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## **Dowway Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8403)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **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 2020. This announcement, containing the extracts of the 2020 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 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.*

*This announcement will be available on the Company’s website [www.dowway-exh.com](http://www.dowway-exh.com) and will remain on the “Latest Listed Company Information” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting.*

## 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 2020 (the “**Year 2020**”) together with the comparative audited figures for the year ended 31 December 2019 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2020	2019
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,830	4,140
Right-of-use assets		1,496	1,650
Deferred tax assets	12	–	1,087
Other non-current assets		–	281
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>4,326</b>	<b>7,158</b>
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		–	3,478
Trade and other receivables	9	51,683	45,626
Notes receivables		18,869	30,076
Contract assets		27,225	42,122
Other current assets		8,320	8,054
Cash and cash equivalents		15,312	25,116
		<hr/>	<hr/>
<b>Total current assets</b>		<b>121,409</b>	<b>154,472</b>
		<hr/>	<hr/>
<b>Total assets</b>		<b>125,735</b>	<b>161,630</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	1,277	1,277
Share premium	10	76,152	76,152
Other reserves		(4,793)	(5,987)
(Accumulated losses)/retained earnings		(16,217)	1,617
		<hr/>	<hr/>
<b>Total equity</b>		<b>56,419</b>	<b>73,059</b>
		<hr/> <hr/>	<hr/> <hr/>

		<b>As at 31 December</b>	
		<b>2020</b>	2019
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>52,497</b>	75,876
Contract liabilities		<b>2,297</b>	2,222
Tax payables		<b>3,822</b>	4,269
Borrowings		<b>9,000</b>	5,000
Lease liabilities		<b>807</b>	1,204
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>68,423</b>	88,571
		<hr/>	<hr/>
<b>Net current assets</b>		<b>52,986</b>	65,901
		<hr/> <hr/>	<hr/> <hr/>
<b>Non-current liability</b>			
Lease liabilities		<b>893</b>	–
		<hr/>	<hr/>
<b>Total non-current liability</b>		<b>893</b>	–
		<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities</b>		<b>69,316</b>	88,571
		<hr/> <hr/>	<hr/> <hr/>
<b>Total equity and liabilities</b>		<b>125,735</b>	161,630
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

Dowway Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 28 April 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

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

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

The consolidated financial statements are presented in Renminbi (‘**RMB**’), which is also the functional currency of the Company. All values are rounded to the nearest thousand (“**RMB\$’000**”), except when otherwise indicated.

### 2 STATEMENT OF COMPLIANCE AND APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### 2.1 Statement of compliance

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

## 2.2 Application of amendments to HKFRSs

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

In the current year, the Group has applied the *Amendments to References to Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time for their annual reporting period commencing 1 January 2020:

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

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

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

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

### 3 SEGMENT INFORMATION

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

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

#### Year ended 31 December 2020

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

Amounts included in the measure of segment profit or loss.

	<b>Exhibition and event related services</b> <i>(RMB'000)</i>	<b>Advertisement related services</b> <i>(RMB'000)</i>	<b>Total</b> <i>(RMB'000)</i>
Capital expenditure	<u>281</u>	<u>–</u>	<u>281</u>
Depreciation of rights-of-use assets	<u>1,653</u>	<u>184</u>	<u>1,837</u>
Depreciation of property, plant and equipment	<u>1,432</u>	<u>159</u>	<u>1,591</u>
Allowance for expected credit loss on financial and contract assets	<u>246</u>	<u>1,290</u>	<u>1,536</u>

Year ended 31 December 2019

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

Amounts included in the measure of segment profit or loss.

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

The Group's revenue is derived from within the PRC and all non-current asset is from the PRC, no geographical information is presented.





## 5 OTHER INCOME, GAINS OR LOSSES

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

### Notes:

- (a) During the years ended 31 December 2019, the Group acted as an agent and introduced advertising company to its customers and earned agency commissions.
- (b) During the year ended 31 December 2020, the Group received government grant of approximately RMB1,043,000 which mainly derived from the government tax policy. During the year ended 31 December 2019, the Group received a reward of RMB5,000,000 from Beijing Municipal Commission of Development and Reform for its initial public offerings on GEM.

## 6 FINANCE COSTS — NET

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

## 7 INCOME TAX EXPENSE

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

- (i) The Company was incorporated in the Cayman Islands. Under current laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Company.
- (ii) According to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, two-tiered profits tax rates regime was implemented from 1 April 2018. Under this regime, the profits tax rate for the first HKD 2,000,000 of profits of corporations will be lowered to 8.25%. Profits above that amount will continue to be subject to the tax rate of 16.5%. For the years ended 31 December 2020 and 2019, the profit tax rate for the entity incorporated in Hong Kong was 8.25%. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the years ended 31 December 2020 and 2019.
- (iii) Provision for the PRC corporate income tax is calculated based on the statutory tax rate of 25% on the assessable income of each of the Group companies operated in the PRC.

## 8 LOSS PER SHARE

### (a) Basic loss per share

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

	Year ended 31 December	
	2020	2019
Total loss attributable to shareholders ( <i>in RMB</i> )	(17,834,000)	(1,253,000)
Weighted average number of ordinary shares in issue ( <i>thousand</i> )	<u>2,000,000</u>	<u>2,000,000</u>
Basic loss per share ( <i>in RMB cents</i> )	<u><u>(0.89)</u></u>	<u><u>(0.06)</u></u>

### (b) Diluted loss per share

Diluted loss per share were the same as basic loss per share as the share options had anti-dilutive effect on the basic loss per share amount presented.

## 9 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

## 10 SHARE CAPITAL AND SHARE PREMIUM

### Ordinary shares

	Number of shares	Value of ordinary shares US\$
<b>Authorised:</b>		
Ordinary shares of US\$0.0001 each as at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<u>20,000,000,000</u>	<u>2,000,000</u>

	Number of shares	Nominal value of ordinary shares US\$	Equivalent value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
<b>Issued and paid:</b>					
As at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<u>2,000,000,000</u>	<u>200,000</u>	<u>1,277</u>	<u>76,152</u>	<u>77,429</u>

## 11 TRADE AND OTHER PAYABLES

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

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

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

## 12 DEFERRED TAX ASSETS

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

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

### Deferred tax assets

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

The Group recognised the deferred tax assets of RMB nil (2019: RMB1,087,000) in respect of provision for allowance of ECL on trade receivables and contract assets to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The unrecognised deferred tax assets of tax losses was RMB4,675,000 (2019: RMB2,062,000) in respect of losses amounting to RMB18,701,000 (2019: RMB8,248,000) that can be carried forward against future taxable income. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. There is no material tax losses of other entities in the Group carried forward in respect of which deferred tax assets have not been accounted for.

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

The expiry date of tax losses is as follow:

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

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.

### **13 DIVIDENDS**

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

## 14 RELATED-PARTY TRANSACTIONS

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

### (a) Significant transaction with related parties

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

### (b) Key management compensation

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

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

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

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

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

*Notes:*

- (1) Source extracted from Research Institute of Ministry of Commerce: Report on Development of the Consumer Market in the PRC in 2020 (<https://finance.sina.com.cn/tech/2020-12-12/doc-iiznezxs6482949.shtml>)
- (2) Source extracted from China Convention/Exhibition/Event Society ([http://www.cces2006.org/index.php/home/index/category/cate\\_id/61](http://www.cces2006.org/index.php/home/index/category/cate_id/61))
- (3) Source extracted from National Business Daily (<https://supplier.alibaba.com/trade/domestic/PXJJP51Z.htm>)

## **BUSINESS REVIEW**

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

The Group engages principally in offering assistance to display, promotion and sales of automobiles. With more than ten years of rich business experience, the Group has established an extensive customer base, including internationally renowned automobile companies such as premium German and Italian car brands. In addition, the Group will also accept requests from non-automobile related companies to run exhibitions and events for them.

In 2020, the management actively conducted cost control and promoted the business development. Nevertheless, confronted with the COVID-19 pandemic, downward pressure on economy and anti-pandemic measures such as restrictions on movement of people, there was unceasing delay or cancellation of the schedules for contracted exhibition and event management services, and a slump in the upstream demand in the exhibition industry. Under such difficult circumstances, the Group completed 31 exhibition and event projects and 1 exhibition showroom project (2019: 85 projects completed), and its total revenue decreased by 36.84% to approximately RMB144.17 million for the Year 2020 as compared with the same period in 2019.

Leveraging on its rich experiences and solid customer bases in the exhibition promotion industry, the Group actively explored new business opportunities and new source of revenue, actively explored market opportunities of online exhibition and advertising, and successfully carried out advertising related services in the Year 2020. The Group mainly focused on mobile internet advertising business, especially in the field of in-feed advertising, which has gradually gained an effective competitive edge in the industry. By accurately capturing the target customers of advertisers, the Group offered the most distinctive and cost-effective advertising solutions, and provided advertisers with one-stop integrated services such as advertising creativity, video shooting, placement strategy, placement tests, database tuning and continuous optimisation, so as to achieve an optimal sales conversion rate. The revenue from advertisement related services accounted for 20.29% of the total revenue for the Year 2020.

## FINANCIAL REVIEW

### Revenue

The Group generates revenue mainly from the provision of design, planning, coordination and management services of exhibitions and events in the PRC. The following table sets forth the breakdown of revenue from business operations for the years ended 31 December 2019 and 2020:

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

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

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

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

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

During the Year 2020, the Group started to carry out advertising business and has successfully explored new source of revenue. The Group mainly focused on mobile internet advertising business, especially in the field of in-feed advertising, which has gradually gained an effective competitive edge in the industry. Revenue from advertising related services was approximately RMB29.25 million, accounted 20.29% of the total revenue for the Year 2020.

### **Cost of service**

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

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

## **Gross profit**

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

## **Selling expenses**

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

## **Administrative expenses**

For the Year 2020, administrative expenses were approximately RMB12.23 million, representing a year-over-year increase of approximately 8.45% or approximately RMB0.95 million as compared with approximately RMB11.27 million for the year ended 31 December 2019. The increase was mainly attributable to the increase in depreciation expenses and management consulting and other services expenses.

## **Other income, gains or losses**

Other income, gains or losses were approximately RMB1.18 million for the Year 2020, while other income, gains or losses for the year ended 31 December 2019 were approximately RMB5.44 million. The decrease was mainly attributable to the decrease in government grant received.

## **Finance income**

Finance income represented interest income on bank balances and deposits. For the Year 2020, the Group's finance income was approximately RMB46,000 (2019: RMB38,000).

## **Finance expenses**

Finance expenses mainly represented interest expenses on bank borrowings and interest expense of lease liabilities. For the Year 2020, the Group's finance expenses were approximately RMB556,000 (2019: RMB226,000).

## **(Loss)/profit before income tax**

As a result of the foregoing, the Group recorded loss before income tax of approximately RMB16.74 million for the Year 2020, as compared with profit before income tax of approximately RMB0.78 million for the year ended 31 December 2019, which was mainly due to (i) it recorded loss due to decrease in revenue and gross profit resulted from the deferment or cancellation of exhibitions and events due to the adverse impact from the COVID-19 pandemic; and (ii) decrease in other gains as the Group received an one-off governmental grant by the PRC government for newly listed company of approximately RMB5.00 million for the year ended 31 December 2019 which did not recur during the Year 2020.

## **Income tax expense**

Income tax expense decreased from approximately RMB2.03 million for the year ended 31 December 2019 to approximately RMB1.10 million for the Year 2020, representing a year-over-year decrease of approximately 46.31% or approximately RMB0.94 million.

## **Loss for the Year 2020**

As a result of combined influence of the above-mentioned factors, the Group recorded a loss of approximately RMB17.83 million for the Year 2020, while the loss was approximately RMB1.25 million for the year ended 31 December 2019.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Capital structure**

There was no material change in the capital structure of the Group for the year ended 31 December 2020 as compared with year ended 31 December 2019.

## Cash position

The following table sets forth the selected cash flow data from the Consolidated Statements of Cash Flows for the years ended 31 December 2019 and 2020:

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

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

## Net current assets

The Group recorded net current assets of approximately RMB52.99 million as at 31 December 2020, while the net current assets of the Group as at 31 December 2019 was approximately RMB65.90 million.

## Treasury Policies

The Group adopts a prudent approach in respect of treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group. The Group will continue to strengthen its policies to manage the operating cash flows, in particular, in the area of billing to and collecting from customers and payment to suppliers, to fulfil the needs of its daily operation and manage the liquidity risk.

## Borrowings

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

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

## Pledge of assets/charge on assets

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

## Gearing ratio

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

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

## DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2020 (2019: nil).



## USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERINGS

The Company raised a total of HK\$72.50 million in gross proceeds after the completion of the initial public offering on 12 June 2018 (the “**Listing Date**”), and the proceeds amounted to HK\$36.34 million after deducting underwriting commissions and professional service fees in relation to the Share Offer. The Company has been applying the net proceeds according to the “Use of Proceeds” stated in the prospectus of the Company dated 29 May 2018 (the “**Prospectus**”). Uses of net proceeds as at 31 December 2020 are listed as follows:

	Planned use of proceeds as disclosed in the Prospectus HK\$'000	Percentage of net proceeds	Actual use of proceeds from the Listing Date up to 31 December 2020 HK\$'000	Percentage of net proceeds	Unutilised net proceeds as at 31 December 2020 HK\$'000	Percentage of net proceeds	Expected timetable for fully utilising the remaining net proceeds from the Share Offer as at 31 December 2020
Expand the Group’s exhibition and event management services	12,972	35.7%	12,972	35.7%	0	0.0%	N/A
Expand the Group’s existing offices and/or set up branch or representative offices in different cities and regions across the PRC	3,016	8.3%	1,319	3.6%	1,697	4.7%	30 June 2021
Expand the Group’s workforce to support its business expansion	13,372	36.8%	7,936	21.8%	5,436	15.0%	30 June 2021
Strengthen the Group’s marketing efforts	3,343	9.2%	0	0.0%	3,343	9.2%	30 June 2021
Working capital and other general corporate purpose	3,634	10.0%	3,634	10.0%	0	0%	N/A
<b>Total</b>	<u>36,337</u>	<u>100%</u>	<u>25,861</u>	<u>71.1%</u>	<u>10,476</u>	<u>28.9%</u>	

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

All unutilised balances of approximately HK\$10.48 million has been deposited in licensed banks in Hong Kong and the PRC. The unutilised net proceeds from initial public offering of the Company is expected to be fully utilised by 30 June 2021.

During the Year 2020, the actual application for the net proceeds from the Share Offer were used according to the purposes previously disclosed in the Prospectus. Save for the timing of the expected utilisation of the remaining net proceeds as set out above, there was no material change in the use of proceeds, and that the unutilised amount is expected to be used in accordance with the purposes as disclosed in the Prospectus. Given the impacts of the COVID-19 on the PRC and global economy, the Company will continue to evaluate and adopt a prudent and flexible approach for utilising the remaining net proceeds effectively and efficiently for the long-term benefit and development of the Group.

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

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

1. The exhibition services industry in the PRC has relatively low entry barriers and competition is keen within the industry.
2. The Group's business depends heavily on the provision of exhibition and event management services in the automobile industry.
3. The majority of the Group's customers are automobile-related companies and there is no assurance that it can successfully diversify its customer base.
4. There is no assurance that the demand for integrated exhibition and event management services the Group provides can continue or increase.
5. There may be fluctuations in the Group's cost of service which it may not be able to pass on to customers.
6. The Group may face cash flow problems if it is unable to receive payments from customers on time and in full under the current pricing policy.

7. The Group may be exposed to litigation risk as a result of the engagement of suppliers without obtaining written consent from customers.
8. The Group relies on suppliers for the provision of construction services, leasing of equipment and logistics and transportation services, hence the Group may have to bear the consequences should these suppliers deliver substandard services on its own.
9. The Group relies on its senior management and other key personnel and may not be able to retain these staff to provide services.
10. The Group may not be able to implement its business strategies and its future growth could be limited.
11. The global recession resulted by COVID-19 pandemic and the control and prevention of pandemic around the world are still challenging and may continue to influence on the resumption of work and production of exhibition industry in PRC, which may in turn have a material and adverse effect on the Group's business, financial position and results of operations.

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

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

#### **Major risks and uncertainties relating to the implementation of business strategies**

1. The Group expects to tender proposals to potential new customers with lower profit margins in the short run in connection with its future expansion to new segments in the market and such expansion could exert great pressure on allocation of resources.
2. The Group cannot guarantee that it will have sufficient resources to support future development. Its future growth is also subject to the preferences of potential clients and the overall market situation. Failure to execute expansion strategy effectively may lead to higher costs, inefficient operation flow and decline in profitability.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS**

Save as disclosed in this announcement, the Group did not have other plans for material investments, acquisitions and capital assets during the Year 2020.

### **Business strategies and implementation plan**

For the year ended 31 December 2020, business strategies and implementation plan are set out as follows:

#### **Business strategies**

#### **Implementation activities**

Expand the Group's exhibition and event management services

- Development of exhibition showroom services including planning, coordination and management of exhibition showrooms at the premises or venues as agreed with our customers for a fixed contract period
- Purchase of multimedia audiovisual equipment, including but not limited to amplifiers, projectors, LCD/LED monitors, speakers and stage lighting systems. Such equipment will be used for enhancing exhibition and event management services
- Installation and/or upgrade of the Group's information technology systems and/or computer hardware and software to enhance its financial and project management capabilities

Expand the Group's existing offices and/or set up branch or representative offices in different cities and regions across the PRC

- Expansion of its offices and/or set up branch or representative offices
- Payment of rental and management fees for its expanded offices and/or branches or representative offices
- Decoration, fixture, furniture and office equipment for its expanded offices and/or branches or representative offices

Expand the Group's workforce to support its business expansion

- Recruitment of additional staff for (i) undertaking exhibition showroom services and handling the management and quality control of the Group's exhibition and event projects; (ii) strengthening its design capabilities; (iii) strengthening its capabilities for advertising business; (iv) executing its marketing plans; and (v) providing administration services to support its business operations
- Provision of training to existing and newly recruited staff

Strengthen the Group's marketing efforts

- Carrying out marketing and promotional campaigns in different cities and regions of the PRC

## **MATERIAL INVESTMENTS HELD**

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

## **MATERIAL ACQUISITIONS AND DISPOSALS RELATED TO THE SUBSIDIARIES AND ASSOCIATED COMPANIES**

During the Year 2020, the Group did not have any material acquisitions and disposals related to the subsidiaries and associated companies (2019: nil).

## **CONTINGENT LIABILITIES**

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

## **HUMAN RESOURCES**

As at 31 December 2020, the Group employed a total of 62 employees (2019: 93), among which 6 of them were at management level, all stationed in the PRC. For the year ended 31 December 2020, the staff costs (including Directors' emoluments) were approximately RMB9.22 million (2019: approximately RMB17.02 million). The Group conducts periodic performance review with employees and determines their salaries, benefits and discretionary bonuses based on factors including qualifications, contributions, years of experience and performance.

In accordance with the applicable PRC laws and regulations, the Group has made contributions to social security insurance and housing provident funds for all eligible staff. For the year ended 31 December 2020, the total amount contributed to social security insurance and housing provident funds by the Group was approximately RMB1.11 million. The Group has complied with all social security insurance and housing provident fund obligations applicable under the PRC laws and regulations.

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

The Group has maintained a good working relationship with its employees. During the Year 2020, the Group has not experienced any significant labor disputes which are likely to have an adverse material impact on business, financial conditions and results of operations.

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

## **FOREIGN EXCHANGE RISK**

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

## **CREDIT RISK**

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

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

For cash at bank the Group manages the credit risk by placing its domestic deposits in reputable nationwide financial institutions with good credit ratings in the PRC and overseas' deposits in reputable international financial institutions. The Group believes those banks and financial institutions are of high-credit-quality without significant credit risk. Thus it considers its cash at bank are not at high credit risk as the effect of credit risk is insignificant and no loss allowance is recognised.

The Group's trade receivables arise from exhibition and event marketing services fees, more than 60% of which are in turn derived from main customers that are renowned automobile companies. Should there be any change in the strategic relationships with these main customers that might cause change in the cooperative arrangements, or if they experience financial difficulties themselves which in turn causes difficulties in their settling payables to the Group, the Group's revenue might be adversely affected due to deterioration in recoverability of trade receivables from these automobile companies.

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

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

The notes receivables are bank acceptance bills which have a low risk of default, thus the Group considers its notes receivables are not at high credit risk as the effect of credit risk is insignificant and no loss allowance is recognised.

## **LIQUIDITY RISK**

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

For the year ended 31 December 2020, no significant investment was held by the Group. As at the date of this annual results announcement, save for the plans under "Future Plans and Use of Proceeds" detailed in the Company's prospectus dated 29 May 2018, the Group had no other future plans for material investments or capital assets.

## **OUTLOOK**

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

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

## **CLOSURE OF REGISTER OF MEMBERS**

The forthcoming Annual General Meeting of the Company will be held on 6 May 2021 (Thursday), the transfer books and Register of Members of the Company will be closed from 3 May 2021 (Monday) to 6 May 2021 (Thursday), both days inclusive. During such period, no share transfers will be effected. In order to qualify for attending the Annual General 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 30 April 2021 (Friday).



## **CORPORATE GOVERNANCE PRACTICE**

During the year ended 31 December 2020, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision A.2.1 of the Code.

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

## **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 5.48 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/she has complied with the required standard of dealings during the year ended 31 December 2020.

## **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 ended 31 December 2020.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company’s total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the GEM Listing Rules, was held by the public at all times during the year ended 31 December 2020 and as at the latest practicable date prior to the issue of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company on the Stock Exchange or any other stock exchange, by private arrangement, or by way of grant offer during the year ended 31 December 2020.

## **IMPORTANT EVENT SINCE THE END OF THE REPORTING YEAR**

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

## **AUDIT COMMITTEE**

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

The Audit Committee consists of three independent non-executive Directors, namely Mr. Yu Leung Fai, Mr. Gao Hongqi and Ms. Xu Shuang. Mr. Yu Leung Fai is the chairman of the Audit Committee. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2020.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has discussed with the Company’s management and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

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 ended 31 December 2020 as set out in this announcement have been agreed by the Group’s auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2020. The work performed by HLB Hodgson Impey Cheng Limited 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 HLB Hodgson Impey Cheng Limited 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](http://www.hkexnews.hk) and the Company's website at [www.dowway-exh.com](http://www.dowway-exh.com). The annual report of the Company for the year ended 31 December 2020 containing all information required by the GEM 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 2021

*As at 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 Ms. Xu Shuang, Mr. Gao Hongqi and Mr. Yu Leung Fai.*