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Dowway Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8403)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021**

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 (the "**Board**") of directors (the "**Directors**") of Dowway Holdings Limited (the "**Company**") is pleased to announce the unaudited first quarterly results of the Company and its subsidiaries (the "**Group**") for the three months ended 31 March 2021 (the "**Period**"). This announcement, containing the extracts of the 2021 first quarterly 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 preliminary announcements of first quarterly results.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2020, the COVID-19 pandemic spread across the globe, and the global economic environment experienced turbulence. The risks and challenges continued to rise in domestic and international trade. According to the International Monetary Fund, the global GDP shrank 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 realized an increase in GDP by 2.3% in 2020, which was not easy.

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

During the first quarter of 2021, China's economy presented continued momentum of stable recovery, with the GDP up by 18.3% year on year. Even though the COVID-19 epidemic is still spreading globally and the international landscape is complicated with high uncertainties and instabilities, the Directors believe the foundation for domestic economic recovery will be further consolidated and the economic outlook will be brighter in the second quarter of 2021.

BUSINESS REVIEW

The Group is an integrated exhibition and event management service provider in PRC. It mainly serves as a project manager and provides comprehensive and related services to customers, including design, planning, coordination and management of exhibitions and events, ranging from themes, stage, site design and master planning, feasibility studies, procurement of construction materials and equipment, project management, 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.

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

During the Period, the stable recovery of China's economy improved the comprehensive service sector. The Group completed 9 exhibitions and event projects and 1 showroom project, with aggregate revenue increasing to approximately RMB22.08 million by approximately 90.85% as compared to the same period of last year.

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 three months ended 31 March 2020 and 2021.

	For the three months ended 31 March			
	2021		2020	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Revenue from automobile related exhibitions and events related services	7,069	32.01%	6,568	56.77%
Revenue from non-automobile related exhibitions and events related services	1,850	8.38%	1,017	8.79%
Revenue from exhibition showroom related services	2,242	10.15%	3,985	34.44%
Revenue from advertisement related services	10,920	49.46%	–	–
Total	22,081	100%	11,570	100%

Revenue increased from approximately RMB11.57 million for the three months ended 31 March 2020 to approximately RMB22.08 million for the Period, representing a period-on-period increase of approximately 90.85% or approximately RMB10.51 million. The increase was primarily because that the exhibition industry started to recover under the stable growth of China's economy. It resulted the growth of both the number of projects and contract value completed by the Group in the Period. In addition, the advertising business, which was newly developed by the Company in 2020, continued to grow and contributed substantial revenue to the Group during the Period.

During the Period, revenue from automobile related exhibitions and events related services increased from approximately RMB6.57 million for the three months ended 31 March 2020 to approximately RMB7.07 million for the Period, representing a period-on-period increase of approximately 7.61% or approximately RMB0.5 million and accounting for 32.01% of the total revenue for the Period.

Revenue from exhibition showroom related services for the Period was approximately RMB2.24 million, accounting for 10.15% of the total revenue for the Period.

Revenue from advertisement related services for the Period was approximately RMB10.92 million, accounting for 49.46% of the total revenue for the Period.

Cost of service

Cost of service increased from approximately RMB12.21 million for the three months ended 31 March 2020 to approximately RMB21.32 million for the Period, representing a period-on-period increase of approximately 74.63% or approximately RMB9.11 million. Such an increase was primarily due to the exhibition industry affected by the COVID-19 epidemic has gradually recovered and the cost of exhibition and event services increased with the growth of market demands and sales revenue.

The cost of exhibitions and event related services provided by suppliers increased from approximately RMB8.17 million for the three months ended 31 March 2020 to approximately RMB20.16 million for the Period, representing a period-on-period increase of approximately 146.76% or approximately RMB11.99 million, accounted for 94.56% of the total cost of service for the Period.

Gross profit/(loss)

For the Period, the Group recorded a gross profit approximately RMB0.76 million, representing a period-on-period increase of approximately RMB1.40 million as compared with approximately RMB0.64 million loss for the three months ended 31 March 2020. The increase in gross profit was mainly due to the growth of the Group's revenue resulted by strong control of COVID-19 epidemic and recovery of exhibition services industry for the Period.

Selling expenses

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

Selling expenses for the Period were approximately RMB1.21 million, representing a period-on-period increase of approximately 61.98% or approximately RMB0.75 million as compared to approximately RMB0.46 million for the three months ended 31 March 2020.

Administrative expenses

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

Administrative expenses for the Period were approximately RMB2.41 million, representing a period-on-period increase of approximately 16.24% or approximately RMB0.34 million as compared to approximately RMB2.07 million for the three months ended 31 March 2020.

Other gains-net

Other gains for the Period was approximately RMB0.15 million, mainly due to governmental tax policy of allowing for 10% of input VAT additionally in offsetting output VAT.

Finance income

Finance income represented interest income on bank balances and deposits. The Group's finance income for the Period was approximately RMB8,000 (for the three months ended 31 March 2020: approximately RMB13,000).

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings and interest expense of lease liabilities. For the Period, the Group's finance expenses were approximately RMB118,000 (for the three months ended 31 March 2020: approximately RMB76,000).

Loss before income tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB2.82 million for the Period, representing a period-on-period increase of loss of approximately RMB0.31 million as compared with a loss of approximately RMB2.51 million for the three months ended 31 March 2020, which was mainly due to (i) the increase in sales expenses; and (ii) the decrease in the other gains as the Group was granted more input VAT offsetting to output VAT during the three months ended 31 March 2020.

Income tax expense

Income tax expense increased from approximately RMB1,000 for the three months ended 31 March 2020 to approximately RMB10,000 for the Period, representing a period-on-period increase of approximately RMB9,000.

Loss for the Period

As a cumulative effect of the factors above, the Group recorded loss of the Period of approximately RMB2.83 million, compared to approximately RMB2.51 million loss for the three months ended 31 March 2020. The period-on-period increase was approximately RMB0.32 million.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There was no material change in the capital structure of the Group during the Period. Details are set out in Note 10 to the condensed consolidated financial statements of this announcement.

Cash position

The following table sets forth the selected cash flow data from the Condensed Consolidated Statements of Cash Flows for the three months ended 31 March 2020 and 2021:

	For the three months ended	
	31 March	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(7,574)	14,745
Net cash (used in)/generated from investing activities	(88)	13
Net cash (used in) financing activities	(87)	(55)
Net (decrease)/increase in cash and cash equivalents	(7,749)	14,703
Cash and cash equivalents at the end of the Period	7,472	39,889

At 31 March 2021, the cash and cash equivalents of the Group were approximately RMB7.47 million (at 31 March 2020: approximately RMB39.89 million), which mainly denominated in RMB and HKD.

Borrowings

As at 31 March 2021, the Group had bank borrowings of RMB9.00 million (as at 31 March 2020: RMB5.00 million), but did not have any other outstanding bank overdrafts, unutilised banking facilities, debt securities, other similar indebtedness, acceptance credits, hire purchase commitments, mortgages, charges, material contingent liabilities nor guarantees outstanding (as at 31 March 2020: 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 Period.

Pledge of assets

As at 31 March 2021, none of the Group's assets were pledged (at 31 March 2020: nil).

Gearing ratio

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

	As at 31 March 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Total interest-bearing borrowings	9,000	9,000
Total equity	53,591	56,419
Gearing ratio	16.79%	15.95%

DIVIDEND

The Board did not recommend the payment of any dividend for the Period (for the three months ended 31 March 2020: nil).

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 control and prevention of epidemic around the world are still challenging and risky and may continue to influence on the recovery of exhibition industry in PRC to normal, which may in turn have a material and adverse effect on the Group's business, financial position and results of operations.

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.

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

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

COMMITMENTS

The minimum lease payments under non-cancellable operating leases of offices not recognised in the financial statements as payables is RMB1,637,000 as at 31 March 2021.

MATERIAL ACQUISITIONS AND DISPOSALS RELATED TO THE SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Group did not have any material acquisitions and disposals related to the subsidiaries and associated companies.

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no significant contingent liabilities (as at 31 March 2020: nil).

HUMAN RESOURCES

As at 31 March 2021, the Group employed a total of 58 employees, among which 6 of them were at management level, all stationed in the PRC. For the Period, the staff costs (including Directors' emoluments) were approximately RMB2.65 million (for the three months ended 31 March 2020: approximately RMB2.29 million). The Group conducts periodic performance review with employees and determines their salaries, benefits and discretionary bonuses based on factors including qualifications, contributions, years of experience and performance.

In accordance with the applicable PRC laws and regulations, the Group has made contributions to social security insurance and housing provident funds for all eligible staff. For the Period, the total amount contributed in these areas by the Group was approximately RMB0.57 million. The Group has complied with all the requirements about social security insurance and housing provident fund obligations applicable under the PRC laws and regulations.

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

The Group has maintained a good working relationship with its employees. During the Period, 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 and cash equivalents, trade and other receivables, notes receivables and contract assets shown on consolidated balance sheets.

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

For cash at 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 is not at high credit risk.

The Group's trade receivables arise from exhibition and event marketing services fees, over 70% of which are in turn derived from 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.

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.

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.

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.

LIQUIDITY RISK

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

PROSPECTS

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

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

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

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

CHAIRMAN AND CHIEF EXECUTIVE

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

INTEREST OF THE COMPLIANCE ADVISOR

The compliance advisor agreement entered into between the Company and Kingsman HK Capital Limited (“Kingsman”) dated 6 October 2019 ended on 29 March 2021. As at 31 March 2021, neither Kingsman nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of the Company or in any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPETING BUSINESS

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

As at 31 March 2021, the interests and short positions of the Directors and Chief Executive of the Company in the shares of the Company (the “**Shares**”), underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows.

Long Positions in the Shares

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

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

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

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

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

Long Positions in the Ordinary Shares of Associated Corporation

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

Save as disclosed above and so far as is known to the Directors, as at 31 March 2021, none of the Directors nor the Chief Executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2021 and so far as is known to the Directors, the following persons (other than the Directors or Chief Executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long Positions in the Shares

Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
A&B Development Holding Limited (Note 1)	Beneficial owner	1,272,900,000	63.65%
Ms. Lin Yuting (Note 2)	Interest of a spouse	1,272,900,000	63.65%

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

Note 2: Ms. Lin Yuting is the spouse of Mr. Huang Xiaodi. Therefore, Ms. Lin Yuting is deemed, or taken to be, interested in all the Shares in which Mr. Huang has, or is deemed to have, an interest for the purpose of the SFO.

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

The Group has adopted a share option scheme on 16 May 2018, details of which have been set out in the Company's annual report for the year ended 31 December 2020.

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

REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

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

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 unaudited first quarterly financial statements of the Group for the Period.

FIRST QUARTERLY RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2021, together with the unaudited comparative figures for the respective corresponding period in 2020 as follows:

THE FIRST QUARTERLY CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Three months ended 31 March	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	6	22,081	11,570
Cost of service		(21,320)	(12,208)
Gross Profit		761	(638)
Selling expenses		(1,213)	(455)
Administrative expenses		(2,405)	(2,069)
Other income		—	—
Other gains — net	7	149	719
Operating loss		(2,708)	(2,443)
Finance income		8	13
Finance expenses		(118)	(76)
Finance income/(expenses) — net		(110)	(63)
Loss before income tax		(2,818)	(2,506)
Income tax expense	8	(10)	(1)
Loss for the Period		(2,828)	(2,507)
Total comprehensive (loss) for the Period		(2,828)	(2,507)
Loss per share attributable to owners of the Company			
— Basic loss per share (in RMB cents)	9	(0.14)	(0.13)

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

THE FIRST QUARTERLY CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As at 31 March 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		2,253	2,830
Right-of-use assets		1,274	1,496
Other non-current assets		180	–
Total non-current assets		3,707	4,326
Current assets			
Trade and other receivables		24,233	51,683
Notes receivables		1,147	18,869
Contract assets		41,105	27,225
Other current assets		13,457	8,320
Cash and cash equivalents		7,472	15,312
Total current assets		87,414	121,409
Total assets		91,121	125,735
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	10	1,277	1,277
Share premium	10	76,152	76,152
Other reserves		(4,793)	(4,793)
Retained earnings		(19,045)	(16,217)
Total equity		53,591	56,419
LIABILITIES			
Current liabilities			
Trade and other payables		21,282	52,497
Contract liabilities		2,157	2,297
Current income tax liabilities		3,823	3,822
Credit loan from bank		9,000	9,000
Lease liabilities		375	807
Total current liabilities		36,637	68,423
Non-current liability			
Lease liability		893	893
Total liabilities		37,530	69,316
Total equity and liabilities		116,251	125,735

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

THE FIRST QUARTERLY CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at 1 January 2020	1,277	76,152	(5,987)	1,617	73,059
Total comprehensive loss for the year	–	–	–	(17,834)	(17,834)
Share-based payments	–	–	1,194	–	1,194
Balance at 31 December 2020 and 1 January 2021	1,277	76,152	(4,793)	(16,217)	56,419
(Unaudited)					
Total comprehensive loss for the Period	–	–	–	(2,828)	(2,828)
Balance at 31 March 2021	1,277	76,152	(4,793)	(19,045)	53,591

THE FIRST QUARTERLY CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended	
	31 March	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	(7,564)	14,917
Income tax paid	(10)	(172)
Net cash (used in)/generated from operating activities	(7,574)	14,745
Cash flows from investing activities		
— Purchases of property, plant and equipment	(96)	—
— Interest received	8	13
Net cash (used in)/generated from investing activities	(88)	13
Cash flows from financing activities		
— Interest paid	(87)	(55)
Net cash used in financing activities	(87)	(55)
Net (decrease)/increase in cash and cash equivalents	(7,749)	14,703
Cash and cash equivalents at beginning of period	15,312	25,116
Exchange (loss)/gain on cash and cash equivalents	(91)	70
Cash and cash equivalents at the end of period	7,472	39,889

NOTES TO THE FIRST QUARTERLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

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

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated financial information for the three months ended 31 March 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 Quarterly Financial Reporting issued by Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of GEM Listing Rules.

The first quarterly report does not include all the notes of the type normally included in an annual financial report. Accordingly, this announcement is to be read in conjunction with the financial information of the Group for the year ended 31 December 2020 issued on 22 March 2021, which has been prepared in accordance with the Hong Kong Financial Reporting Standards issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

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

3 CHANGES IN ACCOUNTING POLICIES

HKFRS 16 Leases

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

Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application is not expected to have impact on the Group's financial position and performance as the Group does not intend to apply the practical expedient.

4 ESTIMATES

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

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

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

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

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

5.2 Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's finance department. The Group's finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

6 REVENUE INFORMATION

	Three months ended 31 March	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue from automobile related exhibitions and events related services	7,069	6,568
Revenue from non-automobile related exhibitions and events related services	1,850	1,017
Revenue from exhibition showroom related services	2,242	3,985
Revenue from advertisement related services	10,920	–
	22,081	11,570

7 OTHER GAINS — NET

	Three months ended 31 March	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Foreign exchange (loss)/gains	(92)	32
Additional deduction of input VAT	213*	687*
Government grant	31	–
Other	(3)	–
	149	719

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

8 INCOME TAX EXPENSES

	Three months ended	
	31 March	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax on profits for the period	10	1
Income tax expenses	10	1

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

9 (LOSS) PER SHARE

	Three months ended	
	31 March	
	2021	2020
	(Unaudited)	(Unaudited)
Total (loss) attributable to shareholders (in RMB)	(2,828,000)	(2,507,000)
Weighted average number of ordinary shares in issue (thousand)	2,000,000	2,000,000
Basic (loss) per share (in RMB cents)	(0.14)	(0.13)

- (a) Basic (loss)/earnings per share is calculated by dividing the loss/earnings attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the Period.
- (b) **Diluted (loss)/earnings per shares**
No diluted (loss)/earnings per share is presented as the Group has no dilutive potential ordinary shares during the Period.

10 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares

	Number of shares	Value of ordinary shares US\$
Authorised:		
Ordinary shares of US\$0.0001 each as at 31 March 2021	20,000,000,000	2,000,000

	Number of shares	Nominal value of ordinary shares US\$	Equivalent value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Issued and paid:					
As at 31 December 2020 and 1 January 2021	2,000,000,000	200,000	1,277	76,152	77,429
As at 31 March 2021	2,000,000,000	200,000	1,277	76,152	77,429

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

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

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

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

11 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no subsequent events that require additional disclosure.

By Order of the Board

Dowway Holdings Limited

Huang Xiaodi

Chairman, Chief Executive Officer and Executive Director

Beijing, China, 10 May 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 remain on the "Latest Listed Company Information" page of GEM of the Stock Exchange website 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.