Dedicate Our Wonderful Way, Assure You.

Dowway Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8403)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*The Board of Directors (the "**Board**") of Dowway Holdings Limited (the "**Company**") is pleased to announce the audited annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018. This announcement, containing the extracts of the 2018 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") in relation to information to accompany the preliminary announcement of annual results.*

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

RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Dowway Holdings Limited ("**Dowway**" or the "**Company**") announces the audited consolidated final results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2018 (the "**Year 2018**") together with the comparative audited figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**124,779**	97,000
Cost of service		**(99,182)**	(72,697)
Gross profit		**25,597**	24,303
Selling expenses		**(3,485)**	(3,251)
Administrative expenses		**(22,074)**	(19,240)
Net impairment losses on financial and contract assets		**(1,510)**	–
Other income	*5*	**157**	69
Other gains/(losses) — net	*6*	**3,435**	(144)
Operating Profit		**2,120**	1,737
Finance income	*7*	**36**	21
Finance expenses	*7*	**(10)**	(114)
Finance income/(expenses) — net	*7*	**26**	(93)
Profit before income tax		**2,146**	1,644
Income tax expense	*8*	**(3,142)**	(2,428)
Loss for the year		**(996)**	(784)
Total comprehensive loss for the year		**(996)**	(784)
Loss per share attributable to owners of the Company			
— Basic loss per share (in RMB cents)	*9*	**(0.06)**	(0.28)

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non–current assets			
Property, plant and equipment		**1,997**	2,195
Deferred income tax assets	*13*	**916**	642
Other non–current assets		**2,485**	–
Total non–current assets		**5,398**	2,837
Current assets			
Trade and other receivables	*10*	**43,101**	44,727
Contract assets		**11,362**	–
Other current assets		**3,740**	–
Cash and cash equivalents		**61,676**	20,163
Total current assets		**119,879**	64,890
Total assets		**125,277**	67,727
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*11*	**1,277**	–*
Share premium	*11*	**76,152**	29,185
Other reserves		**(6,842)**	(7,147)
Retained earnings		**3,323**	4,624
Total equity		**73,910**	26,662
LIABILITIES			
Current liabilities			
Trade and other payables	*12*	**43,753**	37,639
Contract liabilities		**3,307**	–
Current income tax liabilities		**4,307**	3,426
Total current liabilities		**51,367**	41,065
Total liabilities		**51,367**	41,065
Total equity and liabilities		**125,277**	67,727

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

The ultimate controlling party of the Group is Mr. Huang Xiaodi, who is also the executive director and 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 consolidated financial statements are presented in Renminbi ('**RMB**'), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Dowway Holdings Limited and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the available-for-sale financial assets that measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions — Amendments to HKFRS 2

- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property — Amendments to HKAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9, HKFRS 15 and the new accounting policies are immaterial to the consolidated financial statements. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, 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.

Impact

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. 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 RMB517,000, see note 16. All of these commitments relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss.

The Group has no activities as a lessor and hence does not expect any significant impact on the financial statements.

Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Group does not expect the new guidance to have a significant impact on the financial statements since all non-cancellable operating lease commitments relate to short-term leases.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

The Group had one single operating and reportable segment, namely the provision of exhibition and event related services. Although exhibition and event related services consist of different business units of the Group, information provided to the chief operating decision-maker is at the revenue level and the Group does not allocate operating costs or assets across business units, as the chief operating decision-maker does not use such information to allocate resources or evaluate the performance of the business units. Details of the Group's revenue are set out in note 4.

The Group's revenue is derived from within the PRC, no geographical information is presented.

4 REVENUE

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Exhibition and event related services	**124,779**	97,000

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Automobile related exhibition and event related services	**107,877**	86,449
Non-automobile related exhibition and event related services	**16,902**	10,551
	124,779	97,000

5 OTHER INCOME

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Agency commissions (a)	**157**	–
Investment income	**–**	69
	157	69

(a) During the year ended 31 December 2018, the Group acted as an agent and introduced advertising company to its customers and earned agency commissions.

6 OTHER GAINS/(LOSSES) — NET

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Foreign exchange gains/(losses) — net	**3,435**	(144)

7 FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Finance income		
Interest income on bank balances and deposits	**36**	21
Finance expenses		
Interest expense on bank borrowings	**–**	(107)
Others	**(10)**	(7)
	(10)	(114)
Finance expenses — net	**26**	(93)

8 INCOME TAX EXPENSE

(a) Income tax expense

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current tax on profits for the year	**3,416**	2,775
Increase in deferred tax assets *(note 13)*	**(274)**	(347)
Income tax expense	**3,142**	2,428

(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) Hong Kong profits tax rate was 16.5% (2017: 16.5%) for the year ended 31 December 2018. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the years ended 31 December 2018 and 2017.

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

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

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

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit before income tax	**2,146**	1,644
Tax expense calculated at applicable PRC statutory tax rate of 25%	**537**	411
Expenses not deductible for tax purposes	**1,832**	1,972
Tax effect of unrecognised tax losses	**669**	45
Tax effect of unrecognised temporary differences	**104**	–
Tax charge	**3,142**	2,428

(c) Tax losses

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Unused tax losses for which no deferred tax asset has been recognised	**2,674**	–
Potential tax benefit at 25%	**669**	–

The unused tax losses were incurred by subsidiaries that are not likely to generate taxable income in the foreseeable future. All of these unused tax losses will be expired as of 31 December 2023. See note 13 for information about recognised tax losses.

(d) Unrecognised temporary differences

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Provisions	**415**	–
Unrecognised deferred tax assets relating to the above temporary differences	**104**	–

Temporary difference of RMB415,000 (2017:nil) has arisen as a result of provisions for impairment of trade receivables and contract assets of a subsidiary. However, a deferred tax asset has not been recognised as the subsidiary is not likely to generate taxable income in the foreseeable future.

(e) According to PRC tax regulations, distribution of profits earning by PRC companies since 1 January 2018 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group does not have any plan to require the PRC subsidiaries to distribute the remaining earnings and intends to retain them to operate and expand its business in the PRC. As a result, no deferred tax liability on withholding tax was recognised.

9 LOSS PER SHARE

(a) Basic loss per shares

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

	Year ended 31 December	
	2018	2017
Total loss attributable to shareholders (in RMB)	**(996,000)**	(784,000)
Weighted average number of ordinary shares in issue (thousand) (i)	**1,778,082**	283,521
Basic loss per share (in RMB cents)	**(0.06)**	(0.28)

(i) The weighted average number of ordinary shares for the purpose of calculating basic loss per share for both years 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 11(b)), as if the capitalisation issue has been effective to the then existing ordinary shares since the beginning of each period.

(b) Diluted loss per shares

No diluted loss per share is presented as the Group has no dilutive potential ordinary shares during the year.

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**37,375**	37,423
Notes receivables	**6,061**	–
Less: allowance for impairment of trade receivables	**(2,457)**	(1,485)
Trade receivables — net	**40,979**	35,938
Prepayments to suppliers	**–**	1,775
Deposits	**1,472**	368
Advances to Controlling Shareholder *(note 17)*	**–**	666
Loan to employee	**200**	200
Staff advances	**450**	959
Prepayments for professional service fee in respect of listing preparation	**–**	4,769
Others	**–**	52
Trade and other receivables	**43,101**	44,727

At 31 December 2018 and 2017, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Up to 90 days	**28,939**	35,137
Over 90 days	**8,436**	2,286
	37,375	37,423

(i) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(ii) Impairment and risk exposure

Trade receivables

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.

The loss allowance increased by a further RMB972,000 to RMB2,457,000 for trade receivables and increased from nil to RMB538,000 for contract assets during the current reporting period.

11 SHARE CAPITAL AND SHARE PREMIUM

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(c)	19,500,000,000	1,950,000
Ordinary shares of US$0.0001 each as at 31 December 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 (b)	9,900	1	–**	29,185	29,185
As at 1 January, 2018	10,000	1	–**	29,185	29,185
Capitalisation issue (c)	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 31 December 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, full paid and issued.

(b) 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.

(c) 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.

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

12 TRADE AND OTHER PAYABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables	**37,351**	29,845
Employee benefit payables	**1,172**	849
Other tax payables	**2,243**	1,112
Accrued professional services fee in respect of listing preparation	**–**	5,704
Others	**2,987**	129
	43,753	37,639

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

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
0 — 90 days	**29,752**	29,835
91 — 180 days	**4,948**	–
181 — 365 days	**2,621**	–
Over 365 days	**30**	10
	37,351	29,845

13 DEFERRED INCOME TAX ASSETS

As at 31 December 2018 and 2017, 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*
As at 1 January 2017	295	–	295
Credited to consolidated statement of comprehensive income	76	271	347
As at 31 December 2017	371	271	642
As at 1 January 2018	**371**	**271**	**642**
Credited to consolidated statement of comprehensive income	**274**	**–**	**274**
As at 31 December 2018	**645**	**271**	**916**

The Group recognised the deferred tax assets of RMB645,000 in respect of provision for impairment of trade receivables and contract assets to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The unrecognised deferred income tax assets of provision was RMB104,000 (2017: Nil) in respect of provisions amouting to RMB415,000 (2017: Nil). The unrecognised deferred income tax assets of tax losses was RMB 689,000 (2017: Nil) in respect of losses amounting to RMB2,758,000 (2017: Nil) that can be carried forward against future taxable income for the year ended 31 December 2018. There is no material tax losses of other entities in the Group carried forward in respect of which deferred tax assets have not been accounted for.

All tax losses in respect of which deferred income tax assets was recognised will be expired as of 31 December 2022.

14 DIVIDENDS

No dividend has been paid or declared by the Company during each of the years ended 31 December 2018 and 2017.

15 CASH GENERATED (USED IN)/FROM OPERATIONS

	Years ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit before income tax	**2,146**	1,644
Adjustments for:		
— Depreciation of property, plant and equipment	**985**	827
— Impairment provision of trade receivables and contract assets	**1,510**	307
— Gain on financial assets *(note 5)*	**–**	(69)
— Finance expenses — net *(note 7)*	**(36)**	86
— Foreign exchange (gain)/loss	**(156)**	191
Changes in working capital:		
— Trade and other receivables	**(12)**	24,215
— Contract assets	**(11,900)**	–
— Other current assets	**(3,740)**	–
— Trade and other payables	**4,554**	(17,935)
— Contract liabilities	**3,307**	–
Cash generated (used in)/from operations	**(3,342)**	9,266

The reconciliation of borrowings arising from financial activities is as follows:

	Years ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
As at the beginning of the year	**–**	5,000
Cash flows		
— outflow from financing activities	**–**	(5,000)
As at the end of the year	**–**	–

(a) Dividends paid to the then shareholders of Beijing Dowway

Pursuant to a resolution of the board of directors' meeting of Beijing Dowway held on 28 August 2017, a dividend of RMB 10,000,000 to its then shareholders was declared. The dividend has been fully settled as of 31 December 2017.

16 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.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within one year	**517**	734
	517	734

17 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

During the years ended 31 December 2018 and 2017, the Group has the following significant transactions with related parties:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Purchases of services from:		
Mr. Huang Xing	**–**	90
Mrs. Qiao Hong	**–**	90
	–	180

(b) Key management compensation

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

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Wages and salaries	**919**	501
Pension scheme and other social security costs	**240**	176
Housing benefits	**93**	148
Other costs and benefits	**23**	172
	1,275	997

(c) Year-end balances

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Receivables from related parties:		
Mr. Huang	**–**	666

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2018, as all industries accelerated transformation and upgrades and steadily headed towards high-quality development, the exhibition industry in the PRC also maintained a positive development momentum, showing a rapid and steady growth in the total number of events, scope of industries and revenue. In particular, the first China International Import Expo has set new records in terms of participating countries, area of booths, the number of companies, size of procurers, the number of visitors, and more, providing a positive impetus to the overall exhibition services industry in the PRC.

In the past year, macroeconomic conditions remained stable while the optimisation of the industrial structure in the PRC continued, which boosted economic benefits to the country. At the same time, with the continuous PRC's Reform and Opening Up to develop in depth and breadth and the more frequent trade and investment activities between the PRC and the countries and areas along the Belt and Road, the exhibition industry in the PRC has become an important platform for domestic and foreign enterprises to showcase their state-of-the-art technologies and products and foster exchange and cooperation, equipping the sector with a strong growth momentum for rapid and sound development.

As the largest vertical sector within the exhibition industry in the PRC, the automobile exhibition industry has maintained steady development, given the continued stable demand for automobile. According to the data released by China Association of Automobile Manufactures, the automobile output and sales reported a slower growth in 2018 against the peak in 2017. However, driven by the accelerating urbanisation process and the still relatively low percentage of automobile ownership nationwide compared with developed countries, there is expected to be a long-term rigid demand for automobile consumption in the PRC. The growth of mid-range to high-end segments, covering SUVs, luxury vehicles and new energy vehicles, was above the industry average and drove the robust development of large automobile exhibitions for the brands targeting these sectors.

Overall growth of the exhibition industry has spurred the continual strong demand for exhibition services. According to the Annual Report on China's Exhibition Industry 2018 published by the China Council for the Promotion of International Trade, revenue from the exhibition services market has grown steadily to approximately RMB100 billion during the year, demonstrating robust expansion and innovation-driven momentum. This is complemented by the increasing supply of core ancillary services such as exhibition showroom construction, plus the gradual phasing-out of underperforming capacity and the accelerating pace of transformation and upgrade. As a result, it provides the leading integrated exhibition and event management service providers with strong reputation and track record, network resources, operational experience and management capability with huge room for growth.

BUSINESS REVIEW

The Group is a 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.

The Group is principally engaged in facilitating showcases, promotion and sales of automobile brands. With a strong business foundation and with over a decade of experience ago, the Group has maintained a solid customer base comprising various world-renowned brands including Lamborghini, Volkswagen and other German and Italian automobile brands. The Group also takes on projects related to automobile exhibitions as well as events from non-automobile companies.

In 2018, led by its management team with shrewd market acumen and rich business experience, the Group has actively leveraged its advantages to strengthen its strategic partnership with world-renowned automobile companies, expanded its supplier network and continuously implemented stringent service quality control, and hence successfully achieved steady growth in a highly dispersed market. For the Year 2018, the Group completed 83 exhibitions and events, with aggregate revenue increasing by 28.64% to approximately RMB124.78 million.

After years of meticulous and mindful planning and preparation, the Group has commenced its exhibition showroom services business in 2018. It has obtained Grade II qualification for building decoration under the Qualification Standards for Construction Enterprises from the Beijing Huairou District Commission of Housing and Urban-Rural Development in May 2018. Hence, the Group has been able to undertake building decoration works when providing exhibition showroom services. During the Year 2018, the Group undertook 1 exhibition showroom project. The Group expects that the exhibition showroom services business will create synergies with its exhibition and event management services business and to become a profit growth driver of the Group in the future.

During the Year 2018, the Group allocated resources to develop a diverse business layout along the exhibition services industry chain, and has made good progress in the area of exhibition showroom construction and event planning. This has effectively enhanced the Group's integrated competitive advantages and has reinforced its industry leadership. Since 1 October 2018, Dowway Holdings Limited has planned to established a new subsidiary. On 25 October 2018, the new subsidiary, Connect-To-Create (CTC) PR Consultant Co. Ltd., was incorporated and commenced operation. This subsidiary is principally engaged in organizing exhibition and event management, public relations services, branding, design and advertising, and event management in the field of arts and culture, etc. Meanwhile, the Group has also actively accelerated the expansion of its strategic business presence across the nation. As at 31 December 2018, the Group's business spanned more than 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 years ended 31 December 2017 and 2018.

	For the year ended 31 December			
	2018		2017	
	RMB' 000	*%*	*RMB' 000*	*%*
Revenue from automobile related exhibitions and events	**107,877**	**86.45%**	86,449	89.12%
Revenue from non-automobile related exhibitions and event related services	**16,902**	**13.55%**	10,551	10.88%
Total	**124,779**	**100%**	97,000	100%

Revenue increased from approximately RMB97.00 million for the year ended 31 December 2017 (the "**Year 2017**") to approximately RMB124.78 million for the Year 2018, representing a year-over-year increase of approximately 28.64% or approximately RMB27.78 million. The increase was primarily due to the increase in the number of exhibition and event projects undertaken by the Group, from 62 for the Year 2017 to 77 for the Year 2018.

During the Year 2018, revenue from automobile related exhibitions and events continued to be the main source of revenue for the Group, which increased from approximately RMB86.45 million for the Year 2017 to approximately RMB107.88 million for the Year 2018, representing a year-over-year increase of approximately 24.79% or approximately RMB21.43 million and accounting for 86.45% of the total revenue.

Cost of service

Cost of service increased from approximately RMB72.70 million for the Year 2017 to approximately RMB99.18 million for the Year 2018, representing a year-over-year increase of approximately 36.43% or approximately RMB26.48 million. Such an increase was primarily due to (i) the overall increase in the cost of exhibition and event related services provided by suppliers, resulting from the increase in the number of exhibition and event projects undertaken by the Group; and (ii) the increase in staff costs caused by the increase in manpower to support business expansion and provision of on-the-job training for existing and new staff.

During the Year 2018, the cost of exhibition and event related services provided by suppliers increased from approximately RMB67.14 million for the Year 2017 to approximately RMB88.87 million for the Year 2018, representing a year-over-year increase of approximately 32.37% or approximately RMB21.73 million.

Gross Profit and Gross Profit Margin

The Group's gross profit (revenue less cost of service) for the Year 2018 was approximately RMB25.60 million, representing a year-on-year increase of around 5.32% or approximately RMB1.30 million as compared with approximately RMB24.30 million for the Year 2017. The increase in gross profit was mainly due to the increase in revenue , primarily because the number of exhibition and events projects undertaken by the Group has risen as mentioned above.

For the Year 2018, the Group's gross profit margin was approximately 20.51%, around 4.54% less than the same period last year. The Group's gross profit margin recorded a slight decrease primarily due to (i) the capital used in expanding exhibition and event management services during the Year 2018; and (ii) the increase in the cost of service as a result of recruiting new staff and strengthening on-the-job training to existing staff for business expansion. The Group has adhered to stringent cost control measures, closely monitored and regularly reviewed these measures, and efforts here have started to bear fruit. During the Year 2018, it has combined procurement orders to obtain more competitive prices from suppliers, so its cost of service has remained stable in average.

Selling expenses

Selling expenses for the Year 2018 were approximately RMB3.49 million, representing a year-over-year increase of approximately 7.38% or approximately RMB0.24 million as compared to selling expenses of approximately RMB3.25 million for the Year 2017. The increase in selling expenses was primarily due to (i) an increase in travelling expenses in the course of marketing the Group's services; and (ii) an increase in other selling related expenses incurred during the course of preparing and submitting tenders which the Group subsequently did not win.

Administrative expenses

Administrative expenses for the Year 2018 were approximately RMB22.07 million, representing a year-over-year increase of approximately 14.71% or approximately RMB2.83 million as compared to administrative expenses of approximately RMB19.24 million for Year 2017. The increase in administrative expenses was primarily due to (i) the increase in travelling and entertainment expenses; and (ii) the increase in the corporate related consulting management costs after the Listing.

Other Income

Other income increased from approximately RMB69,000 for the Year 2017 to RMB157,000 for the Year 2018. Other income for the Year 2018 represented agency commissions.

Other gains net

Other gains for the Year 2018 consisted of income amounting to approximately RMB 3.44 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 RMB21,000 for the Year 2017 to approximately RMB36,000 for the Year 2018.

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings. For the Year 2018, the Group's finance expenses decreased from approximately RMB114,000 for the Year 2017 to approximately RMB10,000 for the Year 2018.

Profit before income tax

As a result of the foregoing, the Group recorded profit before income tax of approximately RMB2.15 million for the Year 2018, representing a year-over-year increase of approximately 30.54% or approximately RMB0.50 million as compared with approximately RMB1.64 million for the previous Year 2017, which was mainly due to (i) the increase of gross profit as mentioned above; (ii) the decrease of listing expenses of approximately RMB3.72 million; and (iii) the increase by approximately RMB3.44 million in exchange gains.

Income tax expense

Income tax expense increased from approximately RMB2.43 million for the Year 2017 to approximately RMB3.14 million for the Year 2018, representing a year-over-year increase of approximately 29.22% or approximately RMB0.71 million.

Profit/Loss for the Period

As a cumulative effect of the factors cited above, the Group recorded loss for the Year 2018 of approximately RMB996,000, while the loss was approximately RMB784,000 for the Year 2017. Loss was primarily generated from the one-off listing expenses of approximately RMB7.62 million.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total interest-bearing borrowings divided by total equity.

As at 31 December 2018, the Group had no interest-bearing borrowings (31 December 2017: nil), and the total equity was RMB73,910,000 (31 December 2017: RMB26,662,000). Therefore the gearing ratio at 31 December 2018 was nil (31 December 2017: nil).

Cash position

The following table sets forth the selected cash flow data from the Consolidated Statements of Cash Flows for the years ended 31 December 2017 and 2018.

	For the year ended 31 December	
	2018	2017
	RMB' 000	*RMB' 000*
Net Cash (Used in)/Generate from Operating Activities	**(5,877)**	4,334
Net Cash (Used in)/Generate from Investing Activities	**(2,570)**	8,305
Net Cash Generated from/(Used in) Financing Activities	**49,804**	(5,522)
Net Increase in Cash and Cash Equivalents	**41,357**	7,117
Cash and Cash Equivalents at the End of the Period	**61,676**	20,163

As at 31 December 2018, cash and cash equivalents of the Group were approximately RMB61.68 million (as at 31 December 2017: approximately RMB20.16 million), which was mainly denominated in RMB and Hong Kong dollars, recording an increase of approximately 205.89% as compared with that as at 31 December 2017, primarily due to the net proceeds of the share offering.

Borrowings

As at 31 December 2018, the Group did not have any outstanding 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 (as at 31 December 2017: nil). The Group did not have any unutilised 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 Year 2018.

Pledge of assets

As at 31 December 2018, none of the Group's assets were pledged (31 December 2017: nil).

Gearing ratio

As at 31 December 2018, the Group's gearing ratio was nil (31 December 2017: nil).

DIVIDEND

The Board did not recommend the payment of any final dividend for the Year 2018 (for the Year 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 offering. 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 2018 are listed as follows:

	Planned use of proceeds	**Percentage**	**Actual use of proceeds from the listing date to 31 December 2018**	**Percentage**	**Planned use of proceeds for the six months ended 30 June 2019**	**Planned use of proceeds for the six months ended 31 December 2019**	**Planned use of proceeds for the six months ended 30 June 2020**
	HK$'000		*HK$'000*		*HK$'000*	*HK$'000*	*HK$'000*
Expand exhibition and event management services	12,972	35.7%	4,912	63.0%	6,376	1,684	0
Expand existing offices and/or set up branch or representative offices in different cities and regions in the PRC	3,016	8.3%	384	4.9%	877	877	878
Expand workforce to support business expansion	13,372	36.8%	1,589	20.4%	4,622	5,575	1,586
Strengthen marketing efforts	3,343	9.2%	0	0.0%	1,114	1,114	1,115
Working capital and other general corporate purpose	3,634	10.0%	908	11.7%	908	908	910
Total	36,337	100%	7,793	100%	13,897	10,158	4,489

The Directors will continually evaluate the Group's business strategies, change or modify the plans in line with market conditions, to support 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 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.

The cost of exhibition and event related services provided by suppliers makes up a significant portion of the Group's cost of service. The following uncertainties may affect the Group's efforts to implement cost control measures:

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

Major risks and uncertainties relating to the implementation of business strategies

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments, acquisitions and capital assets from the Listing Date up to 31 December 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 the Group's exhibition and event management services	• Development of exhibition showroom services including planning, coordination and management of exhibition showrooms at the premises or venues as agreed with our customers for a fixed contract period • Purchase of multimedia audiovisual equipment, including but not limited to amplifiers, projectors, LCD/LED monitors, speakers and stage lighting systems. Such equipment will be used for enhancing exhibition and event management services • Installation and/or upgrade of the Group's information technology systems and/or computer hardware and software to enhance its financial and project management capabilities
Expand the Group's existing offices and/or set up branch or representative offices in different cities and regions across the PRC	• Expansion of its offices and/or set up branch or representative offices • Payment of rental and management fees for its expanded offices and/or branches or representative offices • Decoration, fixture, furniture and office equipment for its expanded offices and/or branches or representative offices

Business strategies	Implementation activities
Expand the Group's workforce to support its business expansion	• Recruitment of 20–25 additional staff for (i) undertaking exhibition showroom services and handling the management and quality control of the Group's exhibition and event projects; (ii) strengthening its design capabilities; (iii) executing its marketing plans; and (iv) providing administration services to support its business operations • Provision of training to existing and newly recruited staff
Strengthen the Group's marketing efforts	• Carrying out marketing and promotional campaigns in different cities and regions of the PRC

COMMITMENTS

The Group has committed to future minimum lease payments for leased offices (with a term of no more than one year, renewable at the end of the lease period) under non-cancellable operating lease agreements. As at 31 December 2018, the Group had operating lease commitments falling due within one year of approximately RMB0.52 million (as at 31 December 2017: approximately RMB0.73 million). As at 31 December 2018, the Group had no unsettled capital commitments (as at 31 December 2017: Nil).

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no significant contingent liabilities (as at 31 December 2017: Nil).

HUMAN RESOURCES

As at 31 December 2018, the Group employed a total of 109 employees, among which 10 of them were at management level, all stationed in the PRC. For the Year 2018, the staff costs (including Directors' emoluments) were approximately RMB11.03 million (for the Year 2017: approximately RMB6.15 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 2018, the total amount contributed in these areas by the Group was approximately RMB2.87 million. The Group has complied with all social security insurance and housing provident fund obligations applicable under the PRC laws and regulations.

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

The Group has maintained a good working relationship with its employees. During the Year 2018, the Group has not experienced any significant labor disputes which are likely to have an adverse material impact on business, financial conditions and results of operations.

FOREIGN EXCHANGE RISK

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

CREDIT RISK

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

(i) Risk management

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

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

The Group's trade receivables arise from exhibition and event marketing services fees, 65.3% of which are in turn derived from main customers that are renowned automobile companies. Should there be change in the strategic relationships with these main customers that might cause change in the cooperative arrangements; or if they experience financial difficulties themselves which in turn causes difficulties in their settling payables to the Group, the Group's revenue from those automobile companies might be adversely affected due to deterioration in recoverability of trade receivables from them.

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

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

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

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

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.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the PRC in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

31 December 2018	**Current**	**More than 30 days past due**	**More than 300 days past due**	**Total**
Automobile companies				
Expected loss rate	**1.0%**	**1.0%**	**nil**	
Gross carrying amount — trade receivables (excluded notes receivables)	**21,579**	**2,816**	**–**	**24,395**
Gross carrying amount — contract assets	**8,265**	**–**	**–**	**8,265**
Loss allowance	**298**	**28**	**–**	**326**
Non-automobile companies				
Expected loss rate	**8.6%**	**25.0%**	**28.6%**	
Gross carrying amount — trade receivables (excluded notes receivables)	**7,360**	**760**	**4,860**	**12,980**
Gross carrying amount — contract assets	**2,760**	**875**	**–**	**3,635**
Loss allowance	**873**	**408**	**1,388**	**2,669**
Total loss allowance	**1,171**	**436**	**1,388**	**2,995**

As the impact of adoption 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.

The closing loss allowances for trade receivables and contract assets as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Contract assets 2018 *RMB'000*	Trade receivables 2018 *RMB'000*
31 December — calculated under HKAS 39	**–**	**1,485**
Opening loss allowance as at 1 January 2018 — calculated under HKFRS 9	**–**	**1,485**
Increase in loan loss allowance recognised in profit or loss during the year	**538**	**972**
At 31 December	**538**	**2,457**

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

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

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was an objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue)

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, which are mainly deposits, staff advance and loan to employees. These amounts have a low risk of default, thus the Group considers its other financial assets at amortised cost are not at high credit risk, and no loss allowance is recognised.

LIQUIDITY RISK

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

PROSPECTS

In 2019, the ongoing transformation of the economic structure in the PRC and a series of policies aimed at stabilising employment, financial conditions, foreign trade, both foreign and domestic investment and managing people's expectations launched by the Central Government should facilitate the stable operations of the PRC economy. It will help contribute to steady development across different industries, thus creating room for sustainable growth of the exhibition services industry across the country.

Following the continuous implementation of the Belt and Road initiative, the PRC has further enhanced connectivity with Belt and Road countries and regions along the while promoting economic cooperation on national and regional levels. The PRC exhibition industry, as a platform of exchange, promotion and marketing employed by companies, is expected to enjoy numerous business opportunities. Meanwhile, the exhibition industry has actively promoted information-based transformation and upgrade in order to achieve integrated development with industries including telecommunications, such as using new technologies and hardware in display, communications and digital conversion. These measures are strengthening customer service and experience while extending the industrial chain of the exhibition industry both vertically and horizontally and ultimately improving the value-added of the industry.

Facing the opportunities presented by industrial upgrade and transformation, the Group will strive to reinforce its competitive edge in service capability, customer base, promotion and marketing, etc, to deliver higher quality growth through a variety of means. The Group will augment service ability by upgrading audiovisual and IT equipment, and minimise the costs of leasing multimedia audiovisual equipment from third party suppliers at the same time. It will also enhance its exhibition showroom services to expand its service mix, including planning, coordination and management of exhibition showrooms at the premises or venues as agreed with customers for a fixed contractual period, etc. As for expanding its customer base, it will undertake various proactive moves, such as business referral and business networking as well as participation in more exhibitions and marketing events, to enlarge its market share in the automobile exhibition and event sector. In addition, the Group will explore and secure new customers in other sectors to reduce its reliance on automobile companies. In terms of promotion and marketing, the Group aims at promoting the brand through taking part in events and exhibitions, producing corporate brochures and marketing materials to distribute to potential customers, and access more extensive potential customer groups through online and offline marketing platforms and multimedia marketing channels, so as to ultimately expand revenue sources. Besides, the Group plans to seek and explore strategic acquisition opportunities, with the hope of creating synergies with existing businesses, and reinforcing its leading presence in the PRC exhibition and event management services industry.

Looking ahead, through implementing the aforementioned business strategies, the Group will be able strengthen its coordination and management of exhibitions and events, aiming at improving overall customer services and experience, so it can speed up all-round business development and continue to create sustainable returns for all shareholders.

CLOSURE OF REGISTER OF MEMBERS

At the forthcoming Annual General Meeting of the Company will be held on 8 May 2019 (Wednesday), the transfer books and Register of Members of the Company will be closed from 3 May 2019 (Friday) to 8 May 2019 (Wednesday), both days inclusive. During such period, no share transfers will be effected. In order to qualify for attending the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 2 May 2019 (Thursday).

CORPORATE GOVERNANCE

During the period from the Listing Date to 31 December 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. 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 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.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standard of dealings from the Listing Date to 31 December 2018.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Year 2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on the public information available to the Company and within the best knowledge of Directors as the date of this announcement, the Company has maintained the public float of not less than 25% of the Company issued shares as required under GEM Listing Rules since the Listing Date.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities from the Listing Date up to 31 December 2018.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management the accounting policies and practices adopted by the Group and discussed with the management internal control and financial reporting matters of the Company, including the review of the Group's audited consolidated financial results for the year ended 31 December 2018.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has discussed with the Company's management and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2018.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year 2018 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the Year 2018. The work performed by PricewaterhouseCoopers in this respect was limited and did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.dowway-exh.com. The annual report of the Company for the year ended 31 December 2018 containing all information required by the Listing Rules will be despatched to shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 22 March 2019

As of the date of this announcement, the executive Directors are Mr. Huang Xiaodi, Mr. Ma Yong and Mr. Yan Jinghui; the non-executive Director is Mr. Yuen Lai Him; and the independent non-executive Directors are Mr. Gao Hongqi, Ms. Xu Shuang and Mr. Ng Yuk Yeung.

This announcement will remain on the "Latest Company Announcements" page of the website of GEM of the Stock Exchange at www.hkgem.com for a minimum period of 7 days from the date of publication and on the website of the Company at www.dowway-exh.com.