Group not only delivered refined services but also pursued the development of horizontally integrated advertising and other exhibition promotion ventures. These strategic initiatives yielded remarkable outcomes, as evidenced by the notable increase in revenue from non-automotive-related exhibitions and events-related services, registering a growth of 293.61%.

Through a judicious blend of strategic partnerships, service refinement, and diversified business expansion, the Group remains poised for sustained growth and profitability, solidifying its position as a versatile industry leader with a broad spectrum of offerings.

FINANCIAL REVIEW

Revenue

The Group primarily generates revenue by providing comprehensive services encompassing exhibition and event design, planning, coordination and management within the PRC. To provide a clear breakdown of revenue from business operations, the following table presents the comparative figures for the year ended on 31 December 2023 and 2022, respectively.

	For the year ended 31 December			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Revenue from exhibitions and events related services	**101,515**	**86.44**	102,840	58.06
Revenue from exhibitions showroom related services	**5,884**	**5.01**	6,880	3.88
Revenue from advertisement related services	**10,047**	**8.55**	67,412	38.06
Total	**117,446**	**100**	177,132	100

Revenue dropped from approximately RMB177.13 million for the year ended 31 December 2022 to approximately RMB117.45 million for the Year, representing a year-on-year decrease of approximately 33.70% or approximately RMB59.68 million. The reduction in total revenue can be attributed to several factors influenced by the worldwide macroeconomic landscape following the COVID-19 pandemic. Firstly, the overall economic conditions and consumer behavior significantly changed in 2023, restricting people's consumption ability. This, in turn, resulted in a gradual decline in spending from businesses and individuals for these services, which had a cascading impact on the exhibition and event management sector. Furthermore, the decrease in revenue was primarily driven by a decline in our advertisement-related services during the Year. The diminished demand for advertising services has led companies to adjust their marketing strategies and budgets in response to the challenging economic environment.

To adapt to the post-COVID-19 pandemic market and capitalize on available resources, the Group is proactively shifting its focus from advertisement-related services to the exhibition and showroom business. This strategic shift aims to align the Group's operations with higher-margin business opportunities, leveraging its existing capabilities and expertise.

By transitioning towards exhibition and showroom ventures, the Group seeks to tap into segments that offer more significant profitability potential in the evolving market layout. This shift not only allows the Group to optimize its resource allocation but also positions it to better cater to customers' changing needs and preferences in the post-pandemic era.

During the Year, revenue from exhibitions and events related services decreased from approximately RMB102.84 million for the year ended 31 December 2022 to approximately RMB101.52 million for the Year, representing a year-on-year decrease of approximately 1.29% or approximately RMB1.32 million and accounting for 86.44% of the total revenue for the Year.

Revenue from exhibition showroom-related services during the Year amounted to approximately RMB5.88 million, constituting 5.01% of the total revenue for the Year. It reflects a decrease compared to the previous year, where revenue stood at approximately RMB6.88 million for the year ended 31 December 2022, representing a year-on-year decline of approximately 14.48% or approximately RMB1.00 million.

Revenue from advertisement-related services for the Year recorded approximately RMB10.05 million and decreased from approximately RMB67.41 million for the year ended 31 December 2022, representing a year-on-year decrease of approximately 85.10% or approximately RMB57.36 million and accounting for 8.55% of the total revenue for the Year.

Cost of service

Cost of service decreased from approximately RMB171.75 million for the year ended 31 December 2022 to approximately RMB111.58 million for the Year, representing a year-on-year decrease of approximately 35.03% or approximately RMB60.17 million.

Such a decrease can mainly be attributed to the decline in the cost of services suppliers provide. The cost of these services fell from approximately RMB160.75 million in the year ended 31 December 2022 to around RMB105.98 million for the Year, recording a year-on-year decrease of nearly 34.07% or RMB54.78 million, taking for approximately 94.98% of the total cost of service for the Year.

Gross Profit and Gross Profit Margin

During the Year, the Group recorded a gross profit of approximately RMB5.86 million, representing a year-on-year increase of approximately RMB0.48 million as compared with approximately RMB5.38 million for the year ended 31 December 2022. The increase in gross profit was mainly due to the decline of sales revenue from advertisement-related services for the Year which had lower gross margin.

The gross profit margin was approximately 4.99%. The Group's gross profit margin recorded a decrease primarily due to the decline of the Group's revenue in automobile-related exhibitions, events-related services, and advertisement-related services.

Selling expenses

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

Selling expenses for the Year were approximately RMB8.94 million, representing a year-on-year increase of approximately 13.94% or approximately RMB1.09 million as compared to selling expenses of approximately RMB7.84 million for the year ended 31 December 2022.

Administrative expenses

The Group's administrative expenses mainly comprise (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.

Administrative expenses for the Year were approximately RMB12.64 million, representing a year-on-year increase of approximately 7.72% or approximately RMB0.91 million as compared to administrative expenses of approximately RMB11.73 million for the year ended 31 December 2022.

Other net gains

Other net gains for the Year were approximately RMB0.19 million, mainly due to the governmental grant and exchange gains. Other net gains decreased by approximately RMB0.12 million compared to approximately RMB0.31 million for the year ended 31 December 2022.

Finance income

Finance income included interest income on bank balances and deposits. The Group's finance income for the Year was approximately RMB14,000 (2022: RMB15,000).

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings and interest expenses on lease liabilities. For the Year, the Group's finance expenses were approximately RMB591,000 (2022: RMB717,000).

Loss before income tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB17.91 million for the Year, representing a year-on-year decrease of approximately RMB19.05 million as compared with a loss of roughly RMB36.96 million for the year ended 31 December 2022, which was mainly due to decrease of net allowance for the expected credit loss on trade and other receivables and contract assets.

Income tax credit

Income tax credit increased from approximately RMB504,000 for the year ended 31 December 2022 to approximately RMB987,000 for the Year.

Loss for the Year

As a cumulative effect of the factors cited above, the Group recorded a loss of approximately RMB16.92 million for the Year, while the loss was approximately RMB36.45 million for the year ended 31 December 2022. The year-on-year decrease was approximately RMB19.53 million.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

The capital structure of the Group comprises only ordinary shares. As at 31 December 2023, the Company's total number of issued shares (the "**Shares**") of USD0.002 each was 1,200,000,000 (31 December 2022: 1,200,000,000 Shares). Save as disclosed above, there was no change in the capital structure of the Group during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash position

The following table sets forth the selected cash flow data from the Condensed Consolidated Statements of Cash Flows for the year ended 31 December 2022 and 2023.

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
Net cash generated from/(used) in operating activities	**2,115**	(8,387)
Net cash generated from investing activities	**2**	3
Net cash generated from financing activities	**5,861**	6,451
Net increase/(decrease) in cash and cash equivalents	**7,978**	(1,933)
Cash and cash equivalents at the end of the Year	**12,439**	4,251

As of 31 December 2023, cash and cash equivalents of the Group were approximately RMB12.44 million (31 December 2022: approximately RMB4.25 million), which was mainly denominated in RMB and Hong Kong dollars.

Borrowings

As of 31 December 2023, the Group had bank borrowings of RMB17.98 million which are repayable within one year (as of 31 December 2022: RMB10.00 million). As at 31 December 2023, bank borrowings bear fixed interests ranging from 2.80% to 4.00% (2022: 3.30% to 3.85%) per annum.

The Directors confirm that there has been no material adverse change in the Group's indebtedness and contingent liabilities for the Year.

Pledge of assets

As of 31 December 2023, there were approximately RMB1 million pledge bank balance of the Group was pledged for bills payables (2022: Nil).

Gearing ratio

The Group's gearing ratio as of 31 December 2023 and 31 December 2022 were as follows:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
Total interest-bearing borrowings	**17,976**	10,000
Total Equity	**3,575**	20,493
Gearing ratio	**502.83%**	48.80%

DIVIDEND

The Board did not recommend the payment of any dividend for the Year (2022: Nil).

USE OF NET PROCEEDS FROM 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 31 December 2023 are listed as follows:

	Planned use of proceeds *HK$'000*	Percentage of actual use of proceeds from the Listing Date up to 31 December 2022	Actual use of proceeds from the Listing Date up to 31 December 2022 *HK$'000*	Percentage of actual use of proceeds from 1 January 2023 up to 31 December 2023	Actual use of proceeds from 1 January 2023 up to 31 December 2023 *HK$'000*	Unutilized net proceeds as at 31 December 2023 *HK$'000*
Expand the Group's exhibition and event management services	12,972	35.7%	12,972	0.0%	0	0
Expand the Group's existing offices and/or set up branch or representative offices in different cities and regions across the PRC	3,016	8.3%	3,016	0.0%	0	0
Expand the Group's workforce to support its business expansion	13,372	36.8%	13,372	0.0%	0	0
Strengthen the Group's marketing efforts	3,343	0.9%	312	8.3%	3,031	0
Working capital and other general corporate purpose	3,634	10.0%	3,634	0.0%	0	0
Total	**36,337**	**91.7%**	**33,306**	**8.3%**	**3,031**	**0**

All the proceeds from initial public offerings has been utilized by 31 December 2023.

USE OF NET PROCEEDS FROM THE PLACING OF NEW SHARES

According to the Company's announcement on 8 April 2022 (the "**Completion Date**"), the Sole Placing Agent has completed procuring Placees who are independent third parties to subscribe up to 20,000,000 Placing Shares at the Placing Price of HK$0.55 per Placing Share. The net proceeds from the Placing are approximately HK$10,559,000 after deducting placing commissions. The Company has been applying the net proceeds according to the use of proceeds stated in the announcement of the Company dated 24 March 2022. Uses of net proceeds as of 31 December 2023 are listed as follows:

	Planned use of proceeds *HK$'000*	Percentage of actual use of proceeds from the Completion Date up to 31 December 2022	Actual use of proceeds from the Completion Date up to 31 December 2022 *HK$'000*	Percentage of actual use of proceeds from 1 January 2023 up to 31 December 2023	Actual use of proceeds from 1 January 2023 up to 31 December 2023 *HK$'000*	Unutilized net proceeds as at 31 December 2023 *HK$'000*
Enhance the advertisement related services segment	5,279.5	49.3%	5,201.5	0.7%	78	0.0
Enhance exhibition showroom related services segment	3,167.7	30.0%	3,167.7	0.0%	0	0.0
Working capital and other general corporate purpose	2,111.8	12.2%	1,286	7.8%	825.8	0.0
Total	**10,559**	**91.5%**	**9,655.2**	**8.5%**	**903.8**	**0**

All the proceeds from the placing of new shares has been utilized by 31 December 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. The exhibition services industry in the PRC has relatively low entry barriers and competition is keen within the industry.

2. The Group's business depends heavily on the provision of exhibition and event management services in the automobile industry.

3. The majority of the Group's customers are automobile companies and there is no assurance that it can successfully diversify its customer base.

4. There is no assurance that the demand for integrated exhibition and event management services the Group provides can continue or increase.

5. There may be fluctuations in the Group's cost of service which it may not be able to pass on to customers.

6. The Group may face cash flow problems if it is unable to receive payments from customers on time and in full under the current pricing policy.

7. The Group may be exposed to litigation risk as a result of the engagement of suppliers without obtaining written consent from customers.

8. The Group relies on suppliers for the provision of construction services, leasing of equipment, and logistics and transportation services, hence, may have to bear the consequences should these suppliers deliver substandard services on its own.

9. The Group relies on its senior management and other key personnel and may not be able to retain these staff to provide services.

10. The Group may not be able to implement its business strategies and its future growth could be limited.

11. The control and prevention of the pandemic around the world remain challenging and risky and may continue to influence the resumption of work and production of the exhibition industry in the PRC to normal, 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, any increase in the wages of suppliers' employees 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 into new segments in the market, and such expansion could exert great pressure on the 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 an expansion strategy effectively may lead to higher costs, inefficient operation flow, and a 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.

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.

Save as disclosed above, the Group had no other material acquisitions or disposals during the Year.

CONTINGENT LIABILITIES

As of 31 December 2023, the Group had no significant contingent liabilities (2022: Nil).

HUMAN RESOURCES

As of 31 December 2023, the Group employed a total of 57 employees, among which 6 of them were at the management level, all stationed in the PRC. For the Year, the staff costs (including Directors' emoluments) were approximately RMB13.44 million (2022: approximately RMB9.63 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, the total amount contributed in these areas by the Group was approximately RMB2.89 million. The Group has complied with all the requirements about social security insurance and housing provident fund obligations applicable under the PRC laws and regulations.

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

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

The Company's policy concerning emoluments of Directors is that (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 EXPOSURE

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

CREDIT RISK

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

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

For cash at the 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 it considers its cash at bank are not at high credit risk.

The Group's trade receivables arise from exhibition and event marketing services fees, over 70% of which are in turn derived from major customers that are renowned automobile companies. Should there be a change in the strategic relationships with these major customers that might cause a 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 the 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 of relevant customers' 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, 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 an assessment, various factors including their financial position and other factors about these new customers would be considered.

The Group's other receivables comprise deposits, staff advance, and loans 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 that have a low risk of default; thus, the Group considers its notes receivables are not at high credit risk.

LIQUIDITY RISK

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

OUTLOOK

While the Organisation of Economic Co-operation and Development (OECD) forecasts moderate global economic growth of around 3% in 2024, with Asia continuing to drive a significant portion of this expansion, geopolitical tensions remain the downside risk. In China, consumer spending has emerged as the primary engine of growth, contributing over 80% to the 5.2% GDP increase in 2023. However, the latest data indicates a slight cooling in services sector momentum, with rising costs impacting business activity in early 2024. This mixed economic backdrop, coupled with evolving consumer preferences, poses challenges for the exhibition industry.

According to the latest Caixin China General Services Purchasing Managers' Index (PMI) report released on 5 March 2024, China's service economy continued to grow in the middle of the first quarter of 2024, albeit at a slightly slower pace. Business activity expanded at the softest rate in three months, reflecting a relatively subdued increase in overall new work. In February, Chinese services companies experienced a slightly stronger increase in average input costs, leading to a renewed rise in average selling prices. The seasonally adjusted Caixin China General Services Business Activity Index declined from 52.7 at the beginning of 2024 to 52.5 in February 2024, indicating continued growth in services activity for the fourteenth consecutive month. However, the rate of expansion was the slowest since November 2023 and remained modest overall, falling below the long-run series average.

Considering this, looking ahead, the Group will explore effective cost control measures and carefully plan to optimize the significant portion of operational and personnel costs. It will also focus on strategic planning and restructuring of service offerings, as well as adjusting profit models. To mitigate risk and promote business diversification, the Group will expand its non-automotive sectors, broadening its portfolio and expanding its horizons. Additionally, the Group will actively seek strategic partnerships in relevant markets, promoting resource exchange and driving innovation in product and customer service models, as well as strive for efficient resource utilization.

The Group has meticulously developed strategic initiatives that encompass various aspects, including diversifying our client base across high-growth sectors, accelerating digital transformation through strategic technology investments, pursuing projects with enhanced profit margins to optimize profitability, implementing operational efficiency programs, and exploring strategic partnerships. By fostering a collaborative approach, we strive to craft bespoke themes that resonate with our clients' aspirations, working harmoniously with a diverse network of contractors to deliver a seamless and hassle-free one-stop service experience.

Our commitment is to transcend expectations, ensuring that each exhibition and event is a showcase of excellence. The Group is poised to adapt to evolving domestic and global markets in the post-pandemic era. By doing so, we will maintain our position as a leading provider of exceptional exhibition services, ensuring client satisfaction while consistently delivering sustainable returns for the shareholders.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Huang Xiaodi ("Mr. Huang") (黃曉迪), aged 38, is the chairman of the Board, the chief executive officer of the Company, an executive Director, the compliance officer of the 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 the Group's overall management, strategic development, major decision-making of the Group and overseeing compliance matters of the 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 11 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 the Group. He is also an executive director and general manager of Tianjin Dowway International Exhibition Company Limited.

Mr. Yan Jinghui ("Mr. Yan") (閆景輝), aged 39, is an executive Director and a member of the nomination committee of the 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 11 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.

Mr. Dong Kejia ("Mr. Dong") (董可嘉), aged 42, is an executive Director. He has over 11 years of experience in the management and investment industry. Mr. Dong obtained the degree of Master of Art in Rural Regional Development from Renmin University of China in 2013.

Mr. Dong joined Sinofert Holdings Limited (Stock Code: 0297), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), in December 2005 and left with his last position as the investment director in May 2013. He joined Genertec Universal Medical Group Company Limited (Stock Code: 2666), the shares of which are listed on the Main Board of the Stock Exchange, in May 2013 and left with his last position as the general representative of Overseas Investment and Securities Affairs in July 2019. From November 2020 to October 2022, Mr. Dong was the deputy general manager of CT Vision S.L. (International) Holdings Limited (Stock Code: 0994), the shares of which are listed on the Main Board of the Stock Exchange, which he was responsible for the investment matters.

DIRECTORS AND SENIOR MANAGEMENT

From November 2019 to May 2020, Mr. Dong served as the representative (SFC License 1, 4, 9) of Forwin Capital Management Limited. He joined Royal Morgan Fund Management Company Limited in June 2020, left with his last position as the responsible officer (SFC License 1, 4, 9) and managing director in October 2020. He has participated in the establishment, investment and financing activities of multiple domestic and overseas Renminbi and United States dollar funds.

Mr. Shum Ngok Wa ("Mr. Shum") (沈岳華), aged 34, is an executive Director and a member of the remuneration committee of the Company. He has over 13 years of experience in the finance industry and profound experience in corporate management. Mr. Shum obtained the degree of Bachelor of Business Administration (Honours) in Quantitative Finance and Risk Management from City University of Hong Kong in July 2011. He is also a Certified Financial Risk Manager (FRM) of the Global Association of Risk Professionals since 2013.

Mr. Shum has served as an independent non-executive director, a member of the audit committee and a member of the remuneration committee of Chi Kan Holdings Limited (Stock Code: 9913), the shares of which are listed on the Main Board of the Stock Exchange since February 2024.

From September 2012 to February 2018, Mr. Shum worked in credit and risk control department of Kingston Securities Limited and he was responsible for credit assessment and risk control matters. From July 2019 to February 2022, Mr. Shum worked in Premium Financial Limited and left with his last position as a director. He was responsible for overall management and operation of money lending business in Hong Kong.

Mr. Shum was a non-executive director of Hang Pin Living Technology Company Limited (formerly known as Highlight China IoT International Limited) (Stock Code: 1682), the shares of which are listed on the Main Board of the Stock Exchange, from July 2016 to June 2017. He served as a non-executive director of Leadway Technology Investment Group Limited (formerly known as HNA Technology Investments Holdings Limited) (Stock Code: 2086), the shares of which are listed on the Main Board of the Stock Exchange, from August 2021 to July 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Xu Shuang ("Ms. Xu") (徐爽), aged 45, is an independent non-executive Director, the chairman of the nomination committee of the Company and a member of the audit committee of the 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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Gao Hongqi ("Mr. Gao") (高紅旗), aged 65, is an independent non-executive Director, the chairman of the remuneration committee of the Company, a member of each of the audit committee and nomination committee of the Company since 16 May 2018. He obtained his bachelor degree in civil engineering from Taiyuan University of Technology (太原理工大學) (formerly known as Taiyuan Institute of Technology (太原工學院)) 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), 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 35 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) and 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. He was responsible for monitoring construction work and his last position is chief engineer.

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

Mr. Tsoi Ka Shing ("Mr. Tsoi") (蔡嘉誠), aged 42, graduated from the University of Technology Sydney with a bachelor degree of business, majoring in accounting and finance in July 2005. Mr. Tsoi was accredited as a certified practicing accountant by CPA Australia and certified public accountant by Hong Kong Institute of Certified Public Accountants in November 2009 and May 2011, respectively.

Mr. Tsoi has approximately 18 years of experience in accounting and financing. Mr. Tsoi has been appointed as the chief financial officer and company secretary of Bao Shen Holdings Limited (寶申控股有限公司) (Stock Code: 8151), which is listed on the GEM of the Stock Exchange, from March 2018 to November 2023. Mr. Tsoi had also been appointed as an independent non-executive director of Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited* (温嶺浙江工量刃具交易中心股份有限公司), a listed company on the Stock Exchange (Stock Code: 1379), from August 2018 to May 2022. Mr. Tsoi acted as the company secretary of Edensoft Holdings Limited (伊登軟件控股有限公司), a listed company on the Stock Exchange (Stock Code: 1147), from April 2020 to April 2021. Furthermore, Mr. Tsoi has worked in China Harvest Finance Group Limited as the chief financial officer and company secretary from September 2014 to December 2015. Mr. Tsoi also worked in TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED (formerly known as Jin Bao Bao Holdings Limited), a listed company on the Stock Exchange (Stock Code: 1239), as the company secretary from June 2011 to September 2014 and financial controller from June 2011 to June 2014. Mr. Tsoi worked as the senior accountant and an assistant audit manager in SHINEWING (HK) CPA Limited from August 2009 to November 2010, a senior auditor in Deloitte Touche Tohmatsu from January 2008 to August 2009, an auditor in CCIF CPA Limited from February 2007 to January 2008, and an audit intermediate in Yau and Wong, CPA from July 2005 to February 2007.

* *For identification purpose only*

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Bao Xianglong ("Mr. Bao") (包向龍), aged 37, is a 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 11 years of professional experience in the area of exhibition and event management industry. He joined the Group since August 2009 as a designer of Beijing Dowway and subsequently as a design director in March 2012 and was appointed as the supervisor of Beijing Dowway in July 2017.

Mr. Zhang Xin ("Mr. Zhang") (張鑫), aged 40, is a sales director of Beijing Dowway and he is responsible for the sales and business development. With more than 11 years of experience in exhibition and event management, Mr. Zhang is professional at exhibition execution, planning and video and audio designing and execution. Mr. Zhang is also proficient at large exhibition and launch event control and has deep and unique insight of this industry. He is capable to precisely grasp the direction and control the quality of large event and brand exhibition.

Ms. Yao Zhihong ("Ms. Yao") (姚志宏), aged 43, is a sales director of Beijing Dowway and she is responsible for planning the customer relationship strategies and overseeing customer relationship matters. With over 11 years of professional experience in exhibition and event management, Ms. Yao is a senior expert at planning, organizing and operation of auto branding events and specialized at luxury car exhibition and launch event. She is capable to precisely grasp the exhibition process, quality requirements and tonality of branding exhibition for luxury car, and possesses abundant experience at large auto exhibition and launch event.

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 shareholders or controlling shareholders 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 the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**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 Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the Year.

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 are set out in Note 11 to the consolidated financial statements.

RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 79 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 GEM Listing Rules.

The Board has approved and adopted a dividend policy of the Company on 22 March 2021 (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
- any other factors that the Board deems appropriate.

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 any dividend for the Year (2022: Nil).

BUSINESS REVIEW AND FINANCIAL KEY PERFORMANCE INDICATORS

The business review of the Group and analysis by financial key performance indicators are set out in the sections headed "Chairman's Statement" on pages 5 to 6 and "Management Discussion and Analysis — Business Review and Financial Review" on pages 8 to 11 of this annual report.

OUTLOOK

The outlook of the Group is set out in the section headed "Management Discussion and Analysis — Outlook" on page 18 of this annual report.

IMPORTANT EVENT SINCE THE END OF THE REPORTING YEAR

Save as disclosed, the Group had no material events for disclosure subsequent to 31 December 2023 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" on pages 15 to 16 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 2023 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 without any non-compliance. Please refer to the 2023 environmental, social and governance report of the Company for details.

RELATIONSHIPS 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, the Group's sales to its five largest customers accounted for approximately 51.86% (2022: 58.27%) of the Group's total revenue and our single largest customer accounted for approximately 21.49% (2022: 28.65%) of the Group's total revenue.

Major suppliers

For the Year, the Group's five largest suppliers accounted for approximately 30.21% (2022: 54.28%) of the Group's total purchases and our single largest supplier accounted for approximately 11.34% (2022: 35.82%) of the Group's total purchases.

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

FINANCIAL SUMMARY

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year 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 Year are set out in Note 24 to the consolidated financial statements.

CAPITAL AND RESERVES

Details of movements in the share capital, share premium, retained earnings, capital reserves and other reserves of the Group during the Year are set out on page 82 of this annual report in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had no reserves available for distribution to equity holders (31 December 2022: Nil).

BANK BORROWINGS AND OTHER BORROWINGS

As at 31 December 2023, the Group had total bank loans of RMB17.98 million (31 December 2022: RMB10.0 million).

DIRECTORS

The Directors during the Year and up to the date of this annual report were:

Executive Directors:

Mr. Huang Xiaodi *(Chairman, Chief Executive Officer and Compliance Officer)*
Mr. Yan Jinghui
Mr. Dong Kejia
Mr. Shum Ngok Wa

Independent Non-executive Directors:
Ms. Xu Shuang
Mr. Gao Hongqi
Mr. Yu Leung Fai (resigned on 27 October 2023)
Mr. Tsoi Ka Shing (appointed on 27 October 2023)

In accordance with the articles of association of the Company (the "**Articles of Association**"), Mr. Yan Jinghui, Ms. Xu Shuang and Mr. Tsoi Ka Shing shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 19 to 22 of this annual report.

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 and remain so as of the date of this annual report.

CHANGE IN DIRECTORS' INFORMATION

Change in the information of the Directors that is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of the 2023 third quarterly report of the Company is set out below:

Mr. Shum Ngok Wa, an executive Director, has been appointed as an independent non-executive director of CHI KAN HOLDINGS LIMITED (Stock Code: 9913), the shares of which are listed on the Main Board of the Stock Exchange since 1 February 2024.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of Mr. Huang Xiaodi and Mr. Yan Jinghui has entered into a service agreement with the Company for an initial term of 3 years commencing from 12 June 2021, which could be terminated by either party by giving not less than 3 months' notice in writing to the other and Mr. Yan Jinghui subject to retirement by rotation and re-election pursuant to the Articles of Association.

Each of Mr. Dong Kejia and Mr. Shum Ngok Wa has entered into a service agreement with the Company for an initial term of 3 years commencing from 9 December 2022, unless terminated in accordance with the said service agreement by either party by giving not less than 3 months' notice in writing to the other.

Each of Ms. Xu Shuang and Mr. Gao Hongqi has entered into a letter of appointment with the Company for an initial term of 3 years commencing from 12 June 2021, which could be terminated by either party by giving not less than 3 months' notice in writing to the other and Ms. Xu Shuang subject to retirement by rotation and re-election pursuant to the Articles of Association.

Mr. Tsoi Ka Shing has entered into a letter of appointment with the Company for an initial term of 3 years commencing from 27 October 2023, which could be terminated by either party by giving not less than 3 months' notice in writing to the other, and subject to retirement by rotation and re-election pursuant to the Articles of Association.

None of the Directors has a service agreement or a letter of appointment which is not determinable by the Group within 1 year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors or his/her connected entity 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 at the end of the Year or at any time during the Year 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 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. Details are set out in Notes 9 and 30 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

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 2023.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which 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 the Company (for itself and for the benefit of our subsidiaries) that, save and except the interest in the 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 the 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 the Group within Hong Kong, the PRC and such other parts of the world where any member of the Group may operate from time to time, or any business activity to be conducted by any member of the Group from time to time after the Listing, save for the holding of not more than 5% shareholding interests (individually or with his/its close associates) in any company listed on a recognized stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with his/its close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of the relevant Covenantor (individually or with his/its close associates).

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

The Company has received confirmations from the Covenantors confirming their compliance with the Deed of Non-competition during the Year 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2023, 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

On 28 September 2022, Mr. Huang Xiaodi, who is an executive Director and a connected person of the Company, provided a personal guarantee of RMB3,000,000 for a loan agreement entered into between the Company and a financial institution. This related party transactions of the Group are disclosed in Note 29 to the consolidated financial statements.

On 10 January 2024, the Company entered into a loan agreement with Mr. Shum Ngok Wa ("**Mr. Shum**"), who is also an executive director and a connected person of the Company, of which Mr. Shum agreed to lend HKD480,000 to the Company on an interest-free payment basis. The amount will be fully repaid by the Company to Mr. Shum within one year.

On 10 January 2024, the Company entered into a loan agreement with Mr. Dong Kejia ("**Mr. Dong**"), who is an executive director and a connected person of the Company, of which Mr. Dong agreed to lend HKD320,000 to the Company on an interest-free payment basis. The amount will be fully repaid by the Company to Mr. Dong within one year.

The above 3 transactions, being financial assistance received by the Company from connected persons of the Company, having been conducted on normal commercial terms or better, and not being secured by the assets of the Group. As such, the above 3 transactions are fully exempt under Rule 20.88 of the GEM Listing Rules.

During the Year, save as disclosed above, the Group had not entered into any connected party transactions constituted a connected transaction nor continuing connected transactions which are required to be disclosed in this annual report pursuant to the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director and officer of the Company 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/her as a Director about the execution of the duties or supposed duties of his/her 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 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, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**Code**") set out in Part 2 of Appendix C1 of the GEM Listing Rules, save for the deviation from code provision C.2.1. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report from pages 36 to 52 of this annual report.

CODE PROVISION C.2.1

Code provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, Mr. Huang Xiaodi ("**Mr. Huang**") is the chairman and the chief executive officer of the Company. The Board considered that Mr. Huang has more than 12 years of professional experience in the exhibition and event management industry, the Board believed that it is in the best interest of the Group to have Mr. Huang taking up both roles for efficient overall strategy and business development.

COMPETING BUSINESS

During the Year, none of the Directors, controlling shareholders or substantial shareholders of the Company, nor any of their respective close associates (as defined under the GEM Listing Rules) have been engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group nor have they been aware of any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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 31 December 2023, 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 Part XV of the SFO (including any 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/Short positions in Shares

Name of Director	Capacity/Nature	Number of ordinary shares held/interested	Approximate percentage of the Company's total issued shares
Mr. Huang Xiaodi ("**Mr. Huang**")	Interest of controlled corporation	43,645,000 (L)	*(Note 1)* 36.37%
		12,000,000 (S)	*(Note 3)* 10.00%
Mr. Dong Kejia ("**Mr. Dong**")	Interest of controlled corporation	23,987,500 (L)	*(Notes 2 & 3)* 19.99%

L: Long Positions
S: Short Positions

Note 1: These 43,645,000 Shares are held by A&B Development Holding Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Huang, the Chairman, Chief Executive Officer and Executive Director of the Company. Therefore, Mr. Huang is deemed to be interested in all the Shares held by A&B Development Holding Limited for the purpose of the SFO.

Note 2: These 23,987,500 Shares are held by Wing Ka Yuen Company Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Dong, the Executive Director of the Company. Therefore, Mr. Dong is deemed to be interested in all the Shares held by Wing Ka Yuen Company Limited for the purpose of the SFO.

Note 3: A&B Development Holding Limited and Wing Ka Yuen Company Limited entered into an option agreement (the "**Option Agreement**") on 2 December 2022, pursuant to which A&B Development Holding Limited has granted an option to Wing Ka Yuen Company Limited which entitles it to purchase from the A&B Development Holding Limited up to 12,000,000 option shares at an exercise price of HK$1.00 per Share within the exercise period of 2 years from the date of the Option Agreement.

Long Positions in the Ordinary Shares of Associated Corporation

Name of Director	Name of Associated Corporation	Capacity/ Nature	Number of ordinary shares held	Percentage of shareholding
Mr. Huang	A&B Development Holding Limited	Beneficial Owner	1	100%
Mr. Dong	Wing Ka Yuen Company Limited	Beneficial Owner	10,000	100%

Save as disclosed above and so far as is known to the Directors, as at 31 December 2023, 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 taken 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 31 December 2023 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:

Name of Shareholder	Capacity/Nature	Number of ordinary shares held/ interested	Approximate percentage of shareholding
A&B Development Holding Limited	Beneficial Owner	43,645,000 (L)	*(Note 1)* 36.37%
		12,000,000 (S)	*(Note 4)* 10.00%
Mr. Huang	Interest of controlled corporation	43,645,000 (L)	*(Note 1)* 36.37%
		12,000,000 (S)	*(Note 4)* 10.00%
Ms. Lin Yuting	Interest of a spouse	43,645,000 (L)	*(Note 2)* 36.37%
		12,000,000 (S)	*(Note 4)* 10.00%
Wing Ka Yuen Company Limited	Beneficial Owner	23,987,500 (L)	*(Notes 3 & 4)* 19.99%
Mr. Dong	Interest of controlled corporation	23,987,500 (L)	*(Notes 3 & 4)* 19.99%

L: Long Positions
S: Short Positions

DIRECTORS' REPORT

Note 1: A&B Development Holding Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Huang. Therefore, Mr. Huang is deemed to be interested in all the Shares held by A&B Development Holding Limited for the purpose of the SFO.

Note 2: Ms. Lin Yuting is the spouse of Mr. Huang. 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.

Note 3: Wing Ka Yuen Company Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Dong. Therefore, Mr. Dong is deemed to be interested in all the Shares held by Wing Ka Yuen Company Limited for the purpose of the SFO.

Note 4: A&B Development Holding Limited and Wing Ka Yuen Company Limited entered into the Option Agreement on 2 December 2022, pursuant to which A&B Development Holding Limited has granted an option to Wing Ka Yuen Company Limited which entitles it to purchase from the A&B Development Holding Limited up to 12,000,000 option shares at an exercise price of HK$1.00 per Share within the exercise period of 2 years from the date of the Option Agreement.

Save as disclosed above, as at 31 December 2023, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Year and up to the date of this annual report, were rights to subscribe for equity or debt securities the Company granted to any Director or chief executive of the Company or to their spouse or children under the age of 18 years of age as record in the register required to be kept under Part XV of the SFO, or were any such rights exercised by them; or was the Company, its holding 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.

SHARE OPTION SCHEME

The Company adopted a share option scheme and passed by the Shareholders on 16 May 2018 (the "**Share Option Scheme**"). The principal terms of the Share Option Scheme are set out as follows:

(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 the Group and to promote the success of the business of the 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 the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe at a price calculated in accordance with the requirements set out in the prospectus of the Company for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any individual participant to the grant of option shall be determined by the Board (or as the case may be, our independent non-executive directors) from time to time on the basis of his/her contribution or potential contribution to the development and growth of the 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 the Company as from 16 May 2018 (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 the Company) must not in aggregate exceed 10% of all our Shares in issue as at the date of grant. Therefore, it is expected that the Company may grant options in respect of up to 12,000,000 Shares 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 the 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 the 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 the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed limit. A circular must be sent to the Shareholders containing the information as required under the GEM Listing Rules in this regard.

(iii) The Company may seek separate approval from the 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 the Company before such approval is sought. In such event, the Company must send a circular to the 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 the 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 the Company if this will result such 30% limit being exceeded.

(v) The total issuable shares under the Share Option Scheme are 12,000,000 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 the 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 the 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, the Company must send a circular to the 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 the 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 the 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 the 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 the 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 the Company's results for any year, half-year 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 or any other interim period (whether or not required under the GEM the Listing Rules), and ending on the date of the results announcement.

During the Year, no share option was granted, exercised or cancelled and there was no outstanding share option.

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 set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**") as its code of conduct regarding securities transactions by the Directors in respect of the Shares (the "**Code of Conduct**"). All the Directors have confirmed, following specific enquiry made by the Company, that they have complied with the Required Standard of Dealings as set out in the Code of Conduct and there was no event of non-compliance during the Year up to the date of this annual report.

AUDIT COMMITTEE

The Group has established an audit committee of the Company (the "**Audit Committee**") on 16 May 2018 in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. Written terms of reference in compliance with code provision D.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. Tsoi Ka Shing as the chairman of the Audit Committee, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules, Ms. Xu Shuang and Mr. Gao Hongqi. The Audit Committee together with the management of the Company have reviewed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial report matters, including review of the audited consolidated financial statements of the Group for the Year.

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

Beijing, China, 19 April 2024

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2023.

CORPORATE GOVERNANCE PURPOSE, VALUE, CULTURE AND STRATEGY

The Board leads and promotes to establish and continually reinforce the desired corporate culture of the Company which is underpinned by our corporate values of committing high standard of business ethics and integrity. Our sound corporate culture reaches all levels of the Group, and aligns with the Company's missions, corporate values and strategies.

Throughout the year of 2023, we continued to strengthen and focus on the following areas to achieve our corporate purpose and value: business expansion, customer satisfaction, operational safety and efficiency, environmental protection through various initiatives set out in the Chairman's Statement, Management Discussion and Analysis and Environmental, Social and Governance Report in this annual report.

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 complied with all the applicable code provisions of the Corporate Governance Code (the "**Code**") set out in Part 2 of Appendix C1 of the GEM Listing Rules, save for the deviation from code provision C.2.1. 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 Code for the Year. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Code.

CODE PROVISION C.2.1

Code provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, Mr. Huang Xiaodi ("**Mr. Huang**") is the chairman and the chief executive officer of the Company. The Board considered that Mr. Huang has more than 12 years of professional experience in the exhibition and event management industry, the Board believed that it is in the best interest of the Group to have Mr. Huang taking up both roles for efficient overall strategy and business development.

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 2023, 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 four executive Directors and three independent non-executive Directors are as follows:

Executive directors:

Mr. Huang Xiaodi *(Chairman, Chief Executive Officer, Compliance Officer)*
Mr. Yan Jinghui
Mr. Dong Kejia
Mr. Shum Ngok Wa

Independent non-executive directors:

Ms. Xu Shuang
Mr. Gao Hongqi
Mr. Yu Leung Fai (resigned on 27 October 2023)
Mr. Tsoi Ka Shing (appointed on 27 October 2023)

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

During the Year, 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 The Policy aims achieve diversity on the Board of the Group.

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 been 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".

CORPORATE GOVERNANCE REPORT

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

Name of directors	Age Distribution 31–40	41–60	61–70	Gender Male	Female
Mr. Huang Xiaodi	✓			✓	
Mr. Yan Jinghui	✓			✓	
Mr. Dong Kejia		✓		✓	
Mr. Shum Ngok Wa	✓			✓	
Ms. Xu Shuang		✓			✓
Mr. Gao Hongqi			✓	✓	
Mr. Yu Leung Fai (resigned on 27 October 2023)		✓		✓	
Mr. Tsoi Ka Shing (appointed on 27 October 2023)		✓		✓	

Name of directors	Education background: Arts and design	Civil engineering	Electrical engineering	Computer science and/ or others	Professional experience: Exhibition and design	Architectural engineering	Finance and/or risk management	Investment
Mr. Huang Xiaodi	✓				✓			
Mr. Yan Jinghui	✓				✓			
Mr. Dong Kejia				✓				✓
Mr. Shum Ngok Wa				✓			✓	
Ms. Xu Shuang				✓	✓			
Mr. Gao Hongqi		✓				✓		
Mr. Yu Leung Fai (resigned on 27 October 2023)				✓			✓	
Mr. Tsoi Ka Shing (appointed on 27 October 2023)				✓			✓	

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 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 has 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 is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes
Executive Directors	
Mr. Huang Xiaodi	C, D
Mr. Yan Jinghui	C, D
Mr. Dong Kejia	C, D
Mr. Shum Ngok Wa	C, D
Independent Non-Executive Directors	
Ms. Xu Shuang	C, D
Mr. Gao Hongqi	C, D
Mr. Yu Leung Fai (resigned on 27 October 2023)	A
Mr. Tsoi Ka Shing (appointed on 27 October 2023)	C, D

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 3 years commencing on the date of appointment until terminated by either party by giving not less than 3 months' 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 not less than 3 months' notice 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 period after the meeting is held. Minutes of the Board meetings and the Board Committees meetings are open for inspection by Directors.

CORPORATE GOVERNANCE REPORT

During the Year, the board of directors held 8 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	8/8	1/1
Mr. Yan Jinghui	8/8	1/1
Mr. Dong Kejia	8/8	1/1
Mr. Shum Ngok Wa	8/8	1/1
Ms. Xu Shuang	8/8	1/1
Mr. Gao Hongqi	8/8	1/1
Mr. Yu Leung Fai (resigned on 27 October 2023)	7/7	0/1
Mr. Tsoi Ka Shing (appointed on 27 October 2023)	1/1	0/0

DELEGATION BY THE BOARD

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

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

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

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

AUDIT COMMITTEE

The Audit Committee currently comprises three members, namely Mr. Tsoi Ka Shing (Chairman), Ms. Xu Shuang and Mr. Gao Hongqi. All of them are independent non-executive Directors.

The principal duties of the Audit Committee are as follows:

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

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

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

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

4 meetings were held by the Audit Committee for the Year and the attendance of each Audit Committee member at the Audit Committee meetings is set out in the table below:

Audit Committee members	Attendance/ Number of meetings
Mr. Tsoi Ka Shing (Chairman) (appointed on 27 October 2023)	1/1
Mr. Yu Leung Fai (Chairman) (resigned on 27 October 2023)	3/3
Ms. Xu Shuang	4/4
Mr. Gao Hongqi	4/4

During the meetings, the Audit Committee:

- reviewed the financial results of the Group for the year ended 31 December 2022, for the three months ended 31 March 2023, for the six months ended 30 June 2023 and for the nine months ended 30 September 2023 as well as the relevant financial reports;

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

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

NOMINATION COMMITTEE

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

The principal duties of the Nomination Committee include the following:

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

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

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

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

Nomination Policy of Dowway Holdings Limited

1 Purpose

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

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

2 *Criteria of selection*

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

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

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

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

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

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

3. *Nomination Procedure*

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

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

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

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

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

4. Confidentiality

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

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

1 meeting was held by the Nomination Committee for the Year and the attendance of each Nomination Committee member at the Nomination Committee meetings is set out in the table below:

Nomination Committee members	Attendance/ Number of meetings
Ms. Xu Shuang *(Chairman)*	1/1
Mr. Gao Hongqi	1/1
Mr. Yu Leung Fai (resigned on 27 October 2023)	1/1
Mr. Tsoi Ka Shing (appointed on 27 October 2023)	0/0

During the meetings, the Nomination Committee:

- reviewed the structure, size, composition and diversity of the Board;
- assessed the independence of the independent non-executive directors; and
- proposed and approved the change of independent non-executive director and submitted to the board of directors for approval.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three members, namely Mr. Gao Hongqi (Chairman) and Mr. Tsoi Ka Shing, the independent non-executive Directors and Mr. Shum Ngok Wa, the executive Director.

The principal duties of the Remuneration Committee include the following:

1. to consult the chairman of the Board and/or chief executive of the Company about the remuneration proposals for other executive Directors. The Committee should have access to independent professional advice if necessary;

2. 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;

3. 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;

4. 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;

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

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

7. 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;

8. 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;

9. 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;

10. to review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules;

11. to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and

12. to conform any requirement, direction and regulation that may from time to time be prescribed by the Board, or contained in the articles of association of the Company or imposed by the GEM Listing Rules or any applicable laws.

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

3 meetings were held by the Remuneration Committee for the Year and the attendance of each Remuneration Committee member at the Remuneration Committee meetings is set out in the table below:

Remuneration Committee members	Attendance/ Number of meetings
Mr. Gao Hongqi *(Chairman)*	3/3
Mr. Yu Leung Fai (resigned on 27 October 2023)	2/3
Mr. Tsoi Ka Shing (appointed on 27 October 2023)	0/3
Mr. Shum Ngok Wa	3/3

During the meetings, the Remuneration Committee:

- reviewed and approved the remuneration of directors and senior management of the Company in 2022;
- proposed Remuneration Policy and Structure for Directors and Senior Management of the Company for the Year; and
- reviewed and approved the remuneration of directors appointed during the Year.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Year 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 72 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 was approximately as follows:

Type of Services	Amount *HKD'000*
Audit services	900
Non-audit services related to internal control review	–
Total	900

COMPANY SECRETARY

On 27 July 2023, Mr. Leung Gavin L. ("**Mr. Leung**") resigned as the company secretary of the Company (the "**Company Secretary**"). In order to uphold good corporate governance and ensure compliance with the GEM Listing Rules and applicable Hong Kong laws, the Company has appointed Ms. Tang So Him ("**Ms. Tang**") as the Company Secretary on 27 July 2023. Ms. Tang is a Chartered Secretary, Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. She has extensive professional experience in company secretarial practice. Mr. Huang Xiaodi, as the Chairman, Chief Executive Officer and executive Director, is her primary contact person in the Company.

For the year ended 31 December 2023, both Mr. Leung and Ms. Tang 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. The Company has reviewed the implementation and effectiveness of the Shareholder's communication policy and considered it to be conducted effectively during the year ended 31 December 2023.

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

There was no change in the constitutional documents of the Company during the year ended 31 December 2023.

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 2023, the Group identified three significant risks through the risk management procedures above. The Audit Committee has assisted the Board to monitor the Group's overall risk status, and reviewed the nature and gravity of the significant risks that it may face. The Audit Committee is of view that the management has adopted appropriate measures against significant risks and is able to control them at a level acceptable to the Board.

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

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

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

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

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

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

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

3. Risks from operations — risk of capital collection

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

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

The Board conducted an annual review on the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2023 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 2023, 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.

Scope and Reporting Period

This Environmental, Social, and Governance ("**ESG**") report of Dowway Holdings Limited ("**Dowway**") and its subsidiaries (together referred to as "**the Group**") highlights the Group's ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix C2 to the GEM Listing Rules and Guidance set out by the Stock Exchange of Hong Kong Limited.

The Group is an integrated exhibition and event management service provider in China, offering one-stop exhibition and event services for clients. Clients' exhibitions and events are neatly crafted with distinctive themes and carefully executed in terms of planning, coordination and management in collaboration with suppliers. This ESG report covers the overall performance of Beijing Dowway International Exhibition Company Limited, Tianjin Dowway International Exhibition Company Limited, Beijing Dowway Culture Technology Company Limited, Connect-To-Create PR Consultant Company Limited, and Sense and Creative Technology Company Limited regarding the Environmental and Social aspects of their business operations in Beijing, with an office of total area 737.20 m^2 from 1 January 2023 to 31 December 2023 ("**Reporting Period**" or "**2023**"), unless otherwise stated.

The ESG team should also actively encourage the practice of improving the Company's ESG standards. The methodologies, the calculation, the assumptions and limitations, and the conversion factor used in this report are based on "Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX.

During the Reporting Period, the Group has complied with all the "comply or explain" provisions stipulated in the "Environmental, Social and Governance Reporting Guidelines". The Group has also complied with relevant laws and regulations that have a significant impact on the Group.

Reporting Principles

The preparation of the ESG Report has applied the following principles:

- Materiality — materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section "Stakeholder Engagement and Materiality" in the Report.

- Quantitative — key performance indicators ("**KPI**"s) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

- Balance — impartial disclosures have been made, including ESG positive and negative information and performance to avoid inappropriately influencing a decision or judgment by the report reader.

- Consistency — consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

The Group's Sustainability Mission and Vision

The Group recognises the values of sustainable development and integrates ESG aspects in its business operation. The Group maintains a high standard of business ethics and invests in sustainable business development to enhance its brand value.

The Group has fulfilled its corporate social responsibilities through the establishment of a sound ESG management system. To become a leading exhibition and event management service provider in China, the Group strives to improve its environmental and social performances through implementing policies and measures. The Group particularly cares about protecting the rights and health of its employees and nurturing the young generation.

Sustainability Governance

The board of directors of the Company (the "**Board**") has the overall responsibility to evaluate and improve the ESG performance of the Group. The Board identifies ESG risks regularly, cascades its objectives to the management and ensures that departments across the Group possess ample knowledge to deal with the identified risks. ESG-related performance, goals and targets of the Group are reviewed by the Board annually to ensure the achievement of continuous improvement in ESG-related issues.

The Group's daily operations have little impact on the environment due to its business nature. Nevertheless, it also set directional goals related to the environment last year, hoping to contribute to the environment and extend the concept of sustainable development to all levels of the Group and other stakeholders. During the Year, the Group has reviewed the implementation and progress of the environment-related directional targets set last year.

The Group has also placed its priority on its social performance, especially the social topics that were deemed important in the stakeholder materiality assessment. With the certifications of SA8000, ISO 9001, ISO 45001 and AAA Enterprise Credit Grade, the Group ensures an effective system in place for managing social practices and quality control. Besides, the Group promises to continuously review the progress of the ESG goals in the future, with a view to monitoring and improving sustainable development more effectively.

Board Statement

The Board oversees environmental, social and governance of the Group issues with the support of the ESG management team. Information on ESG issues is reported to the ESG management team by an ESG working group comprising principal leaders from various functional departments.

The ESG management team is delegated by the Board to execute the Group's ESG policies and identify, evaluate, prioritise, manage and mitigate material ESG-related issues that might adversely affect our business. ESG management team formulates effective strategies to balance the environmental and social objectives with our business targets and compare our outcomes with these targets.

The ESG management team is also responsible for assisting and advising the Board on the development and implementation of the sustainability policies procedures and practices of the Group, reviewing the sustainability-related policies and initiatives, assessing sustainability risks and making recommendations to the Board on matters concerning the Group's sustainability development.

The Board reviews and monitors the team's reporting on a semi-annual basis, ensuring that the requirements of the Board are met. The review includes (i) the measurement system adopted for progress assessment; (ii) the process for data collection and verification; (iii) a comparison with the historical data and how the baseline is selected; and (iv) the achievement of the target setting. The Board should make recommendations or suggestions to the ESG team.

The Board and all directors guarantee that there are no false records, misleading statements or major omissions in this report, and assume responsibility for the authenticity, accuracy and completeness of the report. This report discloses in detail the progress and results of the Group's ESG work in 2023. It was reviewed and approved by the Board meeting on 27 March 2024.

Stakeholder Engagement and Materiality

The Group values stakeholders' feedback and opinions, which are indispensable to the business. The Group has engaged different stakeholders through various communication channels, including regular shareholder meetings, management meetings, task force analysis and discussions, regular face-to-face interviews or online meetings with employees, and opinion surveys to engage key internal and external stakeholders such as board members, managers, frontline staff, business partners and customers, etc. The following matrix shows the results of the materiality assessment of the stakeholder engagement on various topics.

		Importance to the Group		
		Low	Medium	High
Importance to Stakeholders	High		➢ Product/Service Quality ➢ Supply Chain Management	➢ Employment Development training ➢ Occupational Health and Safety
	Medium	➢ Water ➢ Air Emission ➢ Waste and Effluent	➢ Energy ➢ Other Raw Materials Consumption ➢ Environmental Protection Measures ➢ Climate Change	➢ Customer Service ➢ Intellectual Property ➢ Data Protection ➢ Labour Standards ➢ Anti-corruption
	Low		➢ Community Investment	

The most material topics to the Group's stakeholders and its operation are:

- Employment
- Occupational health and safety
- Development and training

All topics that were deemed simultaneously important to the stakeholders and the Group's business development were social topics. This resonates with the Group's development strategy focusing on social aspects. Details of management approaches of the above material topics are provided in the relevant sections in this report. The Group will continue to improve its ESG management and performance by proactively communicating with its stakeholders and constantly enhancing its internal policies.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on its environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at dowway@dowway-exh.com.

A. Environmental

The Group understands that as a responsible corporate, it plays an important role in environmental protection. It does not have significant impacts on the environment due to its business nature. The Group has set targets on emission, energy consumption, water consumption and waste generation, aiming to maintain or gradually reduce waste generation on the basis of 2023.

The Social Responsibility Management Handbook of the Group states that all employees shall comply with all environmental laws and regulations. The Group raises its employees' environmental awareness through promoting green office practices and works closely with its suppliers and clients in sharing upstream and downstream ESG-related information.

During the Reporting Period, the Group complied with relevant laws and regulations including but not limited to the Environmental Protection Law of the PRC and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes. No material non-compliance case against environmental laws and regulations has been identified (2022: Nil).

A1. Emissions

A1.1.Air Emissions

The Group did not have any emissions data from consumption of town fuel and town gas during the Reporting Period (2022: Nil);

The Group owned two vehicles for its business operation, both using unleaded petrol. The air emissions from mobile combustion were increased during the Reporting Period because the vehicles were used more frequently after COVID-19.

Air Emission	Unit	2023	2022
Nitrogen Oxides ("**NO_x**")	g	535,720	2,913
Sulphur Oxides ("**SO_x**")	g	51	105
Particulate Matter ("**PM**")	g	251	215
Total	**g**	**536,022**	**3,233**
Intensity	**g/m²**	**727**	**3**

Looking forward, the Group will continue improving the efficiency of usage vehicles by better planning over the travelling routes, to better control its air emissions.

A1.2. Greenhouse Gas Emission

Greenhouse gas emissions are the main factors contributing to global warming, leading to climate change and threatening the ecosystem of the world. To continuously fulfil the duties as an enterprise with corporate social responsibility, the Group embraces driving green practices in day-to-day operations to reduce greenhouse gas emissions in the business operations.

Sources of GHG emissions included:

- Direct (Scope 1) emissions: mobile combustion sources;
- Indirect (Scope 2) emissions: purchased electricity;
- Other indirect (Scope 3) emissions: processing of freshwater and sewage, landfilling of wastepaper, and business air travel.

The table below summarises the GHG emission sources of the Group.

Scope of GHG Emissions	Emission Sources	Unit	2023	2022
Scope 1		**tCO2eq.**	**9,310**	**19,274**
Direct Emission	Mobile combustion source — petrol consumed by vehicles	tCO2eq.	9,310	
Scope 2		**tCO2eq.**	**35,777**	**38,178**
Indirect Emission	Purchased electricity	tCO2eq.	35,777	
Scope 3		**tCO2eq.**	**2,518**	**2,026**
Other indirect Emission	Paper consumption	tCO2eq.	2,431	
	Freshwater processing	tCO2eq.	47	
	Sewage processing	tCO2eq.	23	
	Business Air Travel	tCO2eq.	17	
Total		**tCO2eq.**	**47,604**	**59,478**
Intensity		**tCO2eq./m²**	**64.57**	**49.72**

During the Reporting Period, there were 47,604 (2022: 59,478) Kg of carbon dioxide ("**CO_2**") equivalent greenhouse gases (mainly the usage of electricity and paper) emitted from the Group's operation.

The Group set the targets for 70,000 of the greenhouse gas emissions produced for the Reporting Period. The Group has achieved the target during the Reporting Period and will continuedly implementing the Group's measures regarding paper reuse and energy conservation.

The Group sets the targets on greenhouse gas emissions, aiming to maintain or gradually reduce these emissions on the basis of 2023.

Compliance with Relevant Laws and Regulations:

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes of the Group during the Reporting Period. In addition, no significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations had been reported during the Reporting Period (2022: nil).

A1.3. Hazardous Waste and Non-hazardous Waste

Hazardous Waste

Hazardous wastes involved in the business operation of the Group were mainly waste print cartridges and ink cartridges. During the Reporting Period, the amount of hazardous waste generated was 10kg, with an intensity of 0.01 kg/m^2.

Non-hazardous Waste

Non-hazardous waste generated by the Group was mainly paper waste. The Group generated a total of 20 kg of paper waste, with an intensity of 0.02kg/m^2, during the Reporting Period.

The Group sets the targets on hazardous and non-hazardous wastes, aiming to maintain or gradually reduce waste generation on the basis of 2023.

A1.4 Measures to Mitigate Emissions

To reduce their carbon footprint, the Group encourages employees to commute by public transport and to utilise virtual conference meetings to reduce business travel emissions. When a face-to-face meeting is necessary, the Group tends to use the most energy-efficient transit. The Group keeps track of employees' business air travel to explore opportunities to mitigate emissions. During the Reporting Period, all the air travel was in economic class contributing to a lower emission.

A1.5 Waste Reduction and Initiatives

Recycling bins for the collection of recyclable waste and hazardous waste were placed in the office area. Employees were encouraged to sort waste according to the waste categories. Hazardous waste such as waste florescent tubes were collected by specific containers set up by the property management companies for recycling. Ink cartridges were collected by printer leasing parties regularly.

The major type of non-hazardous waste generated from the Group's business operations is paper. The non-hazardous waste is collected by the property management of the office buildings.

The Group strives to tackle the problem of paper waste by establishing a paperless office. Certain waste reduction measures have been formulated:

- Adopting paperless work practices to reduce the use of paper;
- Encouraging employees to use double-sided printing;
- Collecting and reusing single-sided printed paper; and
- Encouraging employees to recycle whenever possible.

The Group has not formulated formal waste reduction policies to govern its subcontractors, but it has encouraged subcontractors to reduce waste and reuse resources whenever possible.

A2. Use of Resource

To enhance the efficient use of resources, the Group has implemented various resource-saving measures and has encouraged green practices among employees. For details of the measures and the implementation of the policies, please refer to *Energy Use Efficiency Initiatives* and *Water Use Efficiency Initiatives* sections below.

The Group's business operations consumed electricity and petrol, with a total energy consumption of 74,377.78 kWh and an intensity of 100.89 kWh/m^2.

Energy Source	Unit	2023 Consumption	2022 Consumption	2023 Consumption in kWh	2022 Consumption in kWh
Electricity	kWh	40,458.00	/	40,458.00	45,629.00
Petrol	L	3,500.00	/	33,919.78	83,155.00
Total	**/**	**/**	**/**	**74,377.78**	**128,784.00**
Intensity	**kWh/m^2**	**/**	**/**	**100.89**	**108.00**

The Board aimed to reduce 1% of energy used compared with last year's target. The Group has achieved its target during the Year. Looking forward, the Group sets targets on electricity and petrol consumption, aiming to maintain or gradually reduce usage on the basis of 2023.

A2.1. Water Consumption

The total water consumption of the Group was 108m^3 (2022: 84 m^3), with an intensity of 0.15m^3/m^2 (2022: 0.07 m^3/m^2). All water consumed by the Group is from municipal sources. No issue on sourcing water was reported during the Reporting Period. Sewage is discharged through the municipal wastewater system.

A2.2. Energy Use Efficiency Initiatives

The Group believes that reducing energy consumption not only benefits the environment but also saves costs and benefits the Group. Certain measures have been implemented to control energy consumption:

- Installing energy-efficient LED lighting;
- Setting the room temperature at or above 26°C during summer and at or below 20°C during winter;
- Ensuring doors and windows are closed when air conditioners are on;
- Switching off all lights, air conditioners, computers, photocopiers and other electrical appliances before leaving the office; and
- Assigning employees to manage the electricity usage to ensure that all lights and equipment are turned off before all employees leave the office building.

A2.3. Water Use Efficiency Initiatives

The Group's water resource consumption was insignificant. Hence, no policies or initiatives have been formulated. Nevertheless, employees are reminded to always conserve water and reduce wastage. When a water leak is found, it will be repaired immediately to prevent water loss. The Group also encourages the recycling of wastewater for plant watering and car washing.

The Group has not established formal policies regarding the efficient use of energy or water for its subcontractors. However, they are reminded to avoid unnecessary consumption of water and energy.

A2.4 Packaging Material

The Group's business operation has not involved a significant use of packaging materials. Packaging materials were handled by suppliers or contractors. The corresponding data was not available yet. The Group encourages suppliers and contractors to reduce the use of packaging materials.

A3. Environmental and Natural Resources

The Group's business nature does not pose significant impacts on the environment and natural resources and hence, no formal policy has been formulated in this respect. However, the Group has monitored and managed the work practices of its business partners.

A3.1 Impacts on the Environment

The Group is an integrated exhibition and event management service provider, principally engaging in the design, planning, coordination and management of exhibitions and events. The impact of its business operation on the environment and resources is minimal. The Group is aware of the emissions generated from the construction works by its suppliers for various projects. Construction wastes such as plastic, cardboard and wooden frames are generated during the project implementation, and the amount of waste varies by the scale of exhibitions. Although the Group does not have direct control over the outsourced construction projects, it monitors and manages its contractors' environmental practices to minimise the indirect impact it causes on the environment. The Group will consistently promote the principles of environmental protection among employees and contractors, and effectively monitor its air emissions and solid waste generation.

A4. Climate change

Climate change affects businesses to varying extents. In particular, extreme weather can pose risks to the Group's business through damages and disruptions. The risk level is high and is expected to increase in the long term. Climate change was not a topic deemed important to stakeholders and the Group's business development. The Group has not formulated a climate-related policy. However, to mitigate risks of extreme weather events, the Group has a safety emergency procedure in place which provides guidelines for handling disruptions caused by extreme weather. The safety emergency procedure defined various extreme weather events and put forward the preventive and control measures. The Group places a high priority on employees' safety and will cease operations and evacuate employees when extreme weather events threaten the safety of its people. Regular safety training and emergency drills are performed to ensure that employees are capable of handling and responding to such emergencies.

Risk Type	Risk Description	Countermeasures
Physical Risks	Emergency risks (e.g. flooding, super typhoon, storm surge, extreme rainfall)	• Review the impacts of extreme weather on the business and develop emergency plans for it; • Conduct disaster escape drills for employees; • Improve adaptability of employees during disaster via training
	Chronic risks (such as extremely hot weather, and rising sea levels)	• Pay attention to the temperature of the office and the equipment room; • Conduct fire safety inspections and have fire drills to improve employees' fire awareness.

Risk Type	Risk Description	Countermeasures
Transition Risk	Policy and regulatory risks: Tighter climate-related policies	• Monitor regulatory trends to ensure that the Group's daily operations comply with the latest legal requirements to avoid unnecessary increases in costs and expenses due to violations of climate-related environmental policies
	Market risks	• Shift to a sustainable service regime and consider the climate-related risks and opportunities
	Policy and regulatory risks (stricter building energy codes, green building goals and standards, report disclosure compliance risks, carbon trading and emission standards)	• Monitor the latest news on climate change-related environmental policies

B. Social

The Group sees employees as a pillar of its business, and it treats all employees on a fair basis. Hence, the Group spares no effort to achieve the best employment standards and practices. The Group has the Employee Handbook in place which stipulates procedures regarding employment, labour practices, review of performance, compensation and benefits, development and training, data protection and intellectual property protection.

B1. Employment and Labour Practices

During the Reporting Period, the Group stringently complied with national and local laws and regulations regarding employment and labour practices, including but not limited to the following:

- Labour Law of the PRC;
- Labour Contract Law of the People's Republic of China;
- Social Insurance Law of the People's Republic of China;
- Labour Protection Regulations for Female Workers;
- Regulation on the Administration of Housing Accumulation Funds; and
- Regulation on Work-Related Injury Insurance.

The Group was awarded the SA8000 certificate, demonstrating its implementation of globally acceptable social practices in areas of forced and child labour, occupational health and safety, freedom of association, discrimination, working hours and compensation, and management systems in the workplace. The Group's Social Responsibility Management Handbook laid out the terms for freedom of association and collective bargaining. The Group respects the rights of employees to form trade unions and collective bargaining, employees can also enjoy the freedom to elect their representatives. It ensures that members of trade unions will not be discriminated against. The Social Responsibility Management Handbook also ensures equal opportunities are given to employees and sets stringent labour standards.

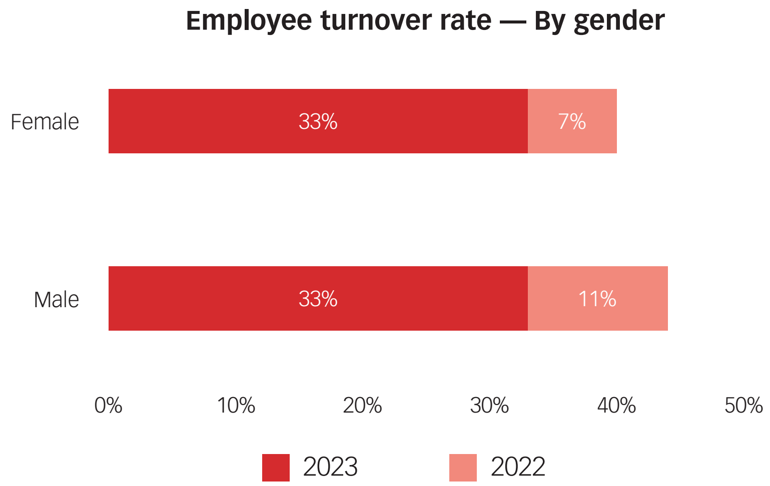
No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period (2022: Nil).

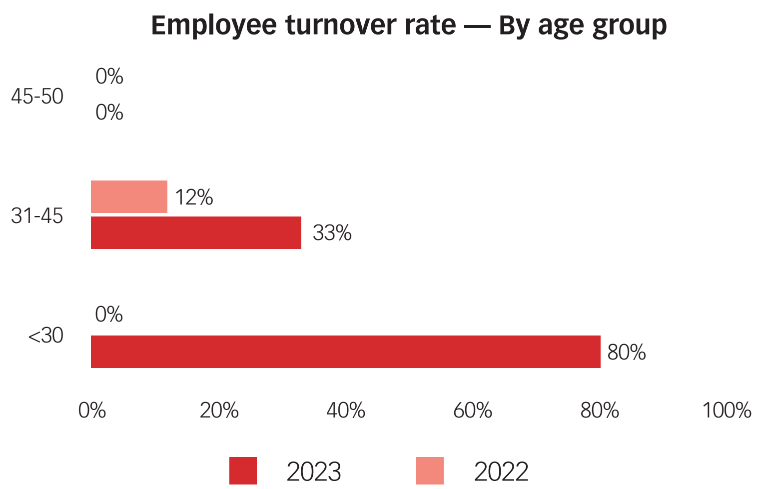
Staff Composition

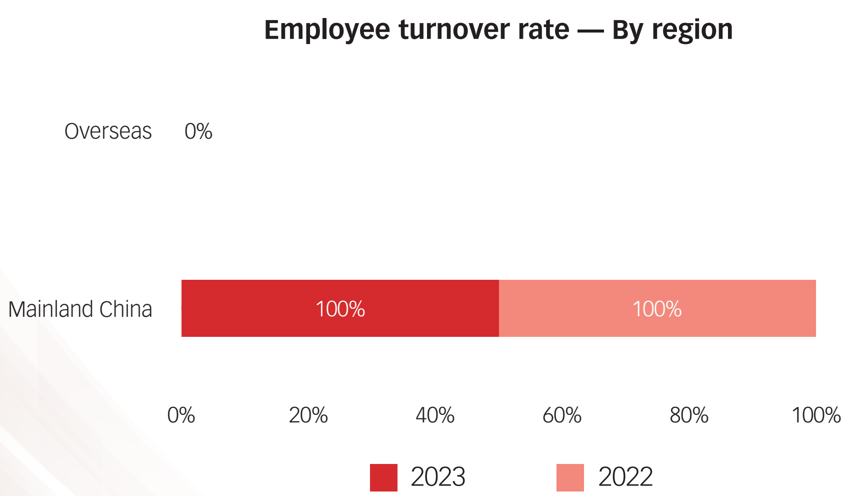
As at 31 December 2023, the Group employed a total of 57 (2022: 63) staff, all from mainland China (2022: all from mainland China). The Group believes that maintaining a diverse but inclusive workforce in its working environment is the key to maintaining a sustainable and successful business in the future. The table below shows the workforce distribution by different categories.

	2023	2022
By Gender		
Male	58%	56%
Female	42%	44%
By Age Group		
≤30	9%	14%
31–45	81%	79%
46–60	11%	6%
By Employment Category		
Senior management	11%	10%
Middle Management	14%	13%
Frontline and Other Employees	75%	78%
By employee type		
Part-time employment	7%	6%
Full-time employment	93%	94%

The overall turnover rate during the Reporting Period was 33% (2022: 9.5%) . Turnover rates by different categories are shown below.







The Group is not aware of any material non-compliance with the Employment Ordinance of Hong Kong, the Employees' Compensation Ordinance of Hong Kong and other applicable laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare during the Reporting Period (2022: Nil).

Competitive Compensation and Benefits Package

Employees were entitled to a basic salary commensurate with their educational background, professional knowledge, experience and responsibilities. Various types of leaves, including annual leave, sick leave, work-related injury leave, marriage leave, maternity leave and compassionate leave, were provided. The Group contributed to the mandatory social insurance and housing provident fund monthly. It reviews employees' performances regularly and makes pay adjustments concerning the average salary level of the market. Promotion of employees is considered when there is a business need or vacancy availability.

Equal Opportunity

The Group provides equal opportunities for all employees concerning recruitment, job advancement, compensation and benefits, and training and development. Employees were not discriminated against or deprived of such opportunities based on gender, ethnic background, religion, colour, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable law. The Group hired unemployed senior citizens and disabled, offered ample opportunities to fresh graduates, and guaranteed to offer reasonable pay to the disadvantaged groups.

Employee Communication

The Group attaches great importance to workplace communication as it allows effective collaboration among employees of different categories and increases productivity. Various channels were in place to enhance communication among employees of different levels. Line managers conduct appraisal meetings with employees annually to review employees' performance, understand their concerns and difficulties, and set targets for the coming years. During the Reporting Period, the Group rewarded employees through the distribution of shopping coupons during Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival.

B2. Employee Health and Safety

The Group is committed to providing a safe and healthy working environment to its employees. It strictly complied with relevant laws and regulations relating to occupational health and safety. It has implemented a safety management system with ISO 45001 accreditation.

The Group has complied with the requirements for working hours and related labour environment and labour protection measures under the labour law. To ensure the physical well-being of employees, free medical examinations were arranged for new employees and annual health checks for existing employees. Additional medical and accident insurance was provided. Together with the property management, the Group arranged regular fire safety training and drills for employees to raise their awareness of safety and emergency response management. Inspections of firefighting equipment and manual alarms were performed regularly. Signages with the numbers of the local fire station and emergency calls were placed in conspicuous places in the office for exigency.

The Group has printed and distributed the Safety Handbook that explains the general rules of workplace safety to all employees. The Handbook covered the following topics:

- proper safety practices of employees;
- precautious measures against work injuries caused by machinery, lifting, electric shock, pressure vessels, poisoning and suffocation, falling from height and vehicles;
- safe use of work equipment; and
- common violations in project implementation and precautions.

Occupational Health and Safety Data

The information on work accidence is set out below:

Health and Safety	2023	2022	2021
Rate of work-related fatalities	–	–	–
Lost days due to work injury	–	–	–

The Group is not aware of any material non-compliance with the Occupational Safety and Health Ordinance of Hong Kong, Prevention and Control of Disease Ordinance of Hong Kong, Law on Occupational Safety and other applicable laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the Reporting Period (2022: Nil).

B3. Development and Training

The Group provides continuous training and development programmes for its employees. According to the Group's Employee Handbook, the training needs of different employees were identified and assessed regularly to arrange appropriate training programmes for employees. The Group values employees' opinions. Feedback on the training programmes was constantly collected and analysed for future enhancement.

During the Reporting Period, 100% of the employees were trained and a total of 1,368 hours of training were provided. Each employee received 24 hours of training on average. The graphs below illustrate the percentage of employees trained by category and the average training hours trained per employee.

The Total training hours received by the employees of the Group by gender and position type in the Reporting Period are set out below:

Average Training Hours		2023	2022
By Gender			
	Male	24.00	24.00
	Female	24.00	24.00
By Employee Category			
	Senior management	24.00	24.00
	Middle Management	24.00	24.00
	Frontline and Other Employees	24.00	24.00

The Group encourages employees to strike a balance between work and life. All employees are encouraged to participate in recreational activities to enhance the team spirit, employee's sense of belonging and morale.

Categories	Topics
Introduction	Corporate Culture, Anti-Corruption, Employee Handbook Introduction
Basic Knowledge	Financial Policies and Reimbursement, Anti-Corruption, Effective communication skills
Professional Knowledge	Exhibition Events
Certificate Courses	Intermediate Economist Certificate, Safety Officer Certificate, Associate Constructor Certificate
Software Application Training	Adobe Illustrator, Photoshop, 3Dmax, Sketchup pro

B4. Labour Standard

The Group adopts a zero-tolerance policy for child labour and forced labour. By the Labour Law of the People's Republic of China, there was no child labour nor forced labour in the Group's operations during the Reporting Period (2022: Nil). To prevent child labour or forced labour, the Human Resources Department checks the applicant's identification documents, such as identity cards and academic certificates, and their proofs of resignation from previous employers or reference letters from schools to ensure that they are legally eligible to work for the Group before hiring them as the Group's employees. If any child labour or forced labour is discovered after his/her employment, the Group will immediately dismiss the employee concerned and report the incident to the related authority. If any violation of the Labour Law of the PRC is found, the employee will be dismissed without any financial compensation.

B5. Supply Chain Management

The Group understands that proper management of its supply chain brings positive impacts to the Group, the society, and the environment. Suppliers of the Group were chosen through a stringent selection process to ensure the delivery of work is of high quality. The Group also maintained a close relationship to secure long-term and stable partnerships.

The Group complied with laws and regulations such as the Regulation on the Implementation of the Bidding Law of the PRC, Measures for the Bid Invitation and Bid Tendering for Construction and Engineering Projects, and Measures for Survey and Design Bidding of Construction Projects. Suppliers were selected through tendering. The Group conducted pre-qualification and tender analysis on bidding suppliers. Before working with the Group, suppliers are required to sign a Confirmation of Compliance with the Code of Integrity and Professional Ethics.

The risks to the supply chain are mainly environmental pollution and product quality, to mitigate these risks, the Group has adopted the following policy below.

Regulations on Procurement Management have been formulated to establish a robust supplier management system, standardise the procurement operation procedure, and better collaborate with suppliers, to control procurement risks. The regulation stipulated the roles and responsibilities of the procurement department, procurement standards, criteria used in supplier selection, supplier ranking list, procurement rights management and procurement procedure. The Group's procurement department was responsible for continuously enhancing the effectiveness of its supplier management. Principally, there will be no less than three suppliers in each procurement category. Suppose there is a quality problem with a service or product provided by a supplier, or a collusion between internal procurement staff and a supplier to raise the price or to provide false products. In that case, the Group will terminate its cooperation with the supplier involved.

The Group ensures that its suppliers are capable of providing qualified products. Priority was given to companies which are large and medium-sized, awarded with ISO 9001 quality control system certification and with capacity for high-quality mass production. Suppliers were required to submit test reports approved by a product quality assurance agency, such as the National Building Material Quality Supervision and Inspection Center and the National Fireproof Building Material Quality Supervision and Inspection Center, etc. to prove that the raw materials used were non-toxic and safe.

In addition to quality assurance, environmental performance was also considered in supply chain management. Prospective suppliers were requested to submit their business licences, the environmental impact assessment reports, and the certificates from the China Association for Exhibition Centres for selection. The Group visits its suppliers' factories regularly for compliance check.

During the Reporting Period, the Group had a total of 19 suppliers (2022: 14) in China, providing construction, lighting and operational services. All engaged suppliers must comply with the above-mentioned policies to minimise the environmental and social risks of the supply chain.

Region	Numbers
North China	7
South China	5
East China	7
Total	**19**

B6. Product Responsibility

Quality Assurance and Customer Satisfaction

The Group is dedicated to maintaining the highest standard of exhibition services quality. Its exhibition design, construction and after-sales service were all certified with the ISO 9001 Quality Management System.

The Group ensures that sufficient resources are available on-site for supervision of the project implementation. For quality assurance, onsite checks were conducted against the workmanship and the materials used, according to the requirements of the contracts. Inspection was conducted in every stage of the project. If any defect or any non-conformity with the operating procedures arises, project managers will follow up on the case immediately. Remediation will be made accordingly before proceeding to the next stage. Materials used in the projects have obtained respective certificates, to ensure that the products meet the desired quality.

To enhance customers' satisfaction, customers were asked to fill in the evaluation form at the end of each project to rate against the parameters such as product quality, control, communication, and service. The Group treasures feedback from customers and strives to make improvements to stay competitive.

During the Reporting Period, the Group did not violate any law and regulation relating to the health and safety of products and services (2022: Nil). There was no product recalled due to safety and health reasons (2022: Nil). No major complaint nor negative feedback has been received from customers during the Reporting Period (2022: Nil). If the Group receives any negative feedback from customers, it will be resolved immediately until no further complaints.

Information Protection

The protection of privacy and confidentiality of stakeholders is of utmost importance. The Group has established the Data Privacy System to prevent data breaches, and misuse or abuse of the sensitive information of customers. Employees and business partners are required to sign a Confidentiality Agreement with the Group to prevent unauthorised disclosure of information.

It was stated in the Group's Employee Handbook that all employees are obliged to keep trade secrets. The Employee Handbook clearly defined trade secrets and listed measures to protect privacy and confidentiality. For instance, visitors to the office should be accompanied by its employees and are not allowed to read confidential documents. Meetings should not be recorded without authorisation. Circulation of minutes is restricted to relevant personnel only. Private CDs, floppy disks, or USB drives are not allowed on the computers of the Group.

Intellectual Property

The Group extensively introduces innovative designs and services to various customers. Hence, the Group attaches great importance to the protection of intellectual property rights. At all times, Employee shall keep confidential, except authorised by the Group, any trade secrets, confidential information, knowledge, data or other information of the Group relating to its designs, software systems, models and any other intellectual properties.

Clauses on intellectual property rights have been listed in employees' contracts to strictly protect the Group's intellectual property rights, such as copyrights, patents, trademarks, trade secrets, domain names, etc.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to privacy matters had been identified during the Reporting Period (2022: Nil).

Product Labelling and Advertising

The Group strictly complied with applicable laws and regulations, such as the Advertising Law of the PRC and the Trademark Law of the PRC. During the Reporting Period, no violations of relevant laws and regulations related to product labelling and advertising that have a significant impact on the Group were found (2022: Nil).

B7. Anti-corruption

The Group is committed to managing all businesses to avoid undue influence. It upholds honesty, integrity, and fairness as its core values. The Group strictly abides by the Anti-Unfair Competition Law of the PRC, The Company Law of the PRC, the Criminal Law of the PRC and other laws, regulations and regulatory documents related to commercial bribery. All directors and employees are required to strictly observe the Group's policy to prevent bribery, extortion, fraud and money laundering.

The Group has formulated the Code of Business Conduct to provide all employees with an official guideline on business conduct. It was stated in the guideline that employees should not have interest conflicts with the Group and its customers. Employees and their immediate family members shall not accept, or offer, gifts and benefits from, or to, any personnel who has business engagement or is in business negotiations with the Group.

Employees who offer or accept gifts and benefits must comply with Dowway's Policy on Gifts and Hospitality. Any act that may be considered bribery and covert payment is prohibited. Suppliers, contractors, and any other companies and/or individuals being regarded by the Group as suppliers or service providers must abide by the Group's procurement policies. Employees' decisions should be based only on price and quality, as well as suppliers' integrity. In the process of considering the signing of such a contract or the procurement of goods or services, gifts, benefits, and other personal benefits and concessions shall never be accepted.

The Group has formulated relevant policies on whistleblowing and established whistleblowing channels, including complaint mailboxes, suggestion boxes, and employee committees. Employees can report any suspected fraud and violations to the management. The Integrity Risk Control and Management Team has been set up to monitor employees' integrity. When a suspicious case is reported, an investigation will be conducted by the Integrity Risk Control and Management Team. The identity of the whistle-blower will be kept confidential.

There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period (2022: Nil).

Anti-corruption Training

Employees of the Group play a crucial role in fighting against corruption. The Group has been taking proactive steps to raise employees' awareness. Training sessions on anti-corruption are arranged regularly to introduce relevant national laws and regulations, as well as the Group's policies on anti-corruption. Employees are reminded of the anti-corruption policies through memorandums regularly. Also, all employees have signed the Rules on Integrity in Business and Integrity Pledge.

B8. Community Involvement

The Group is dedicated to giving back to the community with a focus on supporting the disabled. The Group supports the employment of the disabled and has led by example to employ 1 employee with disabilities during the Reporting Period. The employment targets to provide opportunities for people with disabilities to gain working experience and to promote inclusiveness in the workplace.

INDEPENDENT AUDITOR'S REPORT

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大華馬施雲
會計師事務所有限公司

Independent Auditor's Report 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 72 to 154, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information and other explanatory information.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements as at and for the year ended 31 December 2023. 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
Revenue recognition of exhibition and event related services and exhibition showroom related services (please refer to Notes 2.4(i), 4(a) and 6 to the consolidated financial statements)	
The Group's revenue derived from provision of exhibition and event related services and exhibition showroom related services amounted to approximately RMB107,399,000 for the year ended 31 December 2023. The recognition of revenue earned from these services is determined using input method based on the progress of the exhibition activities by reference to the Group's inputs to the satisfaction of a performance obligation relative to the total estimated inputs for the satisfaction of that performance obligation at the end of the reporting period. The recognition of revenue and direct costs related to the exhibition activities relies on the management's estimation of the progress and outcome of the projects, which is on the basis of contracts, quotations or other correspondences from time to time provided by the suppliers involved and the experience of the management. The management also makes estimates of the total costs based on the budget of each project which includes the expected timetable of the exhibition, the estimation of resources to be consumed, including labour hours and costs.	Our procedures in relation to revenue recognition included: — Understanding and evaluating the management's key internal controls that are present for the Group's budgeting process, cost accumulation process and revenue recognition; — Inspecting, on a sampling basis, the signed contracts, customers' confirmation and other correspondences with the customers to assess the reasonableness of the management's estimate on total contract sum; — Inspecting, on a sampling basis, the budget information, timetable of exhibitions, on which the estimated total costs and the extent of progress toward completion were based, and evaluating the appropriateness of the management's estimation. If the budgeted cost has been revised, reviewing the updated timetable of exhibitions and other relevant information and evaluating the appropriateness of the revision; — Discussing with project managers the status of the exhibitions or events, to identify any variation and claims for selected projects on a sampling basis, and obtaining explanations for fluctuations in margins. Obtaining corroborative evidence by inspecting progress report, records of deliverables, cash receipts, minutes of management's regular internal meetings and correspondences with customers, as appropriate;

Key audit matter	How our audit addressed the Key Audit Matter
The estimation of 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. Budgeted costs 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 made by the management.	— Evaluating, on a sampling basis, the accuracy of direct costs recognised to date by checking to the supplier invoices and delivery notes of material consumed, invoices or payment application from sub-contractors, payroll records on staff costs or other supporting documents to evaluate the progress of respective exhibitions or events; — Recalculating the estimate of the progress of contract work based on the latest budgeted costs and total actual costs incurred; — Assessing the reliability of the approved budgets by comparing the actual outcome against the management's estimation of completed contracts, on a sample basis; — Confirming with customers the transaction amounts during the year and the receivable balances as at reporting date; — Performing background search and interviewing with the customers, on sample basis, to understand the services contents, contract terms, the acceptance of services rendered and the service progress as at the reporting date; — Checking the mathematical accuracy of the calculation of contract revenue based on the estimate of the progress of exhibitions or events; and — Evaluating reasonableness of percentage of completion of contracts in progress by comparing the percentage calculated based on the costs incurred at the end of reporting period against that calculated based on customers' confirmation, on a sampling basis, and investigating any significant differences identified.

Key audit matter	How our audit addressed the Key Audit Matter
Expected credit loss assessment of trade receivables and contract assets (Please refer to Notes 2.4(d), 3(c) 4(d), 16 and 17 to the consolidated financial statements)	
As at 31 December 2023, the gross trade receivables and contract assets of the Group amounted to approximately RMB53,582,000 and RMB54,742,000 respectively. The Group's aggregate lifetime expected credit loss (the "ECL") on trade receivables and contract assets as at 31 December 2023 amounted to approximately RMB16,122,000 and RMB17,673,000 respectively. The management of the Company performed periodic assessment on the recoverability of the trade receivables and contract assets and the sufficiency of the allowance for ECL. The management of the Company estimated the amount of ECL based on provision matrix through grouping of various customers that have similar loss patterns, after considering the credit profile of respective customers, ageing analysis, historical settlement records, subsequent settlement status and on-going trading relationships with the relevant customers. The provision matrix is based on the Group's historical default rates taking into consideration the forward-looking information that may impact the customers' ability to repay the outstanding balances. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. We identified the determination of ECL as a key audit matter as the amounts involved are significant and the determination requires estimations and judgements to be made by the management and involves estimation uncertainty.	Our procedures in relation to ECL assessment of trade receivables and contract assets included: — Understanding and evaluating management's key internal control and procedures for managing, monitoring the billing and collection process and assessing the recoverability of trade receivables and contract assets; — Obtaining the ageing analysis of trade receivables and contract assets and discussing with the management of the Company about their evaluation of the background and financial capability of the debtors, evaluation of the impact of disputes with customers and any unforeseen delay of the exhibitions or events and their assessment of the recoverability of the balances; — Testing the integrity of information used by management to develop the provision matrix, including ageing analysis of trade receivables and contract assets, on a sample basis, by comparing individual items in the analysis with the relevant financial records and other supporting documents; — Inquiring the management of the Company for (i) the status of each of the material trade receivables past due as at the year ended and (ii) the billing status of each of material contract assets, and corroborating explanation from the management with the supporting evidence such as on-going business relationship with the customers based on the trade records, checking historical and subsequent settlement status of and other correspondence with the customers;

Key audit matter	How our audit addressed the Key Audit Matter
	— Assessing the appropriateness of the ECL provisioning methodology and challenging the management's basis and judgement used, including their identification of trade receivables and contract assets as at the reporting date, the reasonableness of management's grouping in the provision matrix, the accuracy of estimated loss rates (with reference to historical default rates and forward- looking information) applied in each category; — Examining the key data inputs to assess the accuracy and completeness and challenging the assumptions including both historical and forward-looking information especially the market data used in determination of the ECL; and — Evaluating the adequacy and appropriateness of disclosures regarding the ECL assessment of trade receivables and contract assets made in the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report for the year ended 31 December 2023, but does not include the consolidated financial statements and our auditor's report thereon (the "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 THE DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors of the Company in discharging their responsibilities for overseeing the Group’s financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 judgement and maintain professional skepticism 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 of the Company.

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

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

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

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.

Moore CPA Limited
Certified Public Accountants

Mo Wing Sze Regina
Practising Certificate Number: P06709

Hong Kong 27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 *RMB'000*	 2022 *RMB'000* (as restated)
Revenue	*6*	**117,446**	177,132
Cost of services		**(111,584)**	(171,751)
Gross profit		**5,862**	5,381
Selling expenses		**(8,936)**	(7,843)
Administrative expenses		**(12,635)**	(11,729)
Net allowance for expected credit loss on trade receivables and contract assets	*3(c)*	**(1,811)**	(22,376)
Other income and other gains, net	*7*	**192**	311
Operating loss		**(17,328)**	(36,256)
Finance costs — net	*10*	**(577)**	(702)
Loss before income tax	*8*	**(17,905)**	(36,958)
Income tax credit	*12*	**987**	504
Loss and total comprehensive expense for the year attributable to owners of the Company		**(16,918)**	(36,454)
Loss per share attributable to owners of the Company	*13*		
Basic and diluted loss per share *(in RMB cents)*		**(14.10)**	(31.82)

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 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000 (as restated)
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	14	747	832
Right-of-use assets	15(a)	2,495	6,498
Deposits	18	336	546
		3,578	7,876
Current assets			
Trade receivables	16	37,460	49,157
Contract assets	17	37,069	63,931
Deposits, prepayments and other receivables	18	17,380	11,856
Restricted bank balances	19	1,000	–
Cash and bank balances	19	12,439	4,251
		105,348	129,195
Current liabilities			
Trade payables	20	64,253	77,191
Contract liabilities	21	4,841	4,631
Accruals and other payables	20	11,336	12,826
Tax payables		3,798	3,801
Bank borrowings	22	17,976	10,000
Lease liabilities	15(b)	1,191	2,031
		103,395	110,480
Net current assets		1,953	18,715
Total assets less current liabilities		5,531	26,591
Non-current liabilities			
Lease liabilities	15(b)	1,332	4,474
Deferred tax liabilities	23	624	1,624
		1,956	6,098
Net assets		3,575	20,493

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
			(as restated)
EQUITY			
Equity attributable to owners of the Company			
Share capital	*24*	**1,531**	1,531
Share premium	*24*	**84,813**	84,813
Reserves	*25*	**(82,769)**	(65,851)
Total equity		**3,575**	20,493

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 72 to 154 were approved and authorised for issue by the Board of Directors on 27 March 2024 and are signed on its behalf by:

Huang Xiaodi
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

		Attributable to owners of the Company						
	Notes	**Share capital** *RMB'000* *(Notes 24)*	**Share premium** *RMB'000* *(Notes 24)*	**Statutory Reserves*** *RMB'000* *(Notes 25(a))*	**Share option reserves*** *RMB'000* *(Notes 26)*	**Other reserves*** *RMB'000* *(Notes 25(b))*	**Accumulated losses*** *RMB'000* *(Notes 25)*	**Total equity** *RMB'000*
As at 1 January 2022		1,277	76,152	3,211	2,790	(9,600)	(23,868)	49,962
Impact of amendments to HKAS 12	*2.2*	–	–	–	–	–	(2,137)	(2,137)
As at 1 January 2022 (restated)		1,277	76,152	3,211	2,790	(9,600)	(26,005)	47,825
Loss and total comprehensive expense for the year		–	–	–	–	–	(36,454)	(36,454)
Transaction with owners of the Company:								
Share placing	*24*	254	8,661	–	–	–	–	8,915
Lapse of share options	*26(a)*	–	–	–	(301)	–	301	–
Share-based payments expenses	*26(b)*	–	–	–	207	–	–	207
Cancellation of share options	*26(a)*	–	–	–	(2,696)	–	2,696	–
As at 31 December 2022 and 1 January 2023		**1,531**	**84,813**	**3,211**	**–**	**(9,600)**	**(59,462)**	**20,493**
Loss and total comprehensive expense for the year		**–**	**–**	**–**	**–**	**–**	**(16,918)**	**(16,918)**
As at 31 December 2023		**1,531**	**84,813**	**3,211**	**–**	**(9,600)**	**(76,380)**	**3,575**

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

* These reserves amounts comprise the consolidated reserves of approximately RMB82,769,000 (2022: RMB65,851,000) in the consolidate statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

		Year ended 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Cash flows from operating activities			
Cash generated from/(used in) operations	*28*	**2,130**	(8,357)
Income tax paid		**(16)**	(30)
Net cash generated from/(used in) operating activities		**2,114**	(8,387)
Cash flows from investing activities			
Purchases of plant and equipment	*14*	**(12)**	(12)
Interest received		**14**	15
Net cash generated from investing activities		**2**	3
Cash flows from financing activities			
Net proceeds from placing of new shares		**–**	8,915
Proceeds from borrowings	*28*	**21,577**	10,000
Repayment of borrowings	*28*	**(13,601)**	(9,000)
Interest paid on borrowings	*28*	**(335)**	(345)
Interest elements of lease payments	*15*	**(211)**	(325)
Principal elements of lease payments	*15*	**(1,570)**	(2,794)
Net cash generated from financing activities		**5,860**	6,451
Net increase/(decrease) in cash and cash equivalents		**7,976**	(1,933)
Cash and cash equivalents at beginning of year		**4,251**	6,614
Effect of foreign exchange rate changes		**212**	(430)
Cash and bank balances	*19*	**12,439**	4,251

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

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 and its issued shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office and principal place of business of the Company are disclosed in the "Corporate Information" section 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 and media advertising in the People's Republic of China (the "PRC").

In the opinion of the directors of the Company, its immediate holding company is A&B Development Holding Limited, a company incorporated in the British Virgin Islands ("BVI") which is wholly-owned by Mr. Huang Xiaodi, the ultimate controlling shareholder and the executive director of the Company (the "Controlling Shareholder" or "Mr. Huang").

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Status of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, these consolidated financial statements also comply with applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

2.2 Basis of preparation and presentation

These consolidated financial statements have been prepared on the historical cost basis. The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and the Group. All values are rounded to the nearest thousand except when otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 December 2022 except for the adoption of certain new or amendments to HKFRSs that are relevant to the Group and effective from the current period as set out in below.

It should be noted that accounting estimates and assumptions have been used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in Note 4.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Basis of preparation and presentation *(Continued)*

Adoption of new or amendments to HKFRSs

In the current year, the Group has adopted for the first time the following new or amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2023.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and the related Amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International tax reform — Pillar Two model rules

Except for the below, the adoption of the above new or amendments to HKFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in theses consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Basis of preparation and presentation *(Continued)*

Adoption of new or amendments to HKFRSs *(Continued)*

Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies (Continued)

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The adoption of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in this Note 2 to the consolidated financial statements.

Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 Income Taxes does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 Income Taxes.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to accumulated losses or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Basis of preparation and presentation *(Continued)*

Adoption of new or amendments to HKFRSs *(Continued)*

Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

Prior to the initial adoption of these amendments, the Group adopted the initial recognition exception and recognised the deferred tax assets and liabilities arising from leases on a net basis. Following the requirements of the amendments, the Group has recognised deferred tax liabilities in relation to its right-of-use assets as at 1 January 2022 and has only recognised deferred tax assets in relation to its lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The impact of the retrospective adjustments of the changes in accounting policies on the items and amounts in the consolidated financial statements for the comparative period, which were prepared by the Company in accordance with HKFRSs, is as follows:

(i) The impact of the changes on financial statements for the current year

The following table summarises the impact of amendments to HKAS 12 on the consolidated financial position as at 31 December 2023.

	Increase/(decrease) to the account captions applying the amendments to HKAS 12 at 31 December 2023 *RMB'000*
Deferred tax liabilities	**624**
Reserves	**(624)**

The following table summarises the impact of amendments to HKAS 12 on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

	Increase/(decrease) to the account captions applying the amendments to HKAS 12 for the year ended 31 December 2023 *RMB'000*
Income tax credit	**1,000**
Loss and total comprehensive expense for the year	**(1,000)**

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Basis of preparation and presentation *(Continued)*

Adoption of new or amendments to HKFRSs *(Continued)*

Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

(ii) The impact of the changes on financial statements for the comparative year

The following table summarises the impact of amendments to HKAS 12 on the consolidated loss for the year ended 31 December 2022 and the consolidated total equity at 1 January 2022 and 31 December 2022, respectively.

	Loss for the year ended 31 December 2022 *RMB'000*	Total equity at 31 December 2022 *RMB'000*	Total equity at 1 January 2022 *RMB'000*
The amount of account captions before adjustment	(36,967)	22,117	49,962
The impact of the deferred tax related to liabilities arising from a single transaction	513	(1,624)	(2,137)
The amount of account captions after adjustment	(36,454)	20,493	47,825

The following table summarises the impact of amendments to HKAS 12 on the consolidated financial position as 31 December 2022 and the beginning of the comparative period (i.e. 1 January 2022).

	The amount before adjustment *RMB'000*	The effect of the adjustment *RMB'000*	The amount after adjustment *RMB'000*
31 December 2022			
Deferred tax liabilities	–	1,624	1,624
Reserves	(64,227)	(1,624)	(65,851)
1 January 2022			
Deferred tax liabilities	–	2,137	2,137
Reserves	(27,467)	(2,137)	(29,604)

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Basis of preparation and presentation *(Continued)*

Adoption of new or amendments to HKFRSs *(Continued)*

Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

(ii) The impact of the changes on financial statements for the comparative year *(Continued)*

The following table summarises the impact of amendments to HKAS 12 on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022.

	The amount before adjustment *RMB'000*	The effect of the adjustment *RMB'000*	The amount after adjustment *RMB'000*
Income tax (expense)/credit	(9)	513	504
Loss and total comprehensive expense for the year	(36,967)	513	(36,454)
Basic and diluted loss per share	32.26	–	31.82

Amendments to HKFRSs and interpretations not yet effective

The following are amendments to HKFRSs or interpretations that have been issued, but are not yet effective for the year ended 31 December 2023 and have not been early adopted by the Group in these consolidated financial statements.

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ("2020 amendments")	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants ("2022 amendments")	1 January 2024
Amendments to HKAS 7	Supplier finance arrangement	1 January 2024
Amendments to HKAS 21	Lack of exchangeability	1 January 2025
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Basis of preparation and presentation *(Continued)*

Amendments to HKFRSs and interpretations not yet effective *(Continued)*

The Group is in the process of making an assessment of what the impact of the above amendments to HKFRSs or interpretations is expected to be in the period of initial adoption. So far, based on preliminary assessments, it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

2.3 Going Concern

The Group incurred a net loss of approximately RMB16,918,000 for the year ended 31 December 2023. As at that date, the Group had total bank borrowings of approximately RMB17,976,000, all of which were repayable within 12 months, while the Group's cash and bank balances amounted to approximately RMB12,439,000. The Group's current assets exceeded its current liabilities by only approximately RMB1,953,000 as at 31 December 2023, and the Group's current assets included contract assets of approximately RMB37,069,000 which have yet to be reclassified as trade receivables upon the certification or confirmation by the customers. These conditions which may cast significant doubt about the ability of the Group to continue as going concern.

In view of such circumstances, the directors of the Company have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have reviewed the cash flow projection of the Group prepared by the management covering a period of not less than twelve months from the date of approval of these consolidated financial statements taking into account the formulated plans and measures:

(i) The Group will monitor the progress of the exhibition and event projects and ensure that they will be completed and receive the service fees in the expected timeframe;

(ii) The Group is currently negotiating the repayment schedules with certain of its debtors and endeavoring to request them to repay the trade receivables in accordance with the repayment schedules agreed with them;

(iii) The Group is taking measures to tighten cost controls with an aim to attain positive cash flows from operations;

(iv) The Group will seek for extension and renewal of its other bank borrowings upon maturity;

(v) The directors of the Company is considering various alternatives to strengthen the capital base of the Company including but not limited to, seeking new investment and business opportunities; and

(vi) The ultimate controlling shareholder of the Company, Mr. Huang, has stated that he is willing to provide financial support to the Group to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Going Concern *(Continued)*

The directors of the Company, after due consideration of the basis of management's plans and measures as well as the reasonably possible downside changes to the cash flow projections, are confident that the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from the date of this report. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, whilst management believes the Group is able to achieve its plans and measures as described above, the cash flow projections incorporate assumptions about future events and conditions which are subject to inherent uncertainties. In particular, whether the Group will be able to continue as a going concern would depend upon the cash inflows generated from its exhibition and event business and the timing of full resumption of exhibitions and events business.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any future liabilities that may arise and to re-classify non-current assets and liabilities as current assets and liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.4 Material accounting policy information

The material accounting policies adopted in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

a. *Plant and equipment*

The following plant and equipment held for use in the production or supply of goods or services, or for administrative purpose are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated economic useful lives, using the straight- line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

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

Right-of-use assets arising from leases over the buildings and other assets which the Group is not the registered owner of the property interests, are depreciated over their lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

b. *Impairment of non-financial assets*

At the end of each reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of- use assets with finite useful lives and contract cost to determine whether there is any indication that those 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 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 ("CGU") to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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 CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) 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 CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. 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 CGUs. 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. An impairment loss is recognised immediately in profit or loss.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

c. Lease

As a lessee

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 stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those 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 lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The cost of right-of-use assets

The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (see Note 2.4(b)), and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated on a straight-line basis over the shorter of its 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 AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

c. ***Lease*** *(Continued)*

As a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of the 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.

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modification

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.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

c. Lease (Continued)

As a lessee (Continued)

Lease modification *(Continued)*

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discounted 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, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

d. Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15.

Financial assets

Classification and subsequent measurement of financial assets

The Group assesses the classification and measurement of a financial asset based on the contractual cash flows characteristics of the asset and the Group's business model for managing the asset.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

— the financial asset is held within a business model whose objective is to collect contractual cash flows; and

— the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

d. Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to the expected credit loss ("ECL") assessment.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as other income.

Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due. Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, contract assets, deposits and other receivables and bank balances). The amount of ECL is updated at the end of each reporting period 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 represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment 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 end of the reporting period as well as the forecast of future conditions.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

d. Financial instruments (Continued)

Financial assets (Continued)

Impairment under ECL model *(Continued)*

The Group always recognises simplified approach and recorded lifetime ECL for trade receivables and contract assets (if any) that result from transactions within the scope of HKFRS 15 and the ECL on these assets are assessed individually for debtors with significant balances.

For all other instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in this likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial assets being credit-impaired at the reporting date or an actual default occurring.

(i) 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 period 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, government bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

d. Financial instruments *(Continued)*

Financial assets (Continued)

Impairment under ECL model *(Continued)*

(i) 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;

— 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; and

— past due information.

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.

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

d. Financial instruments *(Continued)*

Financial assets (Continued)

Impairment under ECL model *(Continued)*

(ii) 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).

Irrespective of the above, the Group considers that default has occurred when a trade receivable is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The directors of the Company are of the opinion that there has been no default occurred in respect of certain largest customers past due 90 days or more and the balances are still considered fully recoverable due to long term and on-going business relationship and good repayment record from these customers.

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events of default 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:

— significant financial difficulty of the issuer or the borrower;

— a breach of contract, such as a default or past due event;

— 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;

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

d. *Financial instruments* *(Continued)*

Financial assets (Continued)

Impairment under ECL model *(Continued)*

(iii) Credit-impaired financial assets *(Continued)*

— it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

When assessing the likelihood of the borrower to pay its credit obligation, the Group takes into account both quantitative and qualitative indicators. Qualitative indicator, such as the breach of covenants, and quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess credit-impaired which are either developed internally or obtained from external sources.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group reassesses whether the financial assets measured at amortised cost are credit-impaired at each reporting date.

(iv) 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, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. 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.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

d. *Financial instruments* *(Continued)*

Financial assets (Continued)

Impairment under ECL model *(Continued)*

(v) 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 adjusted by 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. As for the exposure at default, for financial assets, these are represented by the assets' gross carrying amount at the reporting date.

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.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

— nature of financial instruments (i.e. the Group's trade receivables, deposits and other receivables are each assessed as a separate group);

— past-due status; and

— external credit ratings where available.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

d. Financial instruments (Continued)

Financial assets (Continued)

Impairment under ECL model *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*
The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gains or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognised its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognised the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 profit or loss.

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.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

d. *Financial instruments* *(Continued)*

Financial liabilities
A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

The Group classifies its financial liabilities at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Financial liabilities subsequently measured at amortised cost
After initial recognition, the financial liabilities including trade payables, accruals and other payables, lease liabilities, bank borrowings are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Trade and other payables
Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Bank borrowings
Bank borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, bank borrowings are stated at amortised cost using the effective interest method. The borrowing costs are expensed in the period in which they are incurred.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

d. ***Financial instruments*** *(Continued)*

Financial liabilities (Continued)

Derecognition of financial liabilities

The Group derecognises the 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

e. ***Cash and cash equivalents***

Cash and cash equivalents comprise cash and bank balances and demand deposits, and short-term, highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired. Bank deposits which are restricted to use are included in "Restricted bank balances", which are excluded from cash and cash equivalents in the consolidated cash flows. Cash and bank balances are assessed for ECL (Note 2.4(d)).

g. ***Provisions and contingent liabilities***

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

g. *Employee benefits*

Pension obligations

The Group contributes on a monthly basis at certain percentage of the employee's salaries 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.

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. The Group has no legal or construction obligations to pay further contributions after payment of the fixed contributions.

h. *Equity-settled share-based payment transactions*

The Group operates a share option scheme for remuneration of its employees (including the directors of the Company) and other eligible participants. The employee services received in exchange for the grant of any share options are measured at their fair value. These are indirectly determined by reference to the share options granted. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All services received in exchange for the grant of share options is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in "Share-based payment reserve" within equity. If service or non-market performance conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest.

Where a grant of share options is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

i. Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount the reflects the consideration to which the entity expects to be entitled in exchange for those services. The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

— the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

— the Group's performance 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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

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

— direct measurements of the value transferred by the Group to the customer; or

— the Group's efforts or inputs to the satisfaction of the performance obligation.

If a contract involves multiple services, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

i. Revenue recognition *(Continued)*

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 ECL 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.

A contract liability represents 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.

Costs to fulfil a contract

The Group incurs costs to fulfill a contract in its exhibition and trade show 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 ECL review.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. The customer pays the fixed amount 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 AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

i. *Revenue recognition* *(Continued)*

Principal versus agent

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions which follows the accounting guidance for principal-agent considerations in HKFRS 15.

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).

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue from the following major sources: 1) provision of exhibition and event related services; and 2) provision of advertising related services. The Group's revenue recognition policies on each of these revenue sources are as follows:

Provision of exhibition and event related services and exhibition showroom related services

The Group undertakes exhibition and event projects primarily as a project manager, and provide a comprehensive range of services which includes design, planning, coordination and management of the exhibitions and events. The Group also provides in the design, decoration and maintaining of exhibition showroom. Revenue from providing these services is recognised in the accounting period in which the services are rendered.

In the contract with the customer, a series of distinct exhibition 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 in accordance with the terms explicated in the service agreements, the Group has legal 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 of the total costs based on the budget of each project which includes the expected time table of the exhibition and the estimation of resources to be consumed, including labour hours and costs.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

i. Revenue recognition (Continued)

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

The estimation of the total costs and the extent of progress toward completion will be revised if circumstances change, 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.

Advertisement related services

The Group provides one-stop online marketing solutions, including traffic data acquisition from top online publishers, participation in content production, raw data analysis and advertisement campaign optimisation, to help advertisers customers acquire, convert and retain final consumers on various leading media platforms. The customers simultaneously receive and consume the benefits when the advertisements are released on the designated online media platform. Revenue from advertisement related services is recognised over time using the output method, which mainly based on optimised Cost Per Mille ("oCPM") or optimised Cost Per Click ("oCPC").

While none of the factors individually is considered presumptive or determinative, in this arrangement the Group is the primary obligor and is responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers, the Group is primarily responsible for delivering the specified services to the advertisers; (ii) identifying online publishers to provide online spaces whereby the Group views the online publishers as suppliers; (iii) bearing the sole responsibility as consultant for advertising content integrated and fulfilment of the advertising; (iv) acquires use traffic data from online publishers which cannot be compensated by total consideration received from the advertisers, which is similar to inventory risk; and (v) having the discretion to establish the prices of advertising related services with the customers, the Group acts as the principal of these arrangements and therefore recognises revenue earned and costs incurred related to these transactions on a gross basis.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

j. Taxation

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of use assets.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carried forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carried forward unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Material accounting policy information *(Continued)*

j. *Taxation* *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

k. *Government grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under “Other income and other gains, net” in the profit or loss.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

Categories of financial instruments

	2023 *RMB'000*	2022 *RMB'000*
Financial assets		
At amortised cost		
— Trade receivables	**37,460**	49,157
— Deposits and other receivables	**802**	1,233
— Restricted bank balances	**1,000**	–
— Cash and bank balances	**12,439**	4,251
	51,701	54,641
Financial liabilities		
At amortised cost		
— Trade payables	**64,253**	77,191
— Accruals and other payables	**1,655**	1,875
— Bank borrowings	**17,976**	10,000
— Lease liabilities	**2,523**	6,505
	86,407	95,571

The Group's major financial instruments include trade receivables, deposits and other receivables, restricted bank balances and cash and bank balances, trade payables, accruals and other payables, lease liabilities and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(a) Currency risk

Currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to currency exchange rate is minimal as substantially all of the Group's monetary assets and liabilities are denominated in RMB, which is same as the functional currency of the respective group entities.

Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk. The Group manages foreign currency risk by closely monitoring the proportion of its non-HK$ and RMB assets and liabilities.

(b) Interest rate risk

The Group was exposed to fair value interest rate risk in relation to fixed rate bank borrowings (see Note 22), while the Group was exposed to cash flow interest rate risk in relate to its bank balances, which the directors considered the exposure and interest rate risk is insignificant.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

(c) Credit risk

The Group was exposed to credit risk in relation to its (i) trade receivables; (ii) deposits and other receivables; (iii) contract assets; and (iv) bank balances.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position.

The Group implemented standardised management procedures over the processes of target customers' selection, monitoring and management of non-performing receivables and other aspects. Through implementation of relevant credit risk management policies and procedures, the optimisation of the portfolio of receivables, the Group is able to timely and effectively identify, monitor and manage its potential credit risks.

Changes in the economic environment will have an impact on the Group's receivables, and the adverse effects will increase the possibility of losses incurred by the Group. The management of the Company are responsible for the management of credit risks, and periodically report on the quality of assets to the directors of the Company.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables and contract assets

For trade receivables and contract assets, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collateral in respect of its trade receivables.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has concentration of credit risk as 15% (2022: 29%) and 11% (2022: 13%) of the total trade receivables and contract assets of the Group, respectively, were due from the largest customer and 16% (2022: 74%) and 47% (2022: 48%) of the total trade receivables and contract assets of the Group, respectively, were due from the largest five customers, one of which is a communication technology (2022: advertising) company which is engaged in the provision of information and communication infrastructure and smart terminals (2022: advertising and promotion services) in the PRC and the others were mostly automobile companies which manufacture and sell cars in the PRC (2022: same).

Should there be change in the strategic relationships with these major 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 these customers which are mainly communication technology and automobile companies might be adversely affected due to deterioration in recoverability of trade receivables and contract assets from them. To manage this risk, the Group's management team maintains frequent communications with their contacts at the customers to ensure the Group captures the most updated understanding about the customers business status and assesses their credibility. In view of the smooth cooperation history with these customers and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding trade receivable and contract assets balances due from these companies is low.

For the rest of the customers, the management performs ongoing credit evaluation which focus on the customers' history of making payments and current ability to pay. 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 applies HKFRS 9 simplified approach to measure the ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets from initial recognition.

The impairment assessment under ECL model is performed on trade receivables and contract assets individually or based on provision matrix.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables and contract assets *(Continued)*

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables and contract assets are grouped under a provision matrix based on shared credit risk characteristics by reference to the repayment history over a period of 12 months and the corresponding historical credit losses experienced within this period. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had considered that the gross domestic growth is the most relevant factor, and it is applied in the ECL model given some significant changes in the market indexes, and accordingly, adjusted the historical loss rates based on expected changes of the factor.

The directors of the Company are of the opinion that there has been no default occurred in respect of certain customers past due 90 days or more and the balances are still considered fully recoverable due to long term and on-going business relationship and good repayment record from these customers. As such, the directors of the Company considered that the presumption of default could be rebutted for certain customers.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at reporting date.

31 December 2023	Automobile companies			Non-automobile companies			Advertisement companies		
	Expected loss rate	Gross carrying amount	Expected credit loss	Expected loss rate	Gross carrying amount	Expected credit loss	Expected loss rate	Gross carrying amount	Expected credit loss
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0-90 days past due	5.6%	7,014	390	4.1%	10,775	444	35.4%	5,499	1,945
91-180 days past due	37.5%	8	3	9.7%	14,026	1,366	–	–	–
Over 180 days past due	100.0%	4,740	4,740	100.0%	4,889	4,889	35.4%	6,631	2,345
Total		11,762	5,133		29,690	6,699		12,130	4,290

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables and contract assets *(Continued)*

31 December 2022	Automobile companies			Non-automobile companies			Advertisement companies		
	Expected loss rate *RMB'000*	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*	Expected loss rate *RMB'000*	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*	Expected loss rate *RMB'000*	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*
0-90 days past due	13.9%	29,321	4,064	19.0%	6,607	1,255	4.3%	18,832	802
91-180 days past due	21.6%	46	10	27.9%	10	3	–	–	–
Over 180 days past due	98.7%	5,756	5,684	90.7%	4,340	3,937	–	–	–
Total		35,123	9,758		10,957	5,195	–	18,832	802

Except for those customers were found as credit-impaired, the contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets, and the forward- looking information determined in above was also incorporated to estimate the loss allowance of contract assets.

The following table provides information about the exposure to credit risk and ECL for contract assets as at reporting date.

	Automobile companies			Non-automobile companies		
	Expected loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*	Expected loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*
31 December 2023	**5.0%**	**21,068**	**1,057**	**49.3%**	**33,674**	**16,616**
31 December 2022	13.9%	41,048	5,689	26.9%	39,112	10,540

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables and contract assets *(Continued)*

The movement of loss allowance provision for trade receivables and contract assets were as follows:

	Trade receivables		Contract assets		Total	
	2023	*2022*	***2023***	*2022*	***2023***	*2022*
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Allowance for ECL as at 1 January	**15,755**	7,222	**16,229**	2,386	**31,984**	9,608
Net allowance for ECL recognised during the year	**367**	8,533	**1,444**	13,843	**1,811**	22,376
Allowance for ECL as at 31 December	**16,122**	15,755	**17,673**	16,229	**33,795**	31,984

At 31 December 2023, the Group has trade receivables and contract assets with gross amounts of approximately RMB8,607,000 (2022: RMB9,340,000) and RMB11,671,000 (2022: RMB11,671,000) respectively, being credit impaired since the management of the Group considered these balances are unlikely to be recoverable or partially recoverable.

Trade receivables 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, and a failure to make contractual payments for a long period.

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

Other financial assets at amortised cost

For the deposits and other receivables, they are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. The Group uses the past-due information of counterparties to assess whether credit risk has increased significantly since initial recognition. As at the reporting date, the balances are not past due, and based on historical experience, majority of these balances were settled shortly upon maturity, hence the associated credit risk is minimal. The management considered that the identified impairment loss under expected credit loss model was immaterial.

The Group's bank balances are placed in reputable financial institutions with sound credit ratings assigned by international credit rating agencies. The management believes there is no significant credit risk of loss on such assets.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Performing	The counterparty has a low to moderate risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets and other item which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2023 *RMB'000*	Gross carrying amount 2022 *RMB'000*
Financial assets at amortised cost:					
Trade receivables	*16*	Performing	Lifetime ECL (not credit-impaired)	**23,288**	54,760
		Underperforming	Lifetime ECL (not credit-impaired)	**21,687**	812
		Non-performing	Lifetime ECL (credit-impaired)	**8,607**	9,340
Deposits and other receivables, excluding prepayments and goods and services tax receivables	*18*	Performing	Lifetime ECL (not credit-impaired)	**802**	1,233
Restricted bank balances and cash and bank balances	*19*	N/A	12m ECL	**13,439**	4,251
Other item: Contract assets	*17*	Performing	Lifetime ECL (not credit-impaired)	**35,125**	62,789
		Underperforming	Lifetime ECL (not credit-impaired)	**7,946**	5,700
		Non-performing	Lifetime ECL (credit-impaired)	**11,671**	11,671

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(d) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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 directors have carried out a detailed review of the cash flow forecast of the Group covering a period of not less than twelve months from the date of this report and other measures taken by the management as referred to in Note 2.3 to the consolidated financial statements, and consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the twelve months from 31 December 2023.

The table below analyses the non-derivative financial liabilities and lease liabilities of the Group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balances within 1 year other than bank borrowings and lease liabilities, equal their carrying balances as impact from discounting is not significant.

	Weighted average interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023						
Trade and other payables (excluding accrued employee benefits and other taxes)	**N/A**	**65,908**	**–**	**–**	**65,908**	**65,908**
Borrowings	**3.82%**	**18,351**	**–**	**–**	**18,351**	**17,976**
Lease liabilities	**4.41%**	**1,278**	**1,364**	**–**	**2,642**	**2,523**
		85,537	**1,364**	**–**	**86,901**	**86,407**
As at 31 December 2022						
Trade and other payables (excluding accrued employee benefits and other taxes)	N/A	79,066	–	–	79,066	79,066
Borrowings	3.74%	10,194	–	–	10,194	10,000
Lease liabilities	4.41%	2,271	2,317	2,363	6,951	6,505
		91,531	2,317	2,363	96,211	95,571

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(e) 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.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debts. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years.

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 were as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Total interest-bearing borrowings	**17,976**	10,000
Total equity	**3,575**	20,493
Gearing ratio	**502.83%**	48.80%

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with HKFRSs requires the management to make judgements, estimates and assumptions that affect the adoption of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Measure of progress of exhibitions and events for revenue recognition

The Group measures progress of exhibitions and events and recognises its revenue according to the proportion of actual costs of work performed to date as compared to total budgeted costs of works. Due to the nature of the activities undertaken in these projects, the date at which the project activities are entered into and the date when the activities are completed may fall into different accounting periods.

The management estimates the revenue and budgeted costs at the commencement of the exhibitions and events and regularly assesses the progress as well as the financial impact of scope changes, claims, disputes and liquidation damages. Budgeted costs which mainly comprise labor costs, subcontracting charges, material and consumables and other costs are estimated by the management. Any significant variances in estimations of the budgeted costs will impact the measurement of progress which drives the revenue recognition of works in an accounting period. The management constantly conducts periodic review of the relevance of budgets by reviewing the actual amounts incurred and comparing with previous estimated amounts in order to mitigate the exposure to significant variances.

(b) Current and deferred income tax

The Group is 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. 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 would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of current and deferred income tax in the period in which such estimates are changed.

(c) Principal and agent consideration in revenue recognition from advertising related services

In determining whether the Group is acting as a principal or as an agent in the provision of advertising related services based on the applicable accounting guidance, judgements and considerations of all relevant facts and circumstances are both required. The determination of whether revenue should be reported on a gross or net basis is based on the assessment of whether the Group acts as a principal or an agent in the transactions, taking into account the nature of specified services and whether the Group obtains controls of the specified services before transferring to advertisers. Management considers in combination: (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before the specified service has been transferred to a customer; (c) whether the Group has discretion in establishing the prices for the specified service; and (d) whether the Group has discretion in selecting suppliers. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgement when assessing the indicators depending on different circumstances.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Allowance for ECL on trade receivables and contract assets

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions. The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix.

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the Group used provision matrix to calculate the ECL for its trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar credit risk characteristics. The provision matrix is based on relevant historical loss rates taking into consideration forward looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the estimated loss rates are reassessed and changes in forward looking information are considered.

The assessment requires management judgement and estimates. Where the actual outcome or expectation in future is different from original estimate, such differences will impact the carrying amount of trade receivables and contract assets and credit loss allowance in the period in which the estimate has been changed.

(e) Impairment of non-financial assets

Plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement 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. No impairment losses were recognised during the year ended 31 December 2023.

5. SEGMENT INFORMATION

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the chief operating decision maker (the "CODM") of the Group, being the executive directors of the Company, for the purpose of resources allocation and performance assessment.

The Group's reportable and operating segments under HKFRS 8 are as follows:

1. Exhibition and event related business

2. Advertising related business

5. SEGMENT INFORMATION *(Continued)*

The Group's operating segments are strategic business units that offer different services. They are managed separately because each business requires different marketing strategies.

Segment revenues and 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.

Year ended 31 December 2023

	Exhibition and event related services *RMB'000*	Advertisement related services *RMB'000*	Total *RMB'000*
Revenue from external customers	107,399	10,047	117,446
Results of reportable segments	(7,657)	(8,156)	(15,813)
Corporate income			192
Corporate expenses			(1,707)
Operating loss			(17,328)
Finance costs — net			(577)
Loss before income tax			(17,905)
Income tax credit			987
Loss for the year			(16,918)
Segment results include:			
Depreciation of rights-of-use assets	1,465	137	1,602
Depreciation of plant and equipment	75	7	82
Written off of plant and equipment	15	–	15
Net loss on modification of lease	198	–	198
Impairment of prepayments	1,045	638	1683
(Reversal of)/Provision for ECL on trade receivables and contract assets, net	(6,037)	7,848	1,811
Other segment information:			
Addition to plant and equipment *	12	–	12

5. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

Year ended 31 December 2022

	Exhibition and event related services *RMB'000*	Advertisement related services *RMB'000*	Total *RMB'000*
Revenue from external customers	109,720	67,412	177,132
Results of reportable segments	(27,271)	(6,437)	(33,708)
Corporate income			311
Corporate expenses			(2,859)
Operating loss			(36,256)
Finance costs — net			(702)
Loss before income tax			(36,958)
Income tax credit			504
Loss for the year			(36,454)
Segment results include:			
Depreciation of rights-of-use assets	1,788	918	2,706
Depreciation of plant and equipment	718	368	1,086
Provision for for ECL on trade receivables and contract assets, net	14,671	7,705	22,376
Other segment information:			
Addition to plant and equipment *	12	–	12

* The amount did not include addition of right-of-use assets.

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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.

Geographical information

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

Information about major customers

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

	2023	2022
	RMB'000	*RMB'000*
Customer A[1]	**25,243**	50,743
Customer B[1]	**12,283**	–[2]
	37,526	50,743

(1) Revenue from both exhibition and event related services and advertisement related services.

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

6. REVENUE

	2023 RMB'000	2022 RMB'000
Disaggregation of revenue from contracts with customers, recognised on over time basis		
Exhibition and event related services	101,515	102,840
Exhibition showroom related services	5,884	6,880
Exhibition and event related services *(Note a)*	107,399	109,720
Advertisement related services *(Note b)*	10,047	67,412
	117,446	177,132

Notes:

(a) The Group provides services in the design, planning, coordination and management of the exhibition and event projects and exhibition showroom events.

(b) The Group provides one-stop online marketing solutions covering from user traffic data acquisition, raw data analysis and advertisement campaign optimisation to advertisers.

Substantially all revenue contracts are for one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocate to the unsatisfied contracts as at the end of the reporting period is not disclosed.

7. OTHER INCOME AND OTHER GAINS, NET

	2023 RMB'000	2022 RMB'000
Government grant *(Note)*	190	741
Exchange gains/(loss) — net	211	(430)
Gain on modification of lease	11	–
Surcharges on modification of lease	(209)	–
Net (loss) on modification of lease *(Note 28)*	(198)	–
Written off of plant and equipment	(15)	–
Others	4	–
	192	311

Note: During the year ended 31 December 2023, the Group received government grant of approximately RMB190,000 (2022: RMB741,000) in accordance with the government tax policy, such amount has been recognised as other income due to the Group has fulfilled conditions and other contingencies attached to the receipts.

8. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived after charging:

	2023 RMB'000	2022 RMB'000
Cost of services by revenue streams:		
— Exhibition and event related services	**97,205**	97,437
— Exhibition showroom related services	**4,990**	12,175
— Advertisement related services	**9,389**	62,139
	111,584	171,751
Included in cost of services:		
— Materials and consumables costs	**55,075**	49,775
— Venue and equipment related charges	**16,728**	15,516
— Design and services fee	**15,038**	72,892
— Subcontracting labor fee	**2,550**	–
Employee benefit expenses, including directors' emoluments *(Note 9) (Note iv)*	**13,439**	9,634
Depreciation on plant and equipment *(Note 14) (Note i)*	**82**	1,086
Depreciation on right-of-use assets *(Note 15) (Note ii)*	**1,602**	2,706
Expenses relating to short-term leases *(Note iii)*	**116**	149
Auditors' remuneration		
— Audit services	**882**	791
Professional services and consultancy fees	**3,735**	3,767
Net allowance for expected credit loss on trade receivables and contract assets		
— Trade receivables *(Note 3(c))*	**367**	8,533
— Contract assets *(Note 3(c))*	**1,444**	13,843
	1,811	–
Impairment of prepayments *(Note 18)*	**1,683**	–

Notes:

(i) Total depreciation of plant and equipment of approximately RMB37,000 and RMB45,000 (2022: RMB1,010,000 and RMB76,000) has been charged to cost of services and administrative expenses for the year ended 31 December 2023, respectively.

(ii) Total depreciation of right-of-use assets of approximately RMB1,602,000 (2022: RMB2,706,000) has been charged to administrative expenses for the year ended 31 December 2023.

(iii) Total operating lease expense in respect of short-term leases of approximately RMB116,000 (2022: RMB149,000) has been charged to cost of services for the year ended 31 December 2023.

(iv) Total staff costs of approximately RMB7,456,000 and RMB5,983,000 (2022: RMB5,074,000 and RMB4,560,000) has been charged to cost of services and administrative expenses for the year ended 31 December 2023, respectively.

9. EMPLOYEE BENEFIT EXPENSES

	2023 **RMB'000**	2022 *RMB'000*
Wages and salaries	**10,526**	6,915
Share based payment expense *(Note 26(b))*	**–**	207
Pension scheme and other social security costs	**1,361**	1,087
Housing benefits	**693**	705
Other costs and benefits	**859**	720
	13,439	9,634

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2022: three) directors whose emoluments are reflected in the analysis shown in Note 30. Details of the remuneration for the year of the remaining three (2022: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 **RMB'000**	2022 *RMB'000*
Wages and salaries	**831**	652
Share based payment expense	**–**	19
Pension scheme and other social security costs	**195**	155
Housing benefits	**77**	64
Other costs and benefits	**25**	5
	1,128	895

The number of highest paid employees who are not directors whose remuneration fell within the following band:

	Number of individuals	
	2023	2022
Emoluments band *(in HK$)*		
Nil – HK$1,000,000 (Equivalent to Nil – RMB894,000)	**3**	2

No bonuses have been paid to the Company's five highest paid employees for the year ended 31 December 2023 (2022: Nil). Share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in Note 26 to the consolidated financial statements.

During the year ended 31 December 2023, no emolument (2022: Nil) was paid or payable by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

10. FINANCE COSTS — NET

	2023	2022
	RMB'000	*RMB'000*
Finance income		
Interest income on bank balances and deposits	**14**	15
Finance costs		
Interest expense on bank borrowings	**(335)**	(345)
Interest on lease liabilities *(Note 15(c))*	**(211)**	(325)
Others	**(45)**	(47)
	(591)	(717)
Finance costs — net	**(577)**	(702)

11. SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2023 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	
				2023 %	2022 %	2023 %	2022 %
Dowway International Company Limited	Hong Kong, limited liability company*	Investment holding/Hong Kong	HKD1	100	100	–	–
Yi-commerce China Limited	Hong Kong, limited liability company*	Inactive/Hong Kong	HKD1	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@	Deregistered/The PRC	RMB500,000	–	–	–	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 company limited by shares under Hong Kong law.

\# Registered as wholly foreign owned enterprises under the PRC law.

@ Registered as limited liability company wholly owned by Beijing Dowway under the PRC law.

12. INCOME TAX CREDIT

	2023 **RMB'000**	2022 *RMB'000*
Current tax — the PRC enterprise income tax ("EIT")	**(13)**	(9)
Deferred tax *(Note 23)*	**1,000**	513
Income tax credit	**987**	504

Notes:

(a) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which entities in the Group are domiciled and operated.

(b) Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax under these jurisdictions.

(c) The PRC EIT is calculated at 25% (2022: 25%) of the estimated assessable profits of subsidiaries operating in the PRC.

(d) Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. The Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2023 (2022: Nil).

The income tax credit for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss as follows:

	2023 **RMB'000**	2022 *RMB'000*
Loss before income tax	**(17,905)**	(36,958)
Tax expense calculated at applicable PRC statutory tax rate of 25%	**(4,476)**	(9,239)
Difference in tax rates	**565**	433
Income not taxable for tax purposes	**(47)**	(186)
Expenses not deductible for tax purposes	**169**	258
Tax effect of unrecognised tax losses	**2,487**	2,821
Tax effect of unrecognised deductible temporary differences	**315**	5,409
Income tax credit	**(987)**	(504)

12. INCOME TAX CREDIT *(Continued)*

As at 31 December 2023, the Group has estimated unused tax losses and deductible temporary differences in respect of expected credit losses and lease liabilities arising in the PRC of approximately RMB35,452,000 and RMB38,000,000 (2022: RMB29,995,000 and RMB38,488,000) respectively, subject to the agreement of tax bureau in the PRC. The estimated unused tax losses will be available for offsetting against future profits for a maximum period of five years from the reporting date.

Deferred tax assets have not been recognised in respect of these items as it is not considered probable that profits will be available against which the above items can be utilised.

According to the PRC tax regulations, distribution of profits earned by the PRC companies 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 requirement was effective from 1 January 2008 and applies to earnings after 31 December 2007. As at 31 December 2023, none of the Group's PRC subsidiaries had distributable profits (2022: the Group's PRC subsidiaries has total distributable profits of approximately RMB2,594,000). The Group does not have any plan to require the PRC subsidiaries to distribute the remaining earnings, if any, 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.

13. LOSS PER SHARE

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

	2023 ***RMB'000***	2022 *RMB'000*
Loss attributable to owners of the Company *(in RMB)*	**(16,918)**	(36,454)
Weighted average number of ordinary shares in issue *(thousand)*	**120,000**	114,575
Basic loss per share *(in RMB cents)*	**(14.10)**	(31.82)

No adjustment is made in arriving at diluted loss per share as there were no potential ordinary shares outstanding during the year ended 31 December 2023 and the share options outstanding during the year ended 31 December 2022 had anti-dilutive effects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

14. PLANT AND EQUIPMENT

	Motor vehicles *RMB'000*	Equipment and furniture *RMB'000*	Total *RMB'000*
Year ended 31 December 2022			
Opening net book amount	457	1,449	1,906
Additions	–	12	12
Depreciation charged *(Note 8)*	(290)	(796)	(1,086)
Closing net book amount	167	665	832
As at 31 December 2022			
Cost	2,139	5,609	7,748
Accumulated depreciation	(1,972)	(4,944)	(6,916)
Net book amount	167	665	832
Year ended 31 December 2023			
Opening net book amount	**167**	**665**	**832**
Additions	**–**	**12**	**12**
Depreciation charged *(Note 8)*	**(16)**	**(66)**	**(82)**
Written-off	**–**	**(15)**	**(15)**
Closing net book amount	**151**	**596**	**747**
As at 31 December 2023			
Cost	**2,139**	**5,326**	**7,465**
Accumulated depreciation	**(1,988)**	**(4,730)**	**(6,718)**
Net book amount	**151**	**596**	**747**

15. LEASES

(a) Right-of-use assets

The Group has lease contracts for the offices used for its operation. Those leases generally run for an initial period of two years (2022: two to five years). There are no lease contracts that include variable lease payments. No extension or termination options, nor variable lease payments, were contained in the above lease contracts. During the year ended 31 December 2023, the Group re-negotiated certain leases with the landlords to reduce the space of office premises and entered into renewed lease agreements. Such decrease in scope of the leases is accounted for as lease modifications at the date when both parties agreed to the change (i.e. the date of renewed agreement), and the difference between the decrease in the carrying amount of right-of-use assets and lease liabilities was recorded as gain on the modification of lease in profit or loss.

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.

The carrying amounts of the right-of-use assets and the movements during the year are as follows:

	2023 ***RMB'000***	2022 *RMB'000*
As at 1 January	**6,498**	9,204
Modification of lease	**(2,401)**	–
Depreciation charged *(Note 8)*	**(1,602)**	(2,706)
As at 31 December	**2,495**	6,498

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Offices *RMB'000*
Carrying amount at 1 January 2022	9,299
Accretion of interest during the year	325
Principal elements of lease payments	(2,794)
Interest elements of lease payments	(325)
Carrying amount at 31 December 2022 and 1 January 2023	**6,505**
Accretion of interest during the year	**211**
Principal elements of lease payments	**(1,570)**
Modification of lease	**(2,412)**
Interest elements of lease payments	**(211)**
Carrying amount at 31 December 2023	**2,523**

15. LEASES *(Continued)*

(b) Lease liabilities *(Continued)*

	2023 RMB'000	2022 RMB'000
Analysed into:		
Current portion	1,191	2,031
Non-current portion	1,332	4,474
	2,523	6,505

The weighted average incremental borrowing rates applied to lease liabilities was 4.41% (2022: 4.41%). The total movement and cash outflow for leases and the maturity analysis of the lease liabilities are disclosed in Notes 28 and 3(d) to the consolidated financial statements, respectively.

The maturity analysis of lease liabilities is as follows:

	2023 RMB'000	2022 RMB'000
Within one year	1,278	2,271
Over one year but within two years	1,364	2,317
Over two years but within five years	–	2,363
Total Lease payments	2,642	6,951
Less: Future finance charges	(119)	(446)
	2,523	6,505

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities *(Note 10)*	211	325
Depreciation charged on right-of-use assets *(Note 8)*	1,602	2,706
Expenses relating to short-term leases *(Note 8)*	116	149
Gain on modification of lease	(11)	–
Surcharges on modification of lease	209	–
Net loss on modification of lease *(Note 7)*	198	–
	2,127	3,180

(d) Leases committed

As at 31 December 2023, the Group did not enter into any new leases that are not yet commenced (2022: Nil).

16. TRADE RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	**53,582**	64,912
Less: allowance for ECL	**(16,122)**	(15,755)
Trade receivables — net	**37,460**	49,157
Arising from:		
Exhibition and event related services	**29,621**	31,127
Advertising related services	**7,839**	18,030
	37,460	49,157

The Group provided customers with credit period ranging from 30 to 120 (2022: 30 to 120) days from the date on which invoice was issued. The credit terms of each customer of the Group were determined by the Group's sales team and were subject to review and approval of the Group's management based on the customers' payment history, transaction volume and length of business relationship with the Group.

All outstanding trade receivables balances were being reviewed by the Group's sales department on a regular basis to ensure that any overdue receivable was promptly monitored and appropriate collection actions were taken. The Group's sales department would follow up on the collections and the Group's accounting department would monitor the progress of collection. For those material long outstanding balances, legal actions would be taken for debt collection. During the year ended 31 December 2023, no legal actions were taken by the Group for debt collection (2022: Nil).

The following is an aging analysis of trade receivables (net of allowance for ECL) at the end of the reporting period presented based on invoice date:

	2023 RMB'000	2022 RMB'000
Up to 90 days	**20,509**	48,640
91 to 180 days	**12,665**	43
Over 180 days	**4,286**	474
	37,460	49,157

As at 31 December 2023, the Group had RMB4,286,000 (2022: RMB283,000) trade receivables past due over 300 days but not impaired as the Group did not consider these balances as at 31 December 2022 were defaulted due to long and on-going business relationship, good repayment record and good credit quality from these customers.

Details of impairment assessment of trade receivables are set out in Note 3(c).

17. CONTRACT ASSETS

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

	2023 *RMB'000*	2022 *RMB'000*
Current contract assets related to contracts with customers	**54,742**	80,160
Less: allowance for ECL	**(17,673)**	(16,229)
Contract assets — net	**37,069**	63,931

The balance represented the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the exhibition and events completed by the Group and the work is pending for the certification and confirmation by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification or confirmation of the completed exhibition and events and advertising services from the customers.

The Group applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9 and the movement in the allowance for impairment of contract assets was set forth in Note 3(c).

The Group classifies these contract assets as current assets because the Group expects to realise them in its normal operating cycle.

At the end of the reporting period, the carrying amounts of contract assets were expected to be realised within one year (2022: Same).

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 *RMB'000*	2022 *RMB'000*
Non-current portion		
Deposits *(Note (a))*	**336**	546
Current portion		
Loans to employees *(Note (b))*	**466**	687
Prepayments		
Prepayment for consumable items *(Note (c))*	**2,210**	2,588
Prepayment to suppliers for services *(Note (d))*	**16,387**	8,581
	18,597	11,169
Less: provision for impairment of prepayments *(Note 8)*	**(1,683)**	–
Prepayments and other receivables, net	**17,380**	11,856

Notes:

(a) Balances represent rental deposits for properties (2022: Same).

(b) Balances represent the loans to employees, which were unsecured, interest free, and had no fixed maturity date (2022: Same).

(c) Balances represent the prepayment for consumable items to be used for exhibition and events related business (2022: Same).

(d) Balances mainly represent the prepaid selling expenses and prepayment to subcontractors or suppliers for exhibition and events related business. In some situations, when the Group enters into service agreements with respective suppliers, it is required to make some prepayment to secure the suppliers' services, the venues which the exhibitions and events are held and the rental of materials or rental of equipment. The prepayment would be utilized when the Group has provided the services to the customers (2022: Same).

The directors of the Company reassessed the possibility of realisation of the prepayments and recognised impairment loss of approximately RMB1,683,000 (2022: Nil) due to the doubtful realisation of these assets which are unlikely to generate future economic benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

19. RESTRICTED BANK BALANCES AND CASH AND BANK BALANCES

	2023 RMB'000	2022 RMB'000
Restricted bank balances	1,000	–
Cash at banks	12,105	3,917
Cash on hand	334	334
	12,439	4,251
	13,439	4,251

Restricted bank balances comprised deposits of approximately RMB1,000,000 (2022: Nil) pledged to certain banks as security for certain banking facilities (Note 22).

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

As at 31 December 2023, the cash and cash equivalents of the Group denominated in HK$ and USD amounted to approximately RMB157,000 and RMB164,000 (2022: RMB553,000 and RMB151,000), respectively. The Group has cash and cash equivalents denominated in RMB amounting to approximately RMB13,091,000 (2022: RMB3,547,000) and were kept in the PRC. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

20. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables *(Note (a))*	61,253	77,191
Bills payable *(Note 22)*	3,000	–
	64,253	77,191
Accruals and other payables:		
Employee benefit payables	2,312	1,311
Other tax payables	7,369	9,640
Other accruals and payables *(Note (b))*	1,655	1,875
	11,336	12,826
	75,589	90,017

20. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES *(Continued)*

Note (a):

All of the trade payables are expected to be settled within one year from the reporting date or are repayable on demand as at the end of each reporting period. As at 31 December 2023, the credit period granted by the suppliers are generally ranging from 90 to 180 (2022: 90 to 180) days.

The following is an aging analysis of trade payables at the end of the reporting period presented based on the invoice dates:

	2023	2022
	RMB'000	*RMB'000*
Up to 90 days	**34,683**	51,837
91 days to 180 days	**11,076**	20,883
181 days to 365 days	**8,002**	2,497
Over 365 days	**10,492**	1,974
	64,253	77,191

Note (b):

At 31 December 2023, the balances mainly included the accrued expenses and payables related to project tender submission. At 31 December 2022, the balances also include the amount due to a director of the Company of approximately RMB983,000. Details are disclosed in Note 29.

21. CONTRACT LIABILITIES

When the Group receives a deposit at the acceptance of exhibition and event project, this will give rise to contract liabilities at the start of the contract until the revenue is recognised.

	RMB'000
Balance at 1 January 2022	12,774
Revenue recognised that was included in the contract liabilities at the beginning of the year	(12,774)
Increase in contract liabilities excluding amounts recognised as revenue during the year	4,631
Balance at 31 December 2022 and 1 January 2023	**4,631**
Revenue recognised that was included in the contract liabilities at the beginning of the year	**(4,631)**
Increase in contract liabilities excluding amounts recognised as revenue during the year	**4,841**
Balance at 31 December 2023	**4,841**

The Group applies the practical expedient in paragraph 21 of HKFRS 15 and does not disclose information about remaining performance obligation that have original expected duration of one year or less.

22. BANK BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Bank borrowings which are repayable within one year:		
— Secured	**13,000**	10,000
— Unsecured	**4,976**	–
	17,976	10,000
Secured by *(Note)*:		
— Corporate guarantee of an independent third party	**10,000**	7,000
— Personal guarantee of Mr. Huang	**3,000**	3,000
	13,000	10,000

Note: The corporate guarantee was provided by a financial institution engaged in the business of providing corporate guarantees and Mr. Huang shall bear unlimited joint and several liability for such guarantee.

The amounts of banking facilities and utilisation at the end of each reporting period are set out as follows:

	2023	2022
	RMB'000	*RMB'000*
Facilities amount	**24,076**	10,000
Utilisation at the end of the reporting period:		
— Bills payable *(Note 20)*	**3,000**	–
— Bank borrowings	**17,976**	10,000
	20,976	10,000

As at 31 December 2023, bills payable of the Group were secured by restricted bank balances of RMB1,000,000 (Note 19) (2022: Nil)

As at 31 December 2023, bank borrowings bear fixed interests ranging from 2.80% to 4.00% (2022: 3.30% to 3.85%) per annum.

23. DEFERRED TAX LIABILITIES

The deferred tax liabilities recognised in the consolidated statement of financial position and the movement during the year are as follows:

	RMB'000
Deferred tax liabilities arising from right-of-use assets:	
Balance at 1 January 2022	–
Impact of amendments to HKAS 12 *(Note 2.2)*	2,137
Adjusted balance at 1 January 2022	2,137
Credited to profit or loss *(Note 12)*	(513)
Adjusted balance at 31 December 2022 and 1 January 2023	**1,624**
Credited to profit or loss *(Note 12)*	**(1,000)**
Balance at 31 December 2023	**624**

24. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares

	Number of shares *'000*	Nominal Value of ordinary shares *US$'000*
Authorised:		
Ordinary shares of US$0.002 each as at 1 January 2022, 31 December 2022, 1 January and 31 December 2023	1,000,000	2,000

	Number of shares *'000*	Nominal value of ordinary shares *US$'000*	Equivalent value of ordinary shares *RMB'000*	Share premium *RMB'000*	Total *RMB'000*
Issued and paid:					
As at 1 January 2022	100,000	200	1,277	76,152	77,429
Placing of ordinary shares *(Note)*	20,000	40	254	8,661	8,915
As at 31 December 2022, 1 January 2023 and 31 December 2023	**120,000**	**240**	**1,531**	**84,813**	**86,344**

Note: On 8 April 2022, the Company fulfilled the placing agreement with an aggregate of 20,000,000 ordinary shares were placed to certain placees who are independent third parties. The placing price is HK$0.55 per placing share and the gross proceeds from the placing are approximately HK$11,000,000 (approximately RMB9,287,000), and the net proceeds from the share placing were approximately HK$10,559,000 (approximately RMB8,915,000), after netting of placing expenses of approximately HK$441,000 (approximately RMB372,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. RESERVES

	Statutory reserves *RMB'000* *(Note a)*	Share-option reserves *RMB'000* *(Note 26)*	Other reserves *RMB'000* *(Note b)*	Accumulated losses *RMB'000*	Total *RMB'000*
As at 1 January 2022	3,211	2,790	(9,600)	(23,868)	(27,467)
Impact of amendments to HKAS 12 *(Note 2.2)*	–	–	–	(2,137)	(2,137)
As at 1 January 2022	3,211	2,790	(9,600)	(26,005)	(29,604)
Total comprehensive expense	–	–	–	(36,454)	(36,454)
Lapse of share options *(Note 26(a))*	–	(301)	–	301	–
Share-based payments expenses *(Note 26(b))*	–	207	–	–	207
Cancellation of share options *(Note 26(a))*	–	(2,696)	–	2,696	–
As at 31 December 2022 and 1 January 2023	3,211	–	(9,600)	(59,462)	(65,851)
Total comprehensive expense	–	–	–	(16,918)	(16,918)
As at 31 December 2023	3,211	–	(9,600)	(76,380)	(82,769)

(a) Statutory reserves

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the subsidiaries incorporated in the PRC 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 reserve

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

26. SHARE-BASED PAYMENTS

(a) Share Option Scheme

On 16 May 2018, the board of directors of the Company approved the establishment of a share option scheme (the "Share Option Scheme") 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.

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.

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, comprising 40,000,000 for executive directors and 96,000,000 for employees, subject to acceptance of the grantees, under the Share Option Scheme.

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

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

	Exercise price per share option HK$	Number of options granted '000	Number of options vested '000
Vested and exercisable:			
As at 1 January 2022	**1.016**	**6,800**	**–**
Lapsed during the year	**–**	**(1,650)**	**–**
Vested during the year	**–**	**–**	**5,150**
Cancelled during the year	**(1.016)**	**(5,150)**	**(5,150)**
As at 31 December 2022	**–**	**–**	**–**

During the year ended 31 December 2022, 1,650,000 options were lapsed and remaining 5,150,000 options were vested on 16 August 2022.

The Share Option Scheme was cancelled on 23 December 2022.

26. SHARE-BASED PAYMENTS *(Continued)*

(a) Share Option Scheme *(Continued)*

(i) Fair value of options granted

The assessed fair value at grant date of options granted 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.

The model inputs for options granted included:

(a) Options are granted for no consideration and vest upon the end of 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:

	2023 **RMB'000**	2022 RMB'000
Options issued under Share Option Scheme *(Note 9)*	–	207

27. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2023 (2022: Nil).

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2023	2022
	RMB'000	*RMB'000*
Loss before income tax	**(17,905)**	(36,958)
Adjustments for:		
— Depreciation of plant and equipment *(Note 8)*	**82**	1,086
— Depreciation of right-of-use assets *(Note 8)*	**1,602**	2,706
— Allowance for ECL on trade receivables and contract assets *(Note 8)*	**1,811**	22,376
— Impairment of prepayment *(Note 8)*	**1,683**	–
— Share-based payment expenses *(Note 26)*	**–**	207
— Finance costs	**532**	655
— Exchange (gains)/loss — net *(Note 7)*	**(211)**	430
— Net loss on modification of lease *(Note 7)*	**198**	–
— Written off of plant and equipment	**15**	–
Changes in working capital:		
— Trade receivables	**11,330**	(9,972)
— Deposits, prepayments and other receivables	**(7,207)**	16,256
— Contract assets	**25,418**	(22,967)
— Restricted bank balances	**(1,000)**	–
— Trade payables	**(12,938)**	19,991
— Contract liabilities	**210**	(8,143)
— Accruals and other payables	**(1,490)**	5,976
Cash generated from/(used) in operations	**2,130**	(8,357)

Major Non-cash Transactions

During the year ended 31 December 2023, the Group has re-negotiated certain leases with the landlords and the change in scope resulting in the decrease in both right-of-use assets and lease liabilities, the gain on modification of lease of approximately RMB11,000 and the surcharges on the modification of approximately RMB209,000 were recorded in profit or loss, details please refer to Note 7.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Reconciliation of Liabilities Arising from Financing Activities

The table below details 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 financing activities.

	Bank Borrowings *RMB'000* *(Note 22)*	Lease liabilities *RMB'000* *(Note 15)*	Total *RMB'000*
As at 1 January 2022	9,000	9,299	18,299
Other changes:			
Interest expenses *(Note 10)*	345	325	670
Changes from financing cash flows:			
Interest paid	(345)	–	(345)
Proceeds from borrowings	10,000	–	10,000
Repayment of borrowings	(9,000)	–	(9,000)
Principal elements of lease payments	–	(2,794)	(2,794)
Interest elements of lease payments	–	(325)	(325)
As at 31 December 2022 and 1 January 2023	10,000	6,505	16,505
Other changes:			
Interest expenses *(Note 10)*	**335**	**211**	**546**
Modification of lease	**–**	**(2,412)**	**(2,412)**
Changes from financing cash flows:			
Interest paid	**(335)**	**–**	**(335)**
Proceeds from borrowings	**21,577**	**–**	**21,577**
Repayment of borrowings	**(13,601)**	**–**	**(13,601)**
Principal elements of lease payments	**–**	**(1,570)**	**(1,570)**
Interest elements of lease payments	**–**	**(211)**	**(211)**
As at 31 December 2023	**17,976**	**2,523**	**20,499**

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Total Cash Outflow for Leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	116	149
Within financing activities	1,781	3,119
	1,897	3,268

29. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to, 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.

Save as disclosed in elsewhere to these consolidated financial statements, the Group has the following related party transactions:

Balances with related parties

	2023 RMB'000	2022 RMB'000
Amount due to a director of the Company, Mr. Huang	–	983

The amount was interest free, unsecured and had no fixed terms of repayment.

Key management compensation

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

	2023 RMB'000	2022 RMB'000
Wages and salaries	2,848	1,526
Share-based payments	–	80
Pension scheme and other social security costs	220	243
Housing benefits	68	109
Other costs and benefits	–	16
	3,136	1,974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

30. BENEFITS AND INTERESTS OF DIRECTORS

For the year ended 31 December 2023

Name	Fee *RMB'000*	Salary *RMB'000*	Share-based payment *RMB'000*	Contribution to pension plan, welfare and other expense *RMB'000*	Total *RMB'000*
Chairman					
Mr. Huang Xiaodi	–	240	–	86	326
Executive directors					
Mr. Yan Jinghui	–	180	–	64	244
Mr. Shum Ngok Wa	–	801	–	9	810
Mr. Dong Kejia	–	963	–	9	972
Non-executive directors					
Mr. Gao Hongqi	120	–	–	–	120
Ms. Xu Shuang	120	–	–	–	120
Mr. Tsoi Ka Shing (appointed on 27 October 2023)	20	–	–	–	20
Mr. Yu Leung Fai (resigned on 27 October 2023)	90	–	–	–	90
	350	2,184	–	168	2,702

30. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

For the year ended 31 December 2022

Name	Fee *RMB'000*	Salary *RMB'000*	Share-based payment *RMB'000*	Contribution to pension plan, welfare and other expense *RMB'000*	Total *RMB'000*
Chairman					
Mr. Huang Xiaodi	–	240	–	93	333
Executive directors					
Mr. Yan Jinghui	–	180	40	69	289
Mr. Ma Yong (resigned on 9 December 2022)	–	180	40	69	289
Mr. Shum Ngok Wa (appointed on 9 December 2022)	–	–	–	–	–
Mr. Dong Kejia (appointed on 9 December 2022)	–	–	–	–	–
Non-executive director					
Mr. Yuen Lai Him (resigned on 17 January 2022)	–	–	–	–	–
Mr. Yuen Poi Lam William (appointed on 17 January 2022 and resigned on 15 July 2022)	–	269	–	–	269
Independent non-executive directors					
Mr. Gao Hongqi	120	–	–	–	120
Ms. Xu Shuang	120	–	–	–	120
Mr. Yu Leung Fai	105	–	–	–	105
	345	869	80	231	1,525

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown above were mainly for services as director of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Certain directors were granted share option, in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in Note 26 to the consolidated financial statements.

30. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

No bonuses have been paid to the Company's executive directors and non-executive directors for the year ended 31 December 2023 (2022: Nil).

During the year ended 31 December 2023, 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, and no director waived their remuneration (2022: Nil).

During the year ended 31 December 2023, certain directors partly waived their remuneration during the year due to the impact on the financial performance of Group (2022: Same).

31. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

Pursuant to the relevant labour laws, rules and regulations in the PRC, the Group participates in defined contribution retirement benefit scheme (the "Retirement Benefit Scheme") organised by the relevant local government authorities in the PRC whereby the Group is required to make contributions to the Retirement Benefit Scheme at a certain rate of the standard wages determined by the relevant authorities in the PRC during the year. Contributions to the Retirement Benefit Scheme vest immediately.

As at 31 December 2023, no forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) was available to be utilised by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the pension scheme (2022: Nil).

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 *RMB'000*	2022 *RMB'000*
ASSETS		
Non-current asset		
Investment in subsidiaries *(Note 11)*	**221**	221
Amounts due from subsidiaries *(Note a)*	**1,171**	10,066
Total non-current assets	**1,392**	10,287
Current assets		
Cash and cash equivalents	**319**	151
Total current assets	**319**	151
Total assets	**1,711**	10,438
EQUITY		
Capital and reserves		
Share capital *(Note 24)*	**1,531**	1,531
Share premium *(Note 24)*	**84,813**	84,813
Reserves *(Note b)*	**(84,633)**	(75,906)
Total equity	**1,711**	10,438

The statement of financial position of the Company was approved and authorised for issue by the board of directors on and were signed on its behalf.

Huang Xiaodi
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) The balances were unsecured, interest free and had no fixed terms of repayment.

(b) A summary of the Company's reserves is as follows:

	Share option reserves *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
As at 1 January 2022	2,790	(30,082)	(27,292)
Total comprehensive expense for the year	–	(45,824)	(45,824)
Lapse of share options *(Note 26(a))*	(301)	–	(301)
Share-based payments expenses *(Note 26(a))*	207	–	207
Cancellation of share options *(Note 26(a))*	(2,696)	–	(2,696)
As at 31 December 2022 and 1 January 2023	–	(75,906)	(75,906)
Total comprehensive expense for the year	**–**	**(8,727)**	**(8,727)**
As at 31 December 2023	**–**	**(84,633)**	**(84,633)**

33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2024.