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DOWWAY HOLDINGS LIMITED
天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

INTERIM REPORT 2018

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HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately RMB44.97 million for the six months ended 30 June 2018 compared with that of approximately RMB36.38 million for the six months ended 30 June 2017, representing an increase of approximately 23.60%.

- The Group recorded an unaudited total comprehensive loss for the period of approximately RMB2.72 million for the six months ended 30 June 2018 (For the six months ended 30 June 2017: unaudited total comprehensive income for the period of approximately RMB3.98 millions).

- The basic loss per share attributable to owners of the Company for the six months ended 30 June 2018 was less than RMB0.01 (For the six months ended 30 June 2017: the basic earning per share attributable to owners of the Company of approximately RMB0.27).

CORPORATE INFORMATION

DIRECTORS

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

Independent Non-executive Directors:
Ms. Xu Shuang
Mr. Gao Hongqi
Mr. Ng Yuk Yeung

AUDIT COMMITTEE
Mr. Ng Yuk Yeung *(Chairman)*
Mr. Gao Hongqi
Ms. Xu Shuang

REMUNERAITON COMMITTEE
Mr. Gao Hongqi *(Chairman)*
Mr. Ng Yuk Yeung
Mr. Ma Yong

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

COMPANY SECRETARY
Ms. Lam Yuk Ling

AUTHORISED REPRESENTATIVES
Mr. Huang Xiaodi
Ms. Lam Yuk Ling

AUDITOR
PricewaterhouseCoopers

STOCK CODE
8403

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC
No. 6112, DRC
No. 1 Compound Xindong Road
Chaoyang District
Beijing 100600
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Estera Trust (Cayman) Limited
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
Tricor Investor Services Limited
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong

COMPLIANCE ADVISER
RaffAello Capital Limited

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAWS
Loong & Yeung

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/

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the Board of Dowway Holdings Limited (the "Company", collectively with its subsidiaries, the "Group"), I am pleased to present the Company's unaudited interim results for the six-month period ended 30 June 2018 (the "Period").

The Group is an integrated exhibition and event management service provider in the PRC. It mainly offers design, planning, coordination and management services, for exhibitions and events in more than 40 cities in the PRC. It has built a reputable customer base. Since 2009, the Group has been providing integrated exhibition and event management services to various world-renowned automobile brands, for facilitating showcases, promotion and/or sales of their branded automobiles. It also undertakes from non-automobile companies projects related to automobile exhibitions and events. According to a market research report prepared by Frost & Sullivan (the "F&S Report"), in 2017, in terms of total revenue of automobile exhibition services, the Group was the fourth largest player in the highly fragmented automobile exhibition services market in the PRC. The Group also offers services in relation to different promotional, commercial and private events such as award ceremonies, film promotional activities and press conferences.

In the first half of 2018, the PRC economy remained sound, with GDP up 6.8% year-on-year, according to the National Bureau of Statistics. The macro-economy was growing steadily to the benefit of all industries, and the supportive government policies has fuelled the growth of the domestic exhibition industry. By overall size, the industry continued to top the list in the world, boosting market demand for exhibition services in the country. The automobile exhibition services market in particular has been growing quickly thanks to the increased output and sales of new automobile models. During the Period, the Group was able to seize the golden opportunities in the midst of development of the exhibition and related service industry in the PRC and, through strengthening its quality of service of exhibition and event management, consolidate its position in the industry in the PRC.

For the Period, the Group undertook on 44 exhibition and event projects and 34 of them were completed, realizing a revenue of approximately RMB44.97 million, representing a year-over-year increase of 23.60% or about RMB8.59 million. During the Period, the gross profit grew steadily by 11.11% to approximately RMB10.94 million year-on-year and its gross profit margin was 24.34%. The Group recorded net loss attributable to owners of the Company of approximately RMB2.72 million for the Period, mainly because administrative expenses increased to approximately RMB11.94 million mainly as a result of the increase in listing expenses. The Board does not recommend payment of interim dividend for the Period.

CHAIRMAN'S STATEMENT

The Group adheres to a "customer — oriented" service principle and aims for "quality and highly effective, partnering for win-win" development. It pays attention to and timely seizes the new opportunities in the developing exhibition services market in the PRC, and is also active in expanding its exhibition and event management services and customer base, improving brand reputation, stepping up marketing efforts and exploring strategic acquisition opportunities. It aims to set up branches and/or representative offices in different cities and regions in the PRC for capturing opportunities, in an effort to stand out and become one of the market leaders in the highly competitive exhibition and event management service industry in the PRC.

In order to undertake building decoration works when providing exhibition showroom services, the Group had applied to the Beijing Huairou District Commission of Housing and Urban-Rural Development for the Grade II qualification for building decoration under the Qualification Standards for Construction Enterprises (《建築業企業資質標準》) and such qualification has been obtained in late-May 2018.

2018 is a milestone year for the Group. The Company's shares were listed on GEM of the Stock Exchange on 12 June 2018, starting a new chapter of the Group's development. On behalf of the Board, I would like to express my gratitude to all shareholders, customers and business partners for their unrelenting trust and support, and also our management team and staff for their valuable contribution to the Group's development.

Chairman, Chief Executive Officer and Executive Director
Huang Xiaodi
Hong Kong, 8 August 2018

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2018, the exhibition industry in the PRC remained sound fundamentally with the overall scale expanding gradually. Its three major performance indicators: total number, area and revenue, were rapidly growing and gathering momentum, spurring greatly demand for exhibition services in the domestic market.

The thriving PRC economy has stimulated prosperous development of different industries and that in turn has driven growth of the local exhibition industry to world-leading scale. Also, factors such as supportive national policies, rising disposable income per capita and demand for cultural enrichment, and development of the Internet presenting more advertising and promotional channels have kept the total number, area and revenue of exhibitions steadily on the uptrend. According to the "F&S Report", the total revenue of the PRC exhibition industry reached RMB578 billion in 2017. Urbanization and improving living standard stimulate the output and sales of new automobiles, automobile exhibitions have become the largest sector in the entire exhibition industry in the PRC. The F&S Report pointed out, with the total number and area of automobile exhibitions on steady climb, the PRC automobile exhibition industry achieved total revenue of RMB58 billion in 2017.

At the pull of the rapidly growing exhibition industry, demand for exhibition services has also continued to rise. On top of that, as the "Opinions for Further Promotion of The Reformation and Development of Exhibition Industry" issued by the State Council in 2015 came into effect lending support to development of the domestic exhibition service market, plus more exhibition venues are being constructed nationwide to answer the needs for larger exhibition area and related infrastructure, leading exhibition service providers with strong reputation and track record, network resources, operational experience and management capability are presented with huge room for growth.

BUSINESS REVIEW

The Group is an integrated exhibition and event management service provider in the PRC. It mainly serves as project manager for exhibitions and events and provides a comprehensive range of related services including design, planning, coordination and management of exhibitions and events covering theme, stage and venue design and overall planning, feasibility study, procurement of construction materials and equipment, project management, liaison with suppliers and/or personnel for construction of backdrop, stage and exhibition booth as well as installation of audio, visual and lighting equipment and facilities, and on-site supervision. Depending on customer request and subjects 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 to implement and execute design and layout plans, in accordance with the type and objectives of an exhibition or event.

The Group has been providing integrated exhibition and event management services to automobile companies since 2009, mainly helping internationally renowned automobile brands with, promotion and/or sales of their branded automobiles. The Group maintains a reputable customer base comprising Lamborghini, Volkswagen and other international automobile brands. It also takes on projects related to automobile exhibitions and events from non-automobile companies. In terms of revenue, automobile companies accounted for the largest portion of all exhibitions and events coordinated and managed by the Group. According to the F&S Report, in terms of total revenue of automobile exhibition services in 2017, the Group was the fourth largest player in the highly fragmented automobile exhibition services market in the PRC, with a market share of around 1.3%. In addition, the Group also provides services for promotional, commercial and private events like award ceremonies, film promotional events and press conferences.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the leadership of a management team experienced and armed with industry expertise, the Group has the backing of a proven track record of providing integrated exhibition and event management services, the ability to maintain solid relationship with internationally renowned automobile brands, its consistently stringent quality control and high service standard, and an extensive network of and cooperation track record with various suppliers. These strengths have allowed the Group to stand out in the highly competitive exhibition service market in the PRC and achieve excellent results. For the six months ended 30 June 2018, the Group completed 34 exhibitions and events, among the total of about 44 projects obtained in the PRC with aggregate revenue reaching approximately RMB44.97 million. At 30 June 2018, the Group had a business footprint covering over 40 cities including Beijing, Shanghai, Guangzhou, Tianjin, Chengdu, Harbin, Shenyang, Kunming, Nanning and Chongqing.

FINANCIAL REVIEW

Revenue

The Group generates revenue mainly from the provision of design, planning, coordination and management services of exhibitions and events in the PRC. The following table sets forth the breakdown of revenue from business operations for the six-month periods ended 30 June 2017 and 2018:

	For the six-month periods ended 30 June			
	2018		2017	
	RMB' 000	***%***	*RMB' 000*	*%*
	(Unaudited)		(Unaudited)	
Revenue from automobile related exhibitions and events	**43,143**	**95.95%**	36,122	99.29%
Revenue from non-automobile related exhibitions and events	**1,822**	**4.05%**	258	0.71%
Total	**44,965**	**100%**	36,380	100%

Revenue increased from approximately RMB36.38 million for the six-month period ended 30 June 2017 to approximately RMB44.97 million for the six-month period ended 30 June 2018, representing a year-over-year increase of approximately 23.60% or approximately RMB8.59 million. Such increase was primarily due to the increase in number of exhibition and event projects undertaken by the Group, from 26 for the six-month period ended 30 June 2017 to 44 for the six-month period ended 30 June 2018.

During the six-month period ended 30 June 2018, revenue from automobile related exhibitions and events continued to be the main source of revenue for the Group, which increased from approximately RMB36.12 million for the six-month period ended 30 June 2017 to approximately RMB43.14 million for the six-month period ended 30 June 2018, representing a year-over-year increase of approximately 19.44% or approximately RMB7.02 million, accounted for 95.95% of the total revenue for the six-month period ended 30 June 2018.

Cost of service

The Group's cost of service mainly comprises of (i) cost of exhibition and event related services provided by suppliers (including but not limited to the costs of human resources, construction materials and equipment); (ii) staff costs; (iii) transportation and logistics expenses; (iv) travelling expenses; and (v) depreciation of property, plant and equipment. The following table sets forth the breakdown of cost of service for the six-month periods ended 30 June 2017 and 2018:

	For the six-month periods ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of exhibition and event related services provided by suppliers	**30,271**	23,937
Staff costs	**2,256**	1,246
Depreciation of property, plant and equipment	**221**	221
Office supplies	**155**	10
Subsidies paid to our staff	**15**	12
Travelling expenses	**825**	679
Transportation and logistics expenses	**232**	425
Others	**46**	–
Total	**34,021**	26,530

Cost of service increased from approximately RMB26.53 million for the six-month period ended 30 June 2017 to approximately RMB34.02 million for the six-month period ended 30 June 2018, representing a year-over-year increase of approximately 28.24% or approximately RMB7.49 million. Such increase was primarily due to the increase in the number of exhibition and event projects undertaken by the Group, leading to the overall increase in the cost of exhibition and event related services provided by suppliers.

During the Period, cost of exhibition and event related services provided by suppliers remained to be the major component of the Group's cost of service, which increased from approximately RMB23.94 million for the six-month period ended 30 June 2017 to approximately RMB30.27 million for the six-month period ended 30 June 2018, representing a year-over-year increase of approximately 26.46% or approximately RMB6.33 million, accounted for 88.98% of the total cost of service for the six-month period ended 30 June 2018.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six-month period ended 30 June 2018 was approximately RMB10.94 million, representing a year-over-year increase of approximately 11.11% or approximately RMB1.09 million as compared to gross profit of approximately RMB9.85 million for the six-month period ended 30 June 2017. The increase in gross profit was mainly attributed to the increase in revenue during the six-month period ended 30 June 2018.

For the six-month period ended 30 June 2018, the Group's gross profit margin was approximately 24.34%. The Group's gross profit margin recorded a slight decrease primarily due to (i) the increase in cost of exhibition and event related services provided by suppliers; and (ii) the increase in staff costs as a result of recruitment of staff for business expansion.

Selling expenses

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

The following table sets forth the breakdown of selling expenses for the six-month periods ended 30 June 2017 and 2018:

	For the six-month periods ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Staff costs	**403**	212
Travelling expenses	**162**	295
Entertainment expenses	**536**	195
Office supplies	**29**	9
Conference and training expenses	**–**	20
Market consulting expenses	**5**	6
Subsidies paid to our staff	**–**	5
Advertising and marketing expenses	**–**	1,132
Other	**610**	17
Total	**1,745**	1,891

Selling expenses for the six-month period ended 30 June 2018 was approximately RMB1.75 million, representing a year-over-year decrease of approximately 7.72% or approximately RMB0.15 million as compared to selling expenses of approximately RMB1.89 million for the six-month period ended 30 June 2017. The decrease in selling expenses for the six-month period ended 30 June 2018 was primarily due to (i) no advertising and marketing expenses were incurred during the Period; (ii) a decrease in travelling expenses from approximately RMB0.30 million for the six-month period end 30 June 2017 to approximately RMB0.16 million for the six-month period end 30 June 2018.

Administrative expenses

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

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the six-month periods ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Staff Costs	**1,978**	701
Travelling expenses	**103**	34
Entertainment expenses	**14**	44
Office supplies	**443**	103
Conference and training expenses	**–**	9
Listing expenses	**7,623**	423
Management consulting and other services expenses	**167**	587
Auditor's remuneration	**600**	–
Subsidies paid to our staff	**206**	255
Operating lease rentals in respect of buildings and related expenses	**463**	239
Depreciation of property, plant and equipment	**236**	186
Others	**15**	–
Business taxes and surcharges	**83**	–
Provision for impairment of trade and other receivables	**9**	–
Total	**11,940**	2,581

Administrative expenses for the six-month period ended 30 June 2018 was approximately RMB11.94 million, representing a year-over-year increase of approximately 362.61% or approximately RMB9.36 million as compared to administrative expenses of approximately RMB2.58 million for the six-month period ended 30 June 2017. The increase in administrative expenses was primarily due to (i) the one-off listing expenses of approximately RMB7.62 million incurred for the six-month period ended 30 June 2018 (for the six-month period ended 30 June 2017: approximately RMB0.42 million); and (ii) the increase in the staff costs for business expansion by approximately RMB1.28 million.

Other Income

Other income decreased from approximately RMB69,000 for the six-month period ended 30 June 2017 to nil for the six-month period ended 30 June 2018. The Group did not hold any investment product for the six-month period ended 30 June 2018 and therefore no other income was yielded from the investment product.

Other gains/(losses)-net

Other gains for the six-month period ended 30 June 2018 consist of income amounting to approximately RMB1.67 million as a result of foreign exchange gains.

Finance income

Finance income represented interest income on bank balances and deposits. The Group's finance income increased from approximately RMB7,000 for the six-month period ended 30 June 2017 to approximately RMB9,000 for the six-month period ended 30 June 2018.

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings. For the six-month period ended 30 June 2018, the Group has no finance expenses (for the six-month period ended 30 June 2017: RMB0.11 million).

Profit/(loss) before income tax

As a result of the foregoing, the Group recorded loss before income tax of approximately RMB1.07 million for the six-month period ended 30 June 2018, representing a year-over-year decrease of approximately 119.97% or approximately RMB6.41 million as compared to profit before income tax of approximately RMB5.34 million for the six-month period ended 30 June 2017, which was mainly due to the increase of approximately RMB9.36 million of administrative expenses mainly due to the increase of Listing expense by approximately RMB7.20 million and the increase in staff cost as mentioned above, partially offset by the increase of approximately RMB1.09 million of gross profit of as mentioned above.

Income tax expenses

Income tax expense increased from approximately RMB1.36 million for the six-month period ended 30 June 2017 to approximately RMB1.65 million for the six-month period ended 30 June 2018, representing a year-over-year increase of approximately 21.62% or RMB0.29 million.

Profit/(loss) for the Period

As a cumulative effect of the above, the Group recorded net loss for the period attributable to owners of the Company was approximately RMB2.72 million for the six-month period ended 30 June 2018, while the profit for the period attributable to owners of the Company of approximately RMB3.98 million for the six-month period ended 30 June 2017. The loss for the six months ended 30 June 2018 was primarily due to one-off listing expenses of approximately RMB7.62 million.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

The change in the capital structure of the Group from 1 January 2018 to 30 June 2018 are set out in note 12 to the consolidated financial statements.

Cash position

The following table sets forth the selected cash flow data from the Consolidated Statements of Cash Flows for the six-month periods ended 30 June 2017 and 2018:

	For the six-month periods ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash generated used in operating activities	**(3,274)**	(5,666)
Net cash generated from investing activities	**149**	3,677
Net cash generated from/(used in) financing activities	**49,804**	(5,107)
Net increase/(decrease) in cash and cash equivalents	**46,679**	(7,096)
Cash and cash equivalents at the end of the Period	**66,842**	6,141

At 30 June 2018, the cash and cash equivalents of the Group were approximately RMB66.84 million (at 30 June 2017: approximately RMB6.14 million), which mainly denominated in RMB and HKD, recorded an increase of 988.45% as compared with that on 30 June 2017, primarily due to the net proceeds of the Share Offer.

Borrowing

At 30 June 2018, the Group did not have any bank overdrafts, unutilised banking facilities, debt securities, term-loan borrowings, other similar indebtedness, acceptance credits, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees outstanding (30 June 2017: nil). The Group did not have any unutilized banking facilities nor plans for any material external debt financing.

The Directors confirm that there has been no material adverse change in the Group's indebtedness and contingent liabilities for the six months ended 30 June 2018.

Pledge of assets

At 30 June 2018, none of the Group's assets were pledged (30 June 2017: nil).

Gearing ratio

At 30 June 2018, the Group's gearing ratio was nil (31 December 2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018 (Interim dividend for the six months ended 30 June 2017: nil).

USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING

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

	Planned use of proceeds *HK$'000*	Approximate percentage of net proceeds *%*	Actual use of proceeds from the Listing Date to 30 June 2018 *HK$'000*
Expand exhibition and event management services	12,972	35.7%	—
Expand existing offices and/or set up branch or representative offices in different cities and regions in the PRC	3,016	8.3%	—
Expand workforce to support business expansion	13,372	36.8%	—
Strengthen marketing efforts	3,343	9.2%	—
Working capital and general corporate purposes	3,634	10.0%	—
Total	36,337	100%	—

The Directors will continually evaluate whether the Group will change or modify the plans heeding market conditions to support the business growth of the Group.

All unutilized balances had been deposited in licensed banks in Hong Kong and the PRC.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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 cost control measures:

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

Major risks and uncertainties relating to the implementation of business strategies

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments, acquisitions and capital assets from the Listing Date up to 30 June 2018.

Business strategies and implementation plan

Business strategies and implementation plan for the period from the Listing Date to 31 December 2018 are set out as follows:

Business Strategies	Implementation activities
Expand our exhibition and event management services	• Development of exhibition showroom services which include planning, coordination and management of exhibition showrooms in the premises or venues as agreed with our customers for a fixed contractual period • Purchase of multimedia audiovisual equipment, including but not limited to amplifier, projector, LCD/LED monitors, speaker and stage lighting system. These equipment will be used for enhancing our exhibition and event management services • Installation and/or upgrade of our information technology systems and/or computer hardware and software to enhance our financial and project management capabilities
Expand our existing offices and/or set up branch or representative offices in different cities and regions of the PRC	• Expansion of our offices and/or set up branch or representative offices • Payment of rental and management fee of our expanded offices and/or branch or representative offices • Decoration, fixture, furniture and office equipment for our expanded offices and/or branch or representative offices
Expand our workforce to support our business expansion	• Recruitment of 20–25 additional staff for (i) undertaking exhibition showroom services and handling the management and quality control of our exhibition and event projects; (ii) strengthening our design capabilities; (iii) executing our marketing plans; and (iv) providing administration services to support our business operations • Provision of training to our existing and newly recruited staff
Strengthen our marketing efforts	• Carrying out marketing and promotional campaigns in different cities and regions in the PRC

COMMITMENTS

The Group has committed to lease office (with a term of no more than one year, renewable at the end of the lease period) under non-cancellable operating lease agreements for the future lease payments. At 30 June 2018, the Group had operating lease commitments fall due within one year of approximately RMB0.12 million (at 30 June 2017: approximately RMB0.31 million). At 30 June 2018, the Group had no unsettled capital commitments (at 30 June 2017: Nil).

CONTINGENT LIABILITIES

At 30 June 2018, the Group had no significant contingent liabilities (at 30 June 2017: Nil).

HUMAN RESOURCES

At 30 June 2018, the Group employed a total of 83 employees, among which 8 of them were at management level, all stationed in the PRC. For the six-month period ended 30 June 2018, the staff costs (including Directors' emoluments) was approximately RMB4.86 million (for the six-month period ended 30 June 2017: RMB2.43 million). The Group conducted periodic performance review with employees and determine their salaries, benefits and discretionary bonuses based on factors including qualifications, contributions, year 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 the six-month period ended 30 June 2018, the total amount of social security insurance and housing provident fund required to be contributed by the Group was approximately RMB1.03 million. The Group has complied with all the applicable social security insurance and housing provident fund obligations applicable to the Group under the PRC laws and regulations.

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

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

FOREIGN EXCHANGE RISK

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

CREDIT RISK

The Group's credit risk is primarily attributable to trade receivables and deposits in banks. With respect to trade receivables from current customers, the Group has maintained frequent communications with points of contact at customers in order to get hold of their latest business development and financial conditions. Moreover, customers are mainly internationally branded automobile brands that are well-known both overseas and in the PRC. Taking into account also the years of business relationship the Group has developed with such customers, as well as the past service fee collection history, Directors are of the view that the credit risk with respect to current customers is low.

In relation to new customers, the Group performs credit check and analysis, including those against their financial position, past payment record and other relevant factors on these new customers before accepting their engagement or offering standard payment and delivery terms and conditions. In view of the aforementioned, Directors are of the view that the credit risk with respect to new customers is controlled.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group places deposits in state-owned financial institutions in the PRC and in reputable international financial institutions. Directors believe that these financial institutions are of high credit-quality without significant credit risk.

LIQUIDITY RISK

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that the Group maintains sufficient reserves of cash to meet liquidity requirements in the short and long run. The Group monitors liquidity position through rolling forecasts of liquidity requirements in order to ensure the Group has sufficient cash to satisfy operational needs.

PROSPECT

In the second half of 2018, as macroeconomic conditions in China and the exhibition services industry are expected to develop well, and the influence of the US-China trade war on the global economy is still limited, the Group remains cautiously optimistic about the development of the exhibition services industry in the PRC.

In the long run, Chinese government's "Belt and Road" initiative is expected to foster closer ties between China and countries along the route, providing a platform for advertisement, promotion, and communication for the exhibition industry in the PRC, thereby possibly creating abundant growth opportunities for domestic exhibition services market. Meanwhile, in light of the exponential growth in technological development, new technologies of display, communication, and digital transformation are increasingly adopted by the exhibition industry in the PRC, accelerating the enrichment and development in exhibition technologies, potentially increasing per unit yield for exhibitions, and thus creating value growth opportunities for Chinese exhibition service providers.

With a view to becoming China's top exhibition and event management company, the Group will continue to fully utilize its existing competitive edges to launch a series of strategic initiatives. The Group is planning to expand its exhibition and event management services, on one hand developing exhibition showroom services which include planning, coordination and management of exhibition showrooms in the premises or venues as agreed with customers for a fixed contractual period, on the other hand purchasing multimedia audiovisual equipment to enhance service quality and at the same time reduce the leasing costs of such multimedia audiovisual equipment from third party suppliers. The Group is also determined to further diversify its customer base, in particular through business referrals and its extensive business network, as well as participating in more exhibitions and marketing events, to enhance the Group's market presence among the existing and potential customers, and at the same time explore new customers in the industry sectors other than automobile. This will enable the Group to capture a larger market share in other industries as well as reduce the Group's reliance on the automobile companies. Furthermore, the Group seeks to further promote its brand, improve its brand recognition and uplift its marketing efforts, specifically through include participating in events and exhibitions to promote its brand, preparing company brochures and marketing materials for distribution to potential customers, and improving public awareness of its brand through various online and offline platforms and multimedia channels. In addition, the Group intends to selectively pursue and explore strategic acquisition opportunities in order to create synergies with its existing business. To timely capture opportunities, the Group also plans to expand the Guangzhou branch office and establish one additional office as representative office in Tianjin, and station its staff members in these offices to promote the Group's exhibition and event management services.

Looking forward, through carrying out the aforementioned plans, the Group seeks to further consolidate and strengthen its position in China's exhibition and event management services industry. The Group will continue to enhance its standard of coordination and management of all types of exhibitions and events, grasp the development opportunities of China's exhibition industry, and cater to the ever-changing needs of customers from all aspects, in a bid to strive for more substantial investment returns for the Group's shareholders.

CORPORATE GOVERNANCE PRACTICE

During the period from the Listing Date to 30 June 2018, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "Code") contained in Appendix 15 to the GEM Listing Rules, except for the deviation from Code Provision A.2.1.

CHAIRMAN AND CHIEF EXECUTIVE

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

INTEREST OF THE COMPLIANCE ADVISER

As advised by the Group's compliance adviser, RaffAello Capital Limited (the "Compliance Adviser"), as at 30 June 2018, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 3 November 2017, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the securities of the Group or in any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPETING BUSINESS

During the period from the Listing Date to 30 June 2018, none of the Directors, controlling shareholders or substantial shareholders of the Company, nor any of their respective close associates (as defined under the GEM Listing Rules) were engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group nor were they aware of any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the period from the Listing Date to 30 June 2018.

OTHER INFORMATION

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

At 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name	Capacity/Nature of interest	Number of ordinary Shares held/ interested	Percentage of interest
Mr. Huang Xiaodi *(Note)*	Interest of controlled corporation	1,272,900,000	63.65%

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

Long positions in the shares of associated corporation

Name	Name of associated corporation	Capacity/Nature of interest	Number of ordinary Shares held	Percentage of interest
Mr. Huang Xiaodi	A&B Development Holding Limited	Beneficial owner	one	100%

Save as disclosed above and so far as is known to the Directors, at 30 June 2018, none of the Directors and 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 corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

At 30 June 2018 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares

Names	Capacity/Nature of interest	Number of ordinary Shares held/ interested	Percentage of interest
A&B Development Holding Limited *(Note)*	Beneficial owner	1,272,900,000	63.65%

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

Save as disclosed above, as of 30 June 2018, the Directors were not aware of any interests or short positions owned by any other 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 Interim Report, at no time during the Period and up to the date of this Interim Report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 16 May 2018. From the date of adoption of such share option scheme to 30 June 2018, no share option was granted, exercised or cancelled and there is no outstanding share option as at 30 June 2018.

OTHER INFORMATION

REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for securities transactions by the Directors. Having made specific enquiry with all the Directors, all Directors have confirmed that they have complied with the required standard of dealings during the period from the Listing Date to 30 June 2018.

AUDIT COMMITTEE

The Company has established the audit committee pursuant to the resolutions of the Directors passed on 16 May 2018 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the Code has been adopted. Among other things, the primary duties of the audit committee are to make recommendations to the Board on appointment, reappointment and removal of external auditor, to review financial statements of our Company and 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. Ng Yuk Yeung, Mr. Gao Hongqi and Ms. Xu Shuang. Mr. Ng Yuk Yeung is the chairman of the audit committee. The audit committee has reviewed the unaudited interim financial statements of the Group for the six-month period ended 30 June 2018.

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

Hong Kong, 8 August 2018

As at the date of this report, the executive Directors are Mr. Huang Xiaodi, Mr. Ma Yong and Mr. Yan Jinghui; and the independent non-executive Directors are Ms. Xu Shuang, Mr. Gao Hongqi and Mr. Ng Yuk Yeung.

INTERIM RESULTS

The board of directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six-month period ended 30 June 2018, together with the unaudited comparative figures for the respective corresponding period in 2017 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2018	2017
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	6	**44,965**	36,380
Cost of service		**(34,021)**	(26,530)
Gross profit		**10,944**	9,850
Selling expenses		**(1,745)**	(1,891)
Administrative expenses		**(11,940)**	(2,581)
Other income		**–**	69
Other gains — net		**1,665**	–
Operating (loss)/profit		**(1,076)**	5,447
Finance income		**9**	7
Finance expenses		**–**	(110)
Finance income/(expenses) — net		**9**	(103)
(Loss)/profit before income tax		**(1,067)**	5,344
Income tax expense	7	**(1,654)**	(1,360)
(Loss)/profit for the period		**(2,721)**	3,984
Total comprehensive (loss)/income for the period		**(2,721)**	3,984
Earnings per share attributable to owners of the Company			
— Basic (losses)/earnings per share (in RMB)	8	**–***	0.27

* The balance stated above was less than RMB0.01.

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	**2,264**	2,195
Deferred income tax assets	10	**1,035**	642
Total non-current assets		**3,299**	2,837
Current assets			
Trade and other receivables	3 & 11	**8,916**	44,727
Contract assets	3	**29,699**	—
Other current assets	3 & 11	**1,490**	—
Cash and cash equivalents		**66,842**	20,163
Total current assets		**106,947**	64,890
Total assets		**110,246**	67,727
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	**1,277**	–*
Share premium	12	**76,152**	29,185
Other reserves		**(7,147)**	(7,147)
Retained earnings		**1,903**	4,624
Total equity		**72,185**	26,662
LIABILITIES			
Current liabilities			
Trade and other payables	3 & 13	**31,751**	37,639
Contract liabilities	3	**1,153**	—
Current income tax liabilities		**5,157**	3,426
Total current liabilities		**38,061**	41,065
Total liabilities		**38,061**	41,065
Total equity and liabilities		**110,246**	67,727

* The balance stated above was less than RMB 1,000.

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Other reserve *RMB'000*	Retained earnings *RMB'000*	Total equity *RMB'000*
(Unaudited)							
Balance at 1 January 2017		–	–	10,000	1,786	16,075	27,861
Total comprehensive income for the period		–	–	–	–	3,984	3,984
Balance at 30 June 2017		–	–	10,000	1,786	20,059	31,845
(Unaudited)							
Balance at 1 January 2018		**–**	**29,185**	**–**	**(7,147)**	**4,624**	**26,662**
Total comprehensive loss for the period		**–**	**–**	**–**	**–**	**(2,721)**	**(2,721)**
Capitalisation issue	12	**956**	**(956)**	**–**	**–**	**–**	**–**
Net proceeds from issuance of ordinary shares	12	**321**	**47,923**	**–**	**–**	**–**	**48,244**
Balance at 30 June 2018		**1,277**	**76,152**	**–**	**(7,147)**	**1,903**	**72,185**

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Six months ended 30 June	
		2018	2017
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash used in operations		**(2,958)**	(2,110)
Income tax paid		**(316)**	(3,556)
Net cash used in operating activities		**(3,274)**	(5,666)
Cash flows from investing activities			
— Purchases of property, plant and equipment	9	**(526)**	(87)
— Interest received		**9**	7
— Proceeds from the disposal of available-for-sale financial assets		**–**	3,000
— Decrease in advances to Controlling Shareholder		**666**	757
Net cash generated from investing activities		**149**	3,677
Cash flows from financing activities			
— Net proceeds from issuance of ordinary shares		**49,804**	–
— Repayments of borrowings		**–**	(5,000)
— Interest paid		**–**	(107)
Net cash generated from/(used in) financing activities		**49,804**	(5,107)
Net increase/(decrease) in cash and cash equivalents		**46,679**	(7,096)
Cash and cash equivalents at beginning of period		**20,163**	13,237
Cash and cash equivalents at end of period		**66,842**	6,141

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. General information

Dowway Holdings Limited (the "Company") was incorporated in the Cayman Islands on 28 April 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, the Cayman Islands.

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

The ultimate controlling party of the Group is Mr. Huang Xiaodi, who is also the executive Director and chairmen of the Board of the Company (the "Controlling Shareholder" or "Mr. Huang").

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

The condensed consolidated interim financial information is presented in Renminbi ('RMB'), unless otherwise stated.

2 Basis of preparation and accounting policies

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 of GEM Listing Rules.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial information of the Group for the year ended 31 December 2017 presented in the Appendix I ("the Accountant's Report") to the prospectus of the Company as issued on 29 May 2018 (the "Prospectus"), which has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA.

The accounting policies adopted are consistent with those of the financial statement for the year ended 31 December 2017, as described in the Accountant's Report except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- HKFRS 9 Financial Instruments, and
- HKFRS 15 Revenue from Contracts with Customers.

2 Basis of preparation and accounting policies *(continued)*

(a) New and amended standards adopted by the Group *(continued)*

The impact of the adoption of these standards and the new accounting policies are disclosed in note 3 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(b) Impact of standards issued but not yet applied by the Group

HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB 117,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

3 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

As explained in note 3(d) below, HKFRS 15 were generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new contract assets recognised rules are therefore recognised in the opening balance sheet on 1 January 2018. The adjustment arising from new impairment rules of HKFRS 9 is not recognised as the impact is immaterial.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below.

Balance sheet (extract)	31 December 2017 as originally presented *RMB'000*	Reclassification under HKFRS 15 *RMB'000*	1 January 2018 Restated *RMB'000*
Current assets			
Trade and other receivables	44,727	(22,523)	22,204
Contract assets	—	20,748	20,748
Other current assets	—	1,775	1,775
Total assets	67,727	—	67,727
Current liabilities			
Trade and other payables	37,639	(36)	37,603
Contract liabilities	—	36	36
Total liabilities	41,065	—	41,065
Net assets	26,662	—	26,662

(b) HKFRS 9 *Financial Instruments* — Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3(c) below. In accordance with the transitional provisions in HKFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated with the exception of certain aspects of hedge accounting.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

3 Changes in accounting policies *(continued)*

(b) HKFRS 9 *Financial Instruments* — Impact of adoption *(continued)*

(i) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables from the provision of services; and

- contract assets relating to services contracts

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is immaterial.

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

Trade receivables and contract assets

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

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

As the impact of adaption of HKFRS 9 is immaterial, the adjustment is therefore not restated in the balance sheet as at 31 December 2017 or recognised in the opening balance sheet on 1 January 2018.

3 Changes in accounting policies *(continued)*

(c) HKFRS 9 *Financial Instruments* — Accounting policies applied from 1 January 2018

(i) Initial recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset or financial liability. Transaction costs of financial assets and financial liability carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income ("FVOCI"), which results in an accounting loss being recognised in profit or loss.

(ii) Classification and subsequent measurement

Financial assets

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

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

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

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

The Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

3 Changes in accounting policies *(continued)*

(c) HKFRS 9 *Financial Instruments* — Accounting policies applied from 1 January 2018 *(continued)*

(ii) Classification and subsequent measurement (continued)

Debt instruments

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

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

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

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

Equity instruments

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

At initial recognition, the Group may make an irrevocable election to present in OCI subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination.

When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

3 Changes in accounting policies *(continued)*

(c) HKFRS 9 *Financial Instruments* — Accounting policies applied from 1 January 2018 *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Equity instruments (continued)

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

Financial liabilities

In both the current and prior period, financial liabilities of the Group are classified as subsequently measured at amortised cost.

(iii) Derecognition

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated balance sheet) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognised an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability.

3 Changes in accounting policies *(continued)*

(c) HKFRS 9 *Financial Instruments* — Accounting policies applied from 1 January 2018 *(continued)*

(iv) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost, FVOCI, receivables and contract assets. The Group recognises a loss allowance for such losses at each reporting date.

At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition.

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

(d) HKFRS 15 *Revenue from Contracts with Customers* — Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 January 2018):

	HKAS 18 carrying amount 31 December 2017 *RMB'000*	Reclassification *RMB'000*	HKFRS 15 carrying amount 1 January 2018 *RMB'000*
Trade and other receivables (i)	44,727	(22,523)	22,204
Contract assets (i)	—	20,748	20,748
Other current assets (i)	—	1,775	1,775
Trade and other payables (i)	37,639	(36)	37,603
Contract liabilities (i)	—	36	36

The adaption of HKFRS 15 has no impact on the Group's retained earnings as at 1 January 2018 and 1 January 2017.

(i) Presentation of assets and liabilities related to contracts with customers

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract assets recognised in relation to services contracts were previously presented as part of trade and other receivables (RMB 20,748,000 as at 1 January 2018, net of impairment allowance).
- Contract liabilities in relation to services contracts were previously included in trade and other payables (RMB 36,000 as at 1 January 2018).
- Prepayments (RMB1,775,000 as at 1 January 2018) were previously presented together with trade and other receivables but are now presented as other current assets in the balance sheet, to reflect its different nature.

3 Changes in accounting policies *(continued)*

(e) HKFRS 15 *Revenue from Contracts with Customers* — Accounting policies

Revenue Recognition

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

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

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

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

- direct measurements of the value of individual services transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation

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

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

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

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

3 Changes in accounting policies *(continued)*

(e) HKFRS 15 *Revenue from Contracts with Customers* — Accounting policies *(continued)*

Provision of exhibition and event related services

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

For services provided for exhibitions tour, the contracts include multiple deliverables. Considering such services have the same pattern and are all highly relevant, it is therefore regarded as one performance obligation. Relevant revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards the complete satisfaction of performance obligation is measured by direct measurements of the value of individual services transferred by us to the customer.

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 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.

4 Estimates

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

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

5 Financial risk management

5.1 Financial risk factors

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

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Accountant's Report as contained in the Appendix I of the Prospectus.

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

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

6 Revenue information

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Exhibition and event related services	**44,965**	36,380

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Automobile related exhibition and event related services	**43,143**	36,122
Non-automobile related exhibition and event related services	**1,822**	258
	44,965	36,380

7 Income tax expense

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**2,047**	1,360
Deferred income tax	**(393)**	–
Income tax expense	**1,654**	1,360

(i) The Company was incorporated in the Cayman Islands. Under current laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Company.

(ii) Provision for the PRC corporate income tax is calculated based on the statutory tax rate of 25% on the assessable income of each of the group companies.

8 Earnings per share

(a) Basic earnings per shares

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Total (loss)/profit attributable to shareholders (in RMB'000)	**(2,721)**	3,984
Weighted average number of ordinary shares in issue (thousands)	**1,552,486**	15,000
Basic (losses)/earnings per share (i) (in RMB)	**–***	0.27

(i) The weighted average number of ordinary shares for the purpose of calculating basic (losses)/earnings per share for both periods has been retrospectively adjusted for the effect of 1,499,990,000 ordinary shares allotted and issued on 16 May 2018, which were credited as fully paid to the then shareholders pursuant to the capitalisation issue immediately completing the share offering (Note 12(b)), as if the capitalisation issue has been effective to the then existing ordinary shares since the beginning of each period.

* The amount stated above was less than RMB0.01.

(b) Diluted earnings per shares

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

9 Property, plant and equipment

	Motor vehicles *RMB'000*	Equipment and Furniture *RMB'000*	Total *RMB'000*
(Unaudited)			
Six months ended 30 June 2018			
Opening net book amount	1,453	742	2,195
Additions	268	258	526
Depreciation charge	(255)	(202)	(457)
Closing net book amount	1,466	798	2,264
As at 30 June 2018			
Cost	2,139	1,923	4,062
Accumulated depreciation	(673)	(1,125)	(1,798)
Net book amount	1,466	798	2,264
(Unaudited)			
Six months ended 30 June 2017			
Opening net book amount	1,808	1,045	2,853
Additions	–	87	87
Depreciation charge	(178)	(229)	(407)
Closing net book amount	1,630	903	2,533
As at 30 June 2017			
Cost	1,871	1,583	3,454
Accumulated depreciation	(241)	(680)	(921)
Net book amount	1,630	903	2,533

10 Deferred income tax assets

As at 30 June 2018, the deferred income tax assets recognised are expected to be recovered more than 12 months.

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

Deferred income tax assets

	Provisions *RMB'000*	Tax losses *RMB'000*	Total *RMB'000*
(Unaudited)			
As at 1 January 2018	371	271	642
Credited to consolidated statement of comprehensive income	2	391	393
As at 30 June 2018	373	662	1,035

The Group recognised the deferred tax assets of RMB 2,000 in respect of provision for impairment of trade receivables to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group recognised the deferred income tax assets of RMB391,000 in respect of tax losses amounting to RMB1,564,000 for the period ended 30 June 2018. There is no material tax losses in the Group carried forward in respect of which deferred tax assets have not been accounted for.

RMB 1,084,000 of the tax losses will be expired as of 31 December 2022. RMB1,564,000 of the tax losses will be expired as of 31 December 2023.

11 Trade and other receivables

	As at 30 June 2018 *RMB'000* (Unaudited)	As at 31 December 2017 *RMB'000* (Audited)
Trade receivables	**8,053**	37,423
Less: allowance for impairment of trade receivables	**(598)**	(1,485)
Trade receivables — net	**7,455**	35,938
Prepayments for professional service fee in respect of listing preparation	–	4,769
Prepayments to suppliers	—	1,775
Staff advances	**786**	959
Deposits	**475**	368
Loans to staff	**200**	200
Advances to Controlling Shareholder	–	666
Others	–	52
Trade and other receivables	**8,916**	44,727
Less: non-current portion	–	–
Current portion	**8,916**	44,727

The Group's trade receivables were denominated in RMB and the carrying amounts approximated their fair values. As at 31 December 2017 and 30 June 2018, the ageing analysis of the trade receivables based on invoice date are as follows:

	As at 30 June 2018 *RMB'000* (Unaudited)	As at 31 December 2017 *RMB'000* (Audited)
Up to 3 months	**6,947**	35,137
3 to 6 months	**376**	1
Over 6 months	**730**	2,285
	8,053	37,423

12 Share capital

Ordinary shares

	Number of shares	Value of ordinary shares *US$*
Authorised:		
Ordinary shares of US$0.0001 each upon incorporation and as at 1 January 2018 (a)	500,000,000	50,000
Increased in authorised share capital on 16 May 2018 (b)	19,500,000,000	1,950,000
Ordinary shares of US$0.0001 each as at 30 June 2018	20,000,000,000	2,000,000

	Number of shares	Nominal value of ordinary shares *US$*	Equivalent value of ordinary shares *RMB'000*	Share premium *RMB'000*	Total *RMB'000*
Issued and paid:					
As at 28 April 2017 (date of incorporation) and 30 June 2017 (a)	100	–*	–**	–**	–**
Issuance of ordinary shares (c)	9,900	1	–**	29,185	29,185
As at 1 January 2018	10,000	1	–**	29,185	29,185
Capitalisation issue (b)	1,499,990,000	149,999	956	(956)	–
Issuance of ordinary shares upon public offering (d)	500,000,000	50,000	321	47,923	48,244
As at 30 June 2018	2,000,000,000	200,000	1,277	76,152	77,429

* The balance stated above was less than USD 1.

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

(a) The Company was incorporated in the Cayman Islands on 28 April 2017 with an authorised share capital of US$50,000 divided into 500,000,000 shares of a par value of US$0.0001 each. On the same day, 100 ordinary shares were allotted, fully paid and issued.

12 Share capital *(continued)*

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

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

(c) On 27 October 2017, the Company allotted and issued 9,900 ordinary shares to Mr. Shao Riyao, Longling Capital Limited ("Longling Capital", an independent offshore investor), A&B Development Holding Limited ("A&B", a company wholly owned by Mr. Huang) and D&S Development Holding Limited ("D&S", a company wholly owned by Mr. Zhao Tao) respectively.

(d) On 12 June, 2018, the Company was listed on GEM of The Stock Exchange of Hong Kong Limited with the share offering of 500,000,000 ordinary shares of a par value of US$0.0001 each of the Company. The proceeds from the share offering were approximately RMB59 million. The total share issuance costs of the share offering were approximately RMB 30 million, among which RMB 11 million were recorded as a deduction of share premium.

13 Trade and other payables

	As at 30 June 2018 *RMB'000* (Unaudited)	As at 31 December 2017 *RMB'000* (Audited)
Trade payables	**21,627**	29,845
Accrued professional services fee in respect of listing preparation	**7,126**	5,704
Advances from customers	**—**	36
Other tax payables	**1,241**	1,112
Wages and welfare payables	**1,008**	849
Others	**749**	93
	31,751	37,639

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

13 Trade and other payables *(continued)*

As at 31 December 2017 and 30 June 2018, the ageing analysis of the trade payables based on invoice date are as follows:

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
0-90 days	**14,689**	29,835
91-180 days	**3,984**	–
181-365 days	**2,944**	–
Over 365 days	**10**	10
	21,627	29,845

14 Dividends

No dividend has been paid or declared by the Company during each of the periods ended 30 June 2017 and 2018.

15 Commitments

The Group leases office under non-cancellable operating lease agreements. The lease terms are no later than 1 year, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Not later than 1 year	**117**	734

16 Related-party transactions

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

Related party	Relationship
Mr. Huang	Controlling Shareholder
Mr. Huang Xing	Close family member of the Controlling Shareholder
Mrs. Qiao Hong	Close family member of the Controlling Shareholder

(a) Significant transactions with related parties

For the six months ended 30 June 2018, the Group has no significant transactions with related parties.

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Purchases of services from:		
Mr. Huang Xing	**–**	60
Mrs. Qiao Hong	**–**	60
	–	120

(b) Key management compensation

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Wages and salaries	**382**	260
Pension scheme and other social security costs	**126**	49
Housing benefits	**74**	73
Other costs and benefits	**39**	135
	621	517

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

16 Related-party transactions *(continued)*

(c) Period-end balances

As at 30 June 2018, the Group has no significant period-end balances with related parties.

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	**As at 31 December** 2017 *RMB'000* (Audited)
Receivables from related parties:		
Mr. Huang	–	666

17 Event occurring after the reporting period

There were no subsequent events that require additional disclosure.