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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 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.

*This announcement, for which the directors (the “**Directors**”) of Dowway Holdings Limited (the “**Company**”) 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 (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will be available on the Company’s website www.dowway-exh.com and will remain on the “Latest Listed Company Information” page on the GEM website at 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 2021 (the “**Year**”) together with the comparative audited figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2021	2020
	Notes	RMB'000	RMB'000
Revenue	4	170,016	144,166
Cost of service		<u>(155,705)</u>	<u>(143,542)</u>
Gross profit		14,311	624
Selling expenses		(6,582)	(4,270)
Administrative expenses		(12,012)	(12,227)
Net allowance for expected credit loss on financial and contract assets		(3,070)	(1,536)
Other income, gains or losses	5	<u>539</u>	<u>1,177</u>
Operating loss		<u>(6,814)</u>	<u>(16,232)</u>
Finance costs — net	6	<u>(793)</u>	<u>(510)</u>
Loss before income tax		(7,607)	(16,742)
Income tax expense	7	<u>(44)</u>	<u>(1,092)</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u>(7,651)</u>	<u>(17,834)</u>
			(restated)
Loss per share attributable to owners of the Company			
Basic and diluted loss per share (<i>in RMB cents</i>)	8	<u>(7.65)</u>	<u>(17.83)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2021	2020
	Notes	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,906	2,830
Right-of-use assets		9,204	1,496
Deposits		546	—
Total non-current assets		11,656	4,326
Current assets			
Trade and other receivables	9	53,390	51,683
Notes receivable		—	18,869
Contract assets		54,807	27,225
Other current assets		22,393	8,320
Cash and cash equivalents		6,614	15,312
Total current assets		137,204	121,409
Total assets		148,860	125,735
EQUITY			
Capital and reserves			
Share capital	10	1,277	1,277
Share premium	10	76,152	76,152
Other reserves		(3,599)	(4,793)
Accumulated losses		(23,868)	(16,217)
Total equity		49,962	56,419

		As at 31 December	
		2021	2020
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Current liabilities			
Trade and other payables	<i>11</i>	64,003	52,497
Contract liabilities		12,774	2,297
Tax payables		3,822	3,822
Borrowings		9,000	9,000
Lease liabilities		2,794	807
		<hr/>	<hr/>
Total current liabilities		92,393	68,423
		<hr/>	<hr/>
Net current assets		44,811	52,986
		<hr/>	<hr/>
Non-current liability			
Lease liabilities		6,505	893
		<hr/>	<hr/>
Total liabilities		98,898	69,316
		<hr/>	<hr/>
Total equity and liabilities		148,860	125,735
		<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 this annual report.

The Company is an investment holding company and its subsidiaries (together referred to as the “**Group**”) are principally engaged in design, planning, coordination and management of exhibitions, events and showrooms 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 immediate holding company is A&B Development Holding Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Huang Xiaodi.

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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation of consolidated financial statements

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**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.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets that measured at fair value at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 Hong Kong Institute of Certified Public Accountant (“HKICPA”) for the first time for their annual reporting period commencing 1 January 2020:

- Amendment to HKFRS 16 — Covid-19-Related Rent Concessions
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 — Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or 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 ³
Amendments to HKFRS 3	Reference to Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKFRS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Costs of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvement to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

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 reviewed regularly by the CODM for resource allocations and the assessment of performance of operating segments. Therefore, only the segment revenue and segment results are presented.

Year ended 31 December 2021

	Exhibition and event related services (RMB'000)	Advertisement related services (RMB'000)	Total (RMB'000)
Revenue from external customers	<u>131,734</u>	<u>38,282</u>	<u>170,016</u>
Results of reportable segments	(2,204)	(613)	(2,817)
Corporate incomes			539
Corporate expenses			<u>(4,536)</u>
Operating loss			<u>(6,814)</u>
Finance costs — net			<u>(793)</u>
Loss before income tax			<u>(7,607)</u>

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*	<u>263</u>	<u>—</u>	<u>263</u>
Depreciation of rights-of-use assets	<u>1,990</u>	<u>562</u>	<u>2,552</u>
Depreciation of property, plant and equipment	<u>927</u>	<u>260</u>	<u>1,187</u>
Net allowance for ECL on financial and contract assets	<u>2,033</u>	<u>1,037</u>	<u>3,070</u>

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

Year ended 31 December 2020

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

Amounts included in the measure of segment profit or loss.

Revenue	Exhibition and event related services (RMB'000)	Advertisement related services (RMB'000)	Total (RMB'000)
Capital expenditure	281	—	281
Depreciation of rights-of-use assets	1,653	184	1,837
Depreciation of property, plant and equipment	1,432	159	1,591
Allowance for ECL on financial and contract assets	246	1,290	1,536

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

Information about major customers

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

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A ¹	— ²	47,192
Customer B ¹	24,279	16,674
Customer C ¹	21,296	— ²
	<u>45,575</u>	<u>63,866</u>

(1) Revenue from exhibition and event related services.

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

All revenue contracts are for one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocate to these unsatisfied contracts is not disclosed.

4 REVENUE

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Disaggregation of revenue from contracts with customers		
Exhibition and event related services	111,289	106,126
Exhibition showroom related services	20,445	8,786
Advertisement related services	38,282	29,254
	<u>170,016</u>	<u>144,166</u>

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition		
Over time	<u>170,016</u>	<u>144,166</u>

5 OTHER INCOME, GAINS OR LOSSES

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Government grant (<i>note</i>)	334	1,043
Exchange gains-net	205	134
	<u>539</u>	<u>1,177</u>

note: During the year ended 31 December 2021, the Group received a government grant of approximately RMB334,000 which mainly derived from the government tax policy. During the year ended 31 December 2020, the Group received a government grant of approximately RMB1,043,000 which mainly derived from the government tax policy.

6 FINANCE COSTS — NET

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income on bank balances and deposits	<u>18</u>	<u>46</u>
Finance costs		
Interest expense on bank borrowings	(343)	(404)
Interest on lease liabilities	(398)	(69)
Others	<u>(70)</u>	<u>(83)</u>
	<u>(811)</u>	<u>(556)</u>
Finance costs — net	<u>(793)</u>	<u>(510)</u>

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current PRC enterprise income tax	44	5
Deferred tax	—	1,087
Income tax expense	<u>44</u>	<u>1,092</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 2021 and 2020, 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 2021 and 2020.
- (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

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	
	2021	2020
		(restated)
Total loss attributable to shareholders (<i>in RMB</i>)	(7,651,000)	(17,834,000)
Weighted average number of ordinary shares in issue (<i>thousand</i>)	100,000	100,000
Basic loss per share (<i>in RMB cents</i>)	<u>(7.65)</u>	<u>(17.83)</u>

Note: The weighted average number of ordinary shares for the year ended 31 December 2021 and 2020 has been adjusted for the twenty-to-one share consolidation of the Company which become effective on 20 August 2021.

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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	54,940	50,313
Less: allowance for ECL	(7,222)	(3,623)
	<hr/>	<hr/>
Trade receivables — net	47,718	46,690
Deposits	3,748	3,202
Loan to employees	263	790
Staff advances	2,207	1,001
	<hr/>	<hr/>
Trade and other receivables	53,936	51,683
	<hr/>	<hr/>
Less: non-current portion	(546)	—
	<hr/>	<hr/>
Current portion	53,390	51,683
	<hr/>	<hr/>

As at 31 December 2021 and 2020, the ageing analysis of the trade receivables, net of allowance of credit losses, based on invoice date were as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 90 days	24,645	33,710
91 days to 180 days	22,087	12,599
Over 180 days	986	4,004
	<hr/>	<hr/>
	47,718	50,313
	<hr/>	<hr/>

As at 1 January 2020, trade receivables from contracts with customers amounted to RMB42,949,000.

The Group generally allow a credit period of 30 to 180 days to its customers.

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 1 January 2020, 31 December 2020 and 1 January 2021	20,000,000,000	2,000,000
Share consolidation (<i>note</i>)	(19,000,000,000)	—
	<u>1,000,000,000</u>	<u>2,000,000</u>
Ordinary shares of US\$0.002 each as at 31 December 2021		

	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 1 January 2020, 31 December 2020 and 1 January 2021	2,000,000,000	200,000	1,277	76,152	77,429
Share consolidation (<i>note</i>)	(1,900,000,000)	—	—	—	—
	<u>100,000,000</u>	<u>200,000</u>	<u>1,277</u>	<u>76,152</u>	<u>77,429</u>
As at 31 December 2021					

Note: On 24 August 2021, the share consolidation of every twenty issued and unissued shares of US\$0.0001 each in the share capital of the Company into one consolidated share of US\$0.002 each became effective. The authorised share capital of the Company became US\$2,000,000 divided into 1,000,000,000 consolidated shares of US\$0.002 each, of which 100,000,000 consolidated shares were in issue.

11 TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	57,201	49,575
Employee benefit payables	622	84
Other tax payables	5,024	2,470
Others	1,156	368
	<u>64,003</u>	<u>52,497</u>

The Group generally earned a credit period of 90 to 180 days from its suppliers.

As at 31 December 2021 and 2020, the ageing analysis of the trade payables based on invoice date are follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 90 days	39,292	33,925
91 days to 180 days	14,260	12,532
181 days to 365 days	2,377	2,226
Over 365 days	1,272	892
	<u>57,201</u>	<u>49,575</u>

12 DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 December 2021 and 2020.

13 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 2021, a borrowing of RMB2,000,000 was guaranteed by Mr. Huang Xiaodi (2020: RMB2,000,000).

(b) Key management compensation

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

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Wages and salaries	1,390	1,263
Share-based payments	537	537
Pension scheme and other social security costs	230	232
Housing benefits	110	104
Other costs and benefits	12	9
	<hr/>	<hr/>
	2,279	2,145
	<hr/>	<hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The global economic recovery continued in 2021 as economic performance accelerated amid the lifting of most pandemic restrictions and deployment of COVID-19 vaccines. According to the International Monetary Fund (IMF), global growth reached 5.9% during the year. Thanks to the effective anti-pandemic measures and a series of economic support and stimulus policies implemented by the Chinese Government, China sustained the steady recovery of the national economy and maintained the leading position in economic growth and pandemic prevention and control in the world. China's economy showed a strong rebound in 2021. Gross domestic product (GDP) expanded 8.1%, beating the government's own target of "expected above 6%", despite the complex international environment, resurgent COVID-19 cases, and severe flooding in Henan province. Consumption remained one of the key drivers for China's economic growth. Retail sales grew by 12.5%, in which retail sales of automobiles exceeded RMB4 trillion to RMB4.4 trillion, up 7.6% year-on-year, according to the China Association of Automobile Manufacturers (CAAM).

Meanwhile, China's exhibition industry saw rapid expansion in 2021 against the backdrop of severe challenges brought by the COVID-19 pandemic to offline exhibitions across the world. As a result of the swift economic recovery and effective control of the virus within the border, China has emerged as a haven for global businesses. According to the Annual Report on China's Exhibition Economy 2021 (《2021中國展覽經濟發展報告》) issued by the China Council for the Promotion of International Trade (中國國際貿易促進委員會), a total of 2,949 economic and trade exhibitions were held in China in 2021, surging 48.6% year-on-year, as the domestic exhibition industry began to recover. The exhibitions covered a total exhibition area of 92.99 million square meters in 2021, increased by 27.2% from the previous year. Digital exhibitions have become an important complement to offline exhibitions during the pandemic. As the shift from offline to online exhibitions accelerated, many Chinese exhibitions adopted a hybrid mode to help Chinese and overseas companies better expand international trade channels.

During the year, the automobile exhibition sector experienced flourishing growth. It remained one of the leading sectors in terms of the number and area of exhibitions. The number of exhibitions in the sector increased substantially to 308, up 125 or 68.3% as compared with 2020, while the total exhibition area was 11.158 million square meters, representing a year-on-year increase of 3.309 million square meters or 42.2%. A couple of influential automobile exhibitions took place as scheduled, including the 19th Shanghai International Automobile Industry Exhibition 2021, the first A-class international auto show since the outbreak of COVID-19 pandemic. It fully demonstrated the economic recovery and growth following the successful fight against the pandemic, which in turn restored global confidence in the automobile market. In fact, despite encountering enormous challenges, China's automobile market ended three consecutive years of negative growth in 2021. With reference to a report by Fitch Ratings, China's passenger-vehicle wholesale deliveries rebounded by 6.5% from a year earlier to 21.5 million units in 2021, marking a recovery to the pre-pandemic level after dropping 6% in 2020. This was driven by a 168% surge in electric-vehicle sales, accounting for 15.5% of passenger-vehicle sales in 2021.

** Research sources:*

http://www.stats.gov.cn/english/PressRelease/202201/t20220117_1826409.html

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BUSINESS REVIEW

As a leading integrated exhibition and event management service provider in China, the Group mainly serves as a project manager providing comprehensive and related services to clients. The scope of work includes the design, planning, coordination and management of exhibitions and events, from themes, stage, site design and master planning, feasibility studies, procurement of construction materials and equipment, project management to coordination of suppliers and/or staff and on-site supervisors in respect of stage set-up, construction of exhibition booths and installation of audiovisual and lighting facilities. The Group provides customized themes for clients' exhibitions or events, and collaborates with various suppliers to plan, coordinate and manage the related plans as part of its one-stop service.

The Group is principally engaged in facilitating the display, promotion and sales of automobiles. With over a decade of experience, the Group has established an extensive client base, including internationally renowned automobile brands such as Lamborghini, Volkswagen and other German and Italian automobile companies. In addition, the Group will also work on exhibitions and/or event management projects commissioned by other non-automobile companies.

As China's economic growth rebounded considerably during the Year, the exhibition sector also benefited from the pickup in economic activities. As a result, the Group's business improved significantly, with revenue growing by 17.93%. Led by an experienced and capable management team with shrewd business acumen, 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. Furthermore, the Group actively explored new business opportunities and new sources of revenue which eventually contributed to the overall business and revenue. During the Year, the Group completed 89 exhibition and event projects, 2 showroom projects and 2 advertisement projects, with aggregate revenue increasing to approximately RMB170.02 million, an increase of approximately 17.93%. It is worth noting that revenue from non-automobile related exhibitions and events related services as well as revenue from exhibition showroom related services surged by 304.54% and 132.70%, respectively.

** Research source:*

http://www.china.org.cn/business/2022-01/27/content_78014812.htm

FINANCIAL REVIEW

Revenue

The Group generates revenue mainly from the provision of exhibition and event design, planning, coordination and management services in the PRC. The following table sets forth the breakdown of revenue from business operations for the years ended 31 December 2020 and 2021.

	For the year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Revenue from automobile related exhibitions and events related services	84,727	49.83	99,560	69.07
Revenue from non-automobile related exhibitions and events related services	26,562	15.62	6,566	4.55
Revenue from exhibition showroom related services	20,445	12.03	8,786	6.09
Revenue from advertisement related services	38,282	22.52	29,254	20.29
Total	170,016	100	144,166	100

Revenue increased from approximately RMB144.17 million for the year ended 31 December 2020 to approximately RMB170.02 million for the Year, representing a year-on-year increase of approximately 17.93% or approximately RMB25.85 million. The increase was primarily due to the recovery of the exhibition industry driven by the steady economic growth of China. It reflected the increase in both the number of projects and contract value completed by the Group during the Year. What is more, the Group made strides in the development of exhibition showroom business, which contributed to the growth of revenue and gross profit.

During the Year, revenue from automobile related exhibitions and events related services decreased from approximately RMB99.56 million for the year ended 31 December 2020 to approximately RMB84.73 million for the Year, representing a year-on-year decrease of approximately 14.90% or approximately RMB14.83 million and accounting for 49.83% of the total revenue for the Year.

Revenue from non-automobile related exhibitions and events related services for the Year was approximately RMB26.56 million, accounting for 15.62% of the total revenue for the Year. It increased from approximately RMB6.57 million for the year ended 31 December 2020, representing a year-on-year increase of approximately 304.54% or approximately RMB19.99 million.

Revenue from exhibition showroom related services for the Year was approximately RMB20.45 million, accounting for 12.03% of the total revenue for the Year. It increased from approximately RMB8.79 million for the year ended 31 December 2020, representing a year-on-year increase of approximately 132.70% or approximately RMB11.66 million.

Revenue from advertisement related services for the Year was approximately RMB38.28 million, accounting for 22.52% of the total revenue for the Year. It increased from approximately RMB29.25 million for the year ended 31 December 2020, representing a year-on-year increase of approximately 30.87% or approximately RMB9.03 million.

Cost of service

Cost of service increased from approximately RMB143.54 million for the year ended 31 December 2020 to approximately RMB155.71 million for the Year, representing a year-on-year increase of approximately 8.48% or approximately RMB12.17 million. Such increase was primarily due to the fact that the exhibition industry has gradually recovered from the impact of the COVID-19 pandemic in 2020, and the cost of exhibition and event services increased with the growing market demand and sales revenue.

The cost of exhibition and event related services provided by suppliers increased from approximately RMB133.55 million for the year ended 31 December 2020 to approximately RMB147.68 million for the Year, representing a year-on-year increase of approximately 10.58% or approximately RMB14.13 million, and accounting for 94.84% of the total cost of service for the Year.

Gross Profit and Gross Profit Margin

For the Year, the Group recorded a gross profit of approximately RMB14.31 million, representing a year-on-year increase of approximately RMB13.69 million as compared with approximately RMB0.62 million for the year ended 31 December 2020. The increase in gross profit was mainly due to the growth of the Group's revenue as a result of the strict control of the pandemic and the recovery of exhibition service industry for the Year.

During the Year, the Group's gross profit margin was approximately 8.42%. The Group's gross profit margin recorded an increase primarily due to (i) the growth of the Group's revenue in non-automobile related exhibitions and events related services, advertisement related service and exhibition showroom related services and (ii) the control of the cost of service for the Year.

Selling expenses

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

Selling expenses for the Year were approximately RMB6.58 million, representing a year-on-year increase of approximately 54.15% or approximately RMB2.31 million as compared to selling expenses of approximately RMB4.27 million for the year ended 31 December 2020.

Administrative expenses

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

Administrative expenses for the Year were approximately RMB12.01 million, representing a year-on-year decrease of approximately 1.80% or approximately RMB0.22 million as compared to administrative expenses of approximately RMB12.23 million for the year ended 31 December 2020.

Other net gains

Other net gains for the Year were approximately RMB0.54 million, which was mainly due to the governmental tax policy of allowing for an additional 10% offset of output VAT from input VAT. Other net gains decreased by approximately RMB0.64 million for the Year compared to that of approximately RMB1.18 million for the year ended 31 December 2020.

Finance income

Finance income included interest income on bank balances and deposits. The Group's finance income for the Year was approximately RMB18,000 (2020: RMB46,000).

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings and interest expense of lease liabilities. For the Year, the Group's finance expenses were approximately RMB811,000 (2020: RMB556,000).

Loss before income tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB7.61 million for the Year, representing a year-on-year decrease of approximately RMB9.13 million as compared with a loss of approximately RMB16.74 million for the year ended 31 December 2020, which was mainly due to (i) the growth of the Group's revenue and gross profit and (ii) the control of the cost and expenses for the Year.

Income tax expense

Income tax expense decrease from approximately RMB1.10 million for the year ended 31 December 2020 to approximately RMB44,000 for the Year.

Loss for the Year

As a cumulative effect of the factors cited above, the Group recorded a loss of approximately RMB7.65 million for the Year, while the loss was approximately RMB17.83 million for the year ended 31 December 2020. The year-on year decrease was approximately RMB10.18 million.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

With effect from 24 August 2021, every twenty (20) issued and unissued shares of the Company of US\$0.0001 each were consolidated into one (1) consolidated share of the Company of US\$0.002 each (the “**Share Consolidation**”). Further details of the Share Consolidation are set out in the announcements dated 16 July 2021 and 20 August 2021 and the circular of the Company dated 4 August 2021.

Cash position

The following table sets forth the selected cash flow data from the Condensed Consolidated Statements of Cash Flows for the year ended 31 December 2021 and 2020.

	For the year ended	
	31 December	
	2021	2020
	RMB'000	RMB'000
	(Audited)	(Audited)
Net cash used in operating activities	(5,206)	(12,324)
Net cash (used in)/generated from investing activities	(245)	46
Net cash (used in)/generated from financing activities	(3,402)	2,340
Net decrease in cash and cash equivalents	(8,903)	(9,938)
Cash and cash equivalents at the end of the Year	<u>6,614</u>	<u>15,312</u>

As at 31 December 2021, cash and cash equivalents of the Group were approximately RMB6.61 million (as at 31 December 2020: approximately RMB15.31 million), which was mainly denominated in RMB and Hong Kong dollars.

Borrowings

As at 31 December 2021, the Group had bank borrowings of RMB9.00 million (as at 31 December 2020: RMB9.00 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 December 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 Year.

Pledge of assets

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

Gearing ratio

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

	For the year ended	
	31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Total interest-bearing borrowings	9,000	9,000
Total Equity	49,962	56,419
Gearing ratio	<u>18.01%</u>	<u>15.95%</u>

DIVIDEND

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

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERINGS

The Company raised a total of HK\$72.50 million in gross proceeds after the completion of its initial public offering on 12 June 2018 (the “**Listing Date**”), and the net proceeds amounted to HK\$36.74 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 2021 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 2021 HK\$'000	Percentage of net proceeds	Unutilized net proceeds as at 31 December 2021 HK\$'000	Percentage of net proceeds	Expected timetable of utilizing the entire amount of remaining net proceeds from share offer as at 31 December 2021
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 branches or representative offices in different cities and regions across the PRC	3,016	8.3%	3,016	8.3%	0	0.0%	N/A
Expand the Group's workforce to support its business expansion	13,372	36.8%	13,372	36.8%	0	0.0%	N/A
Strengthen the Group's marketing efforts	3,343	9.2%	263	0.7%	3,080	8.5%	30 June 2022
Working capital and other general corporate purposes	3,634	10.0%	3,634	10.0%	0	0.0%	N/A
Total	<u>36,337</u>	<u>100%</u>	<u>33,257</u>	<u>91.5%</u>	<u>3,080</u>	<u>8.5%</u>	

The Directors will continually evaluate the Group's business strategies according to the external economic environment and market conditions and will update or amend plans based on market changes to support the business growth of the Group.

All unutilized balances of approximately HK\$3.08 million have been deposited in licensed banks in Hong Kong and the PRC. The unutilized net proceeds from the initial public offering of the Company are expected to be fully utilized by 30 June 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. The exhibition services industry in the PRC has relatively low entry barriers and competition is keen within the industry.
2. The Group's business depends heavily on the provision of exhibition and event management services in the automobile industry.
3. The majority of the Group's customers are automobile companies and there is no assurance that it can successfully diversify its customer base.
4. There is no assurance that the demand for integrated exhibition and event management services the Group provides can continue or increase.
5. There may be fluctuations in the Group's cost of service which it may not be able to pass on to customers.
6. The Group may face cash flow problems if it is unable to receive payments from customers on time and in full under the current pricing policy.
7. The Group may be exposed to litigation risk as a result of the engagement of suppliers without obtaining written consent from customers.
8. The Group relies on suppliers for the provision of construction services, leasing of equipment and logistics and transportation services, hence, may have to bear the consequences should these suppliers deliver substandard services on its own.
9. The Group relies on its senior management and other key personnel and may not be able to retain these staff to provide services.
10. The Group may not be able to implement its business strategies and its future growth could be limited.
11. The control and prevention of the pandemic around the world remain challenging and risky and may continue to influence on the resumption of work and production of the exhibition industry in the PRC to normal, which may in turn have a material and adverse effect on the Group's business, financial position, and results of operations.

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

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

Major risks and uncertainties relating to the implementation of business strategies

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

MATERIAL ACQUISITIONS AND DISPOSALS RELATED TO THE SUBSIDIARIES AND ASSOCIATED COMPANIES

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

CONTINGENT LIABILITIES

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

HUMAN RESOURCES

As at 31 December 2021, the Group employed a total of 50 employees, among which 6 of them were at management level, all stationed in the PRC. For the Year, the staff costs (including Directors' emoluments) were approximately RMB9.98 million (2020: approximately RMB9.22 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 2021, the total amount contributed in these areas by the Group was approximately RMB0.97 million. The Group has complied with all the requirements about social security insurance and housing provident fund obligations applicable under the PRC laws and regulations.

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

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

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

FOREIGN EXCHANGE 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 and therefore it considers its cash at bank are not at high credit risk.

The Group's trade receivables arise from exhibition and event marketing services fees, over 70% of which are in turn derived from major customers that are renowned automobile companies. Should there be change in the strategic relationships with these major customers that might cause change in the cooperative arrangements; or if they experience financial difficulties themselves which in turn causes difficulties in their settling payables to the Group, the Group's revenue from 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 reliable collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding trade receivable balances due from those automobile companies is low. As for new customers, the management is responsible for managing and analysing the credit risk for each of their new customers before they offer such new customers standard payment and delivery terms and conditions. To do such 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 receivable are not at high credit risk.

LIQUIDITY RISK

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

OUTLOOK

Despite new waves of infections and external uncertainty, China's economy experienced a strong rebound in 2021 as the Chinese government successfully contained the pandemic, which in turn drove rapid economic recovery that outperformed other major economies. Against the backdrop of accelerating production demand, reviving market, steady employment and price levels and great protection for people's well-being, the exhibition and event services industry has gradually recovered gradually and returned to normal in certain extent. However, China's economic growth weakened in the fourth quarter in 2021 in face of an outbreak of a new strain of coronavirus that led to tightened restrictions in affected areas and heightened caution nationwide, undermining the demand for services in particular. The central bank even had to cut key policy rates for the first time in nearly two years to fend off headwinds.

Looking ahead, China's economy is expected to grow moderately in 2022 in consideration of the resurgence of domestic COVID-19 cases, less-favorable base effects, a complicated external environment, diminished support from exports, and the government's ongoing deleveraging efforts. While growth is projected to slow down in 2022, analysts expect momentum to pick up by virtue of more supportive monetary and fiscal policies. Therefore, China has the conditions, confidence, and capabilities to maintain stable, healthy, and sustainable economic development in 2022. The National Development and Reform Commission said the country's economy has strong resilience and great potential, and the economic fundamentals will remain strong in the long term.

The Group is cautiously optimistic about the prospects of the exhibition industry. To cope with the challenges posed by the ever changing market environment and the uncertainties arising from the global pandemic, the Group will continue to organize more online exhibitions, enhance its online service capabilities by upgrading its audiovisual and information technology equipment, and lower the expense of renting multimedia audiovisual equipment and venues from third-party suppliers. It will also actively tackle the challenges brought about by force majeure, seize new opportunities for business transformation and create new business growth. Through the implementation of the above business strategies, the Group will effectively improve the co-ordination and management of exhibitions and events, enhance customer service, and experience in an all-round way, and actively pursue reformation to keep creating sustainable returns for shareholders.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming Annual General Meeting of the Company will be held on 11 May 2022 (Wednesday), the transfer books and Register of Members of the Company will be closed from 5 May 2022 (Thursday) to 11 May 2022 (Wednesday), 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 4 May 2022 (Wednesday).

CORPORATE GOVERNANCE PRACTICE

During the year ended 31 December 2021, the Company has complied with all the applicable code provisions of the Corporate Governance Code (version up to 31 December 2021) (the "**Code**") contained in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision A.2.1 (which has been re-numbered as code provision C.2.1 of the Corporate Governance Code since 1 January 2022) ("**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.

The Board will adopt the new Corporate Governance Code (version with effect from 1 January 2022), the requirements under which shall apply to the Company's corporate governance report in the forthcoming financial year ending 31 December 2022.

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 2021.

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 2021.

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 2021 and as at the date 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 2021.

IMPORTANT EVENT SINCE THE END OF THE REPORTING YEAR

The Group had no material events for disclosure subsequent to 31 December 2021 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 (which has been re-numbered as code provision D.3.3 since 1 January 2022) 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 2021.

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 2021.

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 2021 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 2021. 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 and the Company's website at www.dowway-exh.com. The annual report of the Company for the year ended 31 December 2021 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 2022

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 Poi Lam William; and the independent non-executive Directors are Ms. Xu Shuang, Mr. Gao Hongqi and Mr. Yu Leung Fai.