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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 2022

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 2022 (the “**Year**”) together with the comparative audited figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

		Year ended 31 December	
		2022	2021
	Notes	RMB'000	RMB'000
Revenue	4	177,132	170,016
Cost of services		<u>(171,751)</u>	<u>(155,705)</u>
Gross profit		5,381	14,311
Selling expenses		(7,843)	(6,582)
Administrative expenses		(11,729)	(12,012)
Net allowance for expected credit loss (“ECL”) on trade receivables and contract assets		(22,376)	(3,070)
Other income and other gains, net	5	<u>311</u>	<u>539</u>
Operating loss		<u>(36,256)</u>	<u>(6,814)</u>
Finance costs — net	6	<u>(702)</u>	<u>(793)</u>
Loss before income tax		(36,958)	(7,607)
Income tax expense	7	<u>(9)</u>	<u>(44)</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u>(36,967)</u>	<u>(7,651)</u>
Loss per share attributable to owners of the Company			
Basic and diluted loss per share (<i>in RMB cents</i>)	8	<u><u>(32.26)</u></u>	<u><u>(7.65)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		As at 31 December	
		2022	2021
	Notes	RMB'000	RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		832	1,906
Right-of-use assets		6,498	9,204
Deposits		546	546
		<u>7,876</u>	<u>11,656</u>
Current assets			
Trade receivables	9	49,157	47,718
Contract assets		63,931	54,807
Deposits, prepayments and other receivables		11,856	28,065
Cash and cash equivalents		4,251	6,614
		<u>129,195</u>	<u>137,204</u>
Current liabilities			
Trade payables	10	77,191	57,200
Contract liabilities		4,631	12,774
Accruals and other payables		12,826	6,803
Tax payables		3,801	3,822
Bank borrowings		10,000	9,000
Lease liabilities		2,031	2,794
		<u>110,480</u>	<u>92,393</u>
Net current assets		<u>18,715</u>	<u>44,811</u>
Total assets less current liabilities		<u>26,591</u>	<u>56,467</u>

		As at 31 December	
		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liability			
Lease liabilities		<u>4,474</u>	<u>6,505</u>
Net assets		<u><u>22,117</u></u>	<u><u>49,962</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>11</i>	1,531	1,277
Share premium	<i>11</i>	84,813	76,152
Reserves		<u>(64,227)</u>	<u>(27,467)</u>
Total equity		<u><u>22,117</u></u>	<u><u>49,962</u></u>

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 and its issued shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

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

In the opinion of the directors of the Company, its immediate holding company is A&B Development Holding Limited, a company incorporated in the British Virgin Islands (“**BVI**”) with limited liabilities which is wholly-owned by Mr. Huang Xiaodi, the ultimate controlling shareholder and the executive director of the Company (the “**Controlling Shareholder**” or “**Mr. Huang**”).

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Status of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements also comply with applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

2.2 Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis. The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and the Group. All values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 December 2021 except for the adoption of certain amendments to HKFRSs that are relevant to the Group and effective from the current period as set out in below.

Adoption of amendments to HKFRSs

In the current year, the Group has adopted for the first time the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle

In addition, the Group has adopted the Amendments to AG 5 (Revised) — Merger Accounting for Common Control Combination.

The adoption of the above amendments to HKFRSs and AG 5 has had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in the consolidated financial statements.

New or amendments to HKFRSs not yet effective

The following are new or amendments to HKFRSs that have been issued, but are not yet effective and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group is in the process of making an assessment of what the impact of the above new or amendments to HKFRSs is expected to be in the period of initial adoption. So far, based on preliminary assessments, it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

3. SEGMENT INFORMATION

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the chief operating decision maker (the “CODM”) of the Group, being the executive directors of the Company, for the purpose of resources allocation and performance assessment.

The Group’s reportable and operating segments under HKFRS 8 are as follows:

1. Exhibition and event related business
2. Advertising related business

The Group’s operating segments are strategic business units that offer different services. They are managed separately because each business requires different marketing strategies.

Segment revenues and 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.

Year ended 31 December 2022

	Exhibition and event related services RMB’000	Advertisement related services RMB’000	Total RMB’000
Revenue from external customers	<u>109,720</u>	<u>67,412</u>	<u>177,132</u>
Results of reportable segments	(27,271)	(6,437)	(33,708)
Corporate incomes			311
Corporate expenses			<u>(2,859)</u>
Operating loss			(36,256)
Finance costs — net			<u>(702)</u>
Loss before income tax			(36,958)
Income tax expense			<u>(9)</u>
Loss for the year			<u>(36,967)</u>
Segment results include:			
Depreciation of rights-of-use assets	1,788	918	2,706
Depreciation of plant and equipment	718	368	1,086
Net allowance for ECL on trade receivables and contract assets	<u>14,671</u>	<u>7,705</u>	<u>22,376</u>
Other segment information:			
Addition to plant and equipment *	<u>12</u>	<u>–</u>	<u>12</u>

Year ended 31 December 2021

	Exhibition and event related services <i>RMB'000</i>	Advertisement related services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	131,734	38,282	170,016
Results of reportable segments	(2,204)	(613)	(2,817)
Corporate incomes			539
Corporate expenses			(4,536)
Operating loss			(6,814)
Finance costs — net			(793)
Loss before income tax			(7,607)
Income tax expense			(44)
Loss for the year			(7,651)
Segment results include:			
Depreciation of rights-of-use assets	1,990	562	2,552
Depreciation of plant and equipment	927	260	1,187
Net allowance for ECL on trade receivables and contract assets	2,033	1,037	3,070
Other segment information:			
Addition to plant and equipment *	263	—	263

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

Segment assets and liabilities

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.

Geographical information

The Group's revenue is derived from within the PRC, and the non-current assets are located in the PRC, hence no geographical analysis 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A ¹	50,743	24,279
Customer B ¹	— ²	21,296
	<u>50,743</u>	<u>45,575</u>

(1) Revenue from exhibition and advertisement related services.

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

4. REVENUE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Disaggregation of revenue from contracts with customers, recognised on over time basis		
Exhibition and event related services	102,840	111,289
Exhibition showroom related services	6,880	20,445
Exhibition and event related services	109,720	131,734
Advertisement related services	67,412	38,282
	<u>177,132</u>	<u>170,016</u>

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.

5. OTHER INCOME AND OTHER GAINS, NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grant (<i>Note</i>)	741	334
Exchange (loss)/gains — net	(430)	205
	<u>311</u>	<u>539</u>

note: During the year ended 31 December 2022, the Group received government grant of approximately RMB741,000 (2021: RMB334,000) in accordance with the government tax policy, such amount has been recognised as other income due to the Group has fulfilled conditions and other contingencies attached to the receipts.

6. FINANCE COSTS — NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Finance income		
Interest income on bank balances and deposits	<u>15</u>	<u>18</u>
Finance costs		
Interest expense on bank borrowings	(345)	(343)
Interest on lease liabilities	(325)	(398)
Others	<u>(47)</u>	<u>(70)</u>
	<u>(717)</u>	<u>(811)</u>
Finance costs — net	<u><u>(702)</u></u>	<u><u>(793)</u></u>

7. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax — PRC enterprise income tax (“EIT”)	9	44
Deferred tax	<u>—</u>	<u>—</u>
Income tax expense	<u><u>9</u></u>	<u><u>44</u></u>

Notes:

- (a) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which entities in the Group are domiciled and operated.
- (b) Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax under these jurisdictions.
- (c) PRC EIT is calculated at 25% (2021: 25%) of the estimated assessable profits of subsidiaries operating in the PRC.
- (d) Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. The Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2022 (2021: Nil).

8. LOSS PER SHARE

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

	2022	2021
Loss attributable to owners of the Company (<i>in RMB</i>)	(36,967,000)	(7,651,000)
Weighted average number of ordinary shares in issue (<i>thousand</i>)	<u>114,575</u>	<u>100,000</u>
Basic loss per share (<i>in RMB cents</i>)	<u>(32.26)</u>	<u>(7.65)</u>

Note: The share consolidation has been held on 24 August 2021, such that every 20 existing ordinary shares of US\$0.0001 each were consolidated into 1 ordinary share of HK\$US\$0.002 each.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As at 31 December 2021, the potential ordinary shares of the Company were share options. The calculation of diluted loss per share in respect of the share options is determined based on the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. In arriving at diluted loss per share for the year ended 31 December 2021, no adjustment has been made to the basic loss per share amounts presented in respect of the possible dilution as the impact of the potential ordinary shares outstanding during the year had an anti-dilutive effect on the basic loss per share.

There were no potentially dilutive instruments as at 31 December 2022 as all the share options have been cancelled during the year ended 31 December 2022.

9. TRADE RECEIVABLES

	2022	2021
	RMB'000	RMB'000
Trade receivables	64,912	54,940
Less: allowance for ECL	(15,755)	(7,222)
	<u>49,157</u>	<u>47,718</u>
Trade receivables — net	49,157	47,718
Arising from:		
Exhibition and event related services	31,127	18,731
Advertising related services	18,030	28,987
	<u>49,157</u>	<u>47,718</u>

The Group provided customers with credit period ranging from 30 to 120 (2021: 30 to 120) days from the date on which invoice was issued. The credit terms of each customer of the Group were determined by the Group's sales team and were subject to review and approval of the Group's management based on the customers' payment history, transaction volume and length of business relationship with the Group.

All outstanding trade receivables balances were being reviewed by the Group's sales department on a regular basis to ensure that any overdue receivable was promptly monitored and appropriate collection actions were taken. The Group's sales department would follow up on the collections and the Group's accounting department would monitor the progress of collection. For those material long outstanding balances, legal actions would be taken for debt collection. During the year ended 31 December 2022, no legal actions were taken by the Group for debt collection (2021: Nil).

The following is an aging analysis of trade receivables (net of allowance for ECL) at the end of the reporting period presented based on invoice date:

	2022	2021
	RMB'000	RMB'000
Up to 90 days	48,640	24,645
91 to 180 days	43	22,087
Over 180 days	474	986
	<u>49,157</u>	<u>47,718</u>

As at 31 December 2022, all the trade receivables past due over 300 days have been fully impaired. As at 31 December 2021, the Group had RMB283,000 trade receivables past due over 300 days but not impaired as the Group did not consider such balances are defaulted due to long and on-going business relationship, good repayment record and good credit quality from these customers.

10. TRADE PAYABLES

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>77,191</u>	<u>57,200</u>

All of the trade payables are expected to be settled within one year from the reporting date or are repayable on demand as at the end of each reporting period. As at 31 December 2022, the credit period granted by the suppliers are generally ranging from 90 to 180 (2021: 90 to 180) days.

The following is an aging analysis of trade payables at the end of the reporting period presented based on the invoice dates:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 90 days	51,837	39,291
91 days to 180 days	20,883	14,260
181 days to 365 days	2,497	2,377
Over 365 days	<u>1,974</u>	<u>1,272</u>
	<u>77,191</u>	<u>57,200</u>

11. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares

	Number of shares '000	Nominal value of ordinary shares US\$'000
Authorised:		
Ordinary shares of US\$0.0001 each as at 1 January 2021	20,000,000	2,000
Share consolidation (<i>note (a)</i>)	<u>(19,000,000)</u>	<u>–</u>
Ordinary shares of US\$0.002 each as at 31 December 2021 and 2022	<u>1,000,000</u>	<u>2,000</u>

	Number of shares '000	Nominal value of ordinary shares US\$'000	Equivalent value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Issued and paid:					
As at 1 January 2021	2,000,000	200	1,277	76,152	77,429
Share consolidation	<u>(1,900,000)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
As at 31 December 2021 and 1 January 2022	100,000	200	1,277	76,152	77,429
Placing of ordinary shares (<i>Note (b)</i>)	<u>20,000</u>	<u>40</u>	<u>254</u>	<u>8,661</u>	<u>8,915</u>
As at 31 December 2022	<u>120,000</u>	<u>240</u>	<u>1,531</u>	<u>84,813</u>	<u>86,344</u>

Notes:

- (a) On 24 August 2021, the Company consolidated every twenty issued and unissued shares of the Company of US\$0.0001 each into one consolidated share of the Company of US\$0.002 each.
- (b) On 8 April 2022, the Company fulfilled the placing agreement with an aggregate of 20,000,000 ordinary shares were placed to certain placees who are independent third parties. The placing price is HK\$0.55 per placing share and the gross proceeds from the placing are approximately HK\$11,000,000 (approximately RMB9,287,000), and the net proceeds from the share placing were approximately HK\$10,559,000 (approximately RMB8,915,000), after netting of placing expenses of approximately HK\$441,000 (approximately RMB372,000).

12. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2022 (2021: Nil).

13. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to, 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.

The Group has the following related party transaction:

Balances with related parties

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Amount due to a director of the Company	<u>983</u>	<u>–</u>

The director is Mr. Huang Xiaodi, Chairman of the board of directors. The amount was interest free, unsecured and had no fixed terms of repayment.

Key management compensation

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Wages and salaries	1,274	1,390
Share-based payments	80	537
Pension scheme and other social security costs	243	230
Housing benefits	109	110
Other costs and benefits	<u>16</u>	<u>12</u>
	<u>1,722</u>	<u>2,279</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2022, with the complex and rigorous international environment and unexpected outbursts of the domestic COVID-19 pandemic giving pounding to all walks of life, many regions in mainland China maintained efficient and comprehensive epidemic prevention and control, meanwhile balancing economic and social development. Despite the multiple challenges, our national economy withstood the tension and remained strong with a preliminary annual GDP of RMB121,020.7 billion, representing an increase of 3.0% over the previous year at constant prices. The tertiary industry, particularly the service sector, faced pressure but demonstrated a continued recovery trend overall with a positive development momentum. The added value of the service industry in 2022 was RMB63,869.8 billion, a year-on-year increase of 2.3%, accounting for 52.8% of the GDP; its contribution rate to national economic growth was 41.8%, driving GDP growth by 1.3 percentage points.

The market sales scale remained stable, with total retail sales of consumer goods reaching RMB43,973.3 billion in 2022, slightly down by 0.2 percent compared to the previous year. However, the retail sales of automobiles saw a positive outcome, achieving nearly RMB4.6 trillion with a year-on-year increase of 0.7%.

According to the “Fairs and Exhibitions in China 2022” (《中國博覽會和展覽會2022》) coordinated and issued by the China Council for the Promotion of International Trade (中國國際貿易促進委員會), over 1,500 economic and trade exhibitions were expected to be held in roughly 100 cities across 23 provinces, 5 autonomous regions, 4 municipalities directly under the Central Government, and the Hong Kong and Macao Special Administrative Regions (data collected as of December 15, 2021) in 2022. The automobile exhibition sector continues to hold a prominent position in the exhibition and curatorial industry, characterized by its quantity, scale, location, and frequency.

The China Shenyang International Automobile Exhibition held at the Shenyang International Exhibition Center from November 1st to 6th, 2022 serves as a prime example. 113 domestic and foreign automobile brands participated, showcasing over 1,000 vehicles, and introducing 26 new cars to the public. The exhibition received over 100 million real-time live-stream views and more than 3 million online viewers. It attracted 262,300 visitors, generated 12,108 orders, and recorded a total sale of RMB1.956 billion, providing a significant boost to the domestic auto market demand in the Liaoshen area and offering consumers substantial discounts on car purchases. Additionally, the rescheduled “20th Guangzhou International Automobile Exhibition 2022” at the turning of 2023 is the first international A-level auto show held after the release of the “Ten New Measures” for epidemic prevention and control. It was seen as a positive sign to encourage the global auto industry amidst the challenges posed by the ongoing pandemic, chip shortages, and soaring raw material prices.

Referring to the data on the output and growth rate of main industrial products released by the National Bureau of Statistics, Chinese automobile production reached 27.476 million vehicles, with a year-over-year growth of 3.4%, in 2022. This included: 10.468 million units of basic passenger vehicles (sedans), which experienced a year-over-year growth of 6.7%; 10.625 million units of sports utility vehicles (SUVs), which saw a year-over-year increase of 8%. The number of cars owned by every 100 households nationwide was 43.5, an increase of 4.3% over 2021. Despite the challenging environments, these data can be rendered as the epitome of the rapid recovery of the Chinese auto exhibition and vehicle market.

* *Research sources:*

http://www.stats.gov.cn/english/PressRelease/202301/t20230117_1892094.html

http://www.stats.gov.cn/xxgk/jd/sjjd2020/202301/t20230118_1892282.html

<https://www.ccpit.org/image/1273893138053726209/c2bc90d517c34ef89968ae75ab44cf72.pdf>

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BUSINESS REVIEW

As a front provider of integrated exhibition and event management services in China, the Group mainly acts as a project manager, providing comprehensive services to clients that cover the entire process of design, planning, coordination, and managing exhibitions and events. Our services include theme development and stage/site design to feasibility studies, procurement of construction materials and equipment, multi-party coordination with suppliers and/or staff to supervise on-site set-up, construction of exhibition booths, and installation of audiovisual and lighting facilities. The Group provides bespoke themes for clients' exhibitions and events, as well as collaborates with various contractors to ensure a seamless, one-stop service experience.

As a seasoned facilitator in the realm of automotive display, promotion, and sales, the Group boasts an impressive decade of experience and a diversified clientele. These esteemed partnerships are globally renowned automobile brands such as Lamborghini and Volkswagen, as well as a couple of other German and Italian automobile companies. Despite its focus on the automotive industry, the Group remains versatile and flexible, extending its expertise to exhibitions and event management projects commissioned by a wide range of non-automobile entities.

Over the last year, the Chinese economy has presented staunch resilience in the face of numerous adverse circumstances, eliciting relief and admiration as it continues to persist in a positive upward trajectory. Inspired and propelled by a few favorable conditions, the exhibition industry has thereby sustained growth overall. During the Year, the Group completed 93 exhibition and event projects, 4 showroom projects, and 7 advertisement projects, with aggregate revenue amounting to approximately RMB177.13 million, an increase of approximately 4.19% over 2021. It deserves to mention that revenue from advertisement related services, rose by 76.09%.

Spearheaded by a seasoned and adept management team with astute business savvy, the Group has exploited its strengths to energize its strategic partnership with renowned automobile corporations globally, broadened its supplier ecosystem, and strictly burnished its service quality standard to an elevated plane. As a result, the Group has consistently sustained growth in the fierce and competitive market and proactively pursued new business endeavors and revenue streams to secure a steady overall performance.

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 year ended 31 December 2021 and 2022.

	For the year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Revenue from exhibitions and events related services	102,840	58.06	111,289	65.45
Revenue from exhibition showroom related services	6,880	3.88	20,445	12.03
Revenue from advertisement related services	67,412	38.06	38,282	22.52
Total	177,132	100	170,016	100

Revenue increased from approximately RMB170.02 million for the year ended 31 December 2021 to approximately RMB177.13 million for the Year, representing a year-on-year increase of approximately 4.19% or approximately RMB7.11 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.

During the Year, revenue from exhibitions and events related services decreased from approximately RMB111.29 million for the year ended 31 December 2021 to approximately RMB102.84 million for the Year, representing a year-on-year decreased of approximately 7.59% or approximately RMB8.45 million and accounting for 58.06% of the total revenue for the Year.

Revenue from exhibition showroom related services for the Year was approximately RMB6.89 million, accounting for 3.88% of the total revenue for the Year. It decreased from approximately RMB20.45 million for the year ended 31 December 2021, representing a year-on-year decrease of approximately 66.35% or approximately RMB13.56 million.

Revenue from advertisement related services for the Year was approximately RMB67.41 million, accounting for 38.06% of the total revenue for the Year.

Cost of service

Cost of service increased from approximately RMB155.71 million for the year ended 31 December 2021 to approximately RMB171.75 million for the Year, representing a year-on-year increase of approximately 10.30% or approximately RMB16.04 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 experienced waves of unexpected outbursts of it, 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 RMB147.68 million for the year ended 31 December 2021 to approximately RMB160.75 million for the Year, representing a year-on-year increase of approximately 8.85% or approximately RMB13.07 million, and accounting for 93.60% 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 RMB5.38 million, representing a year-on-year decrease of approximately RMB8.93 million as compared with approximately RMB14.31 million for the year ended 31 December 2021. The decrease in gross profit was mainly due to the growth of cost and labour under the pandemic influence on services industry.

During the Year, the Group's gross profit margin was approximately 3.04%. The Group's gross profit margin recorded a decrease primarily due to the percentage increase in cost of exhibition and event services more than the percentage increase in revenue.

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 RMB7.84 million, representing a year-on-year increase of approximately 19.15% or approximately RMB1.26 million as compared to selling expenses of approximately RMB6.58 million for the year ended 31 December 2021.

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 RMB11.73 million, representing a year-on-year decrease of approximately 2.33% or approximately RMB0.28 million as compared to administrative expenses of approximately RMB12.01 million for the year ended 31 December 2021.

Other net gains

Other net gains for the Year were approximately RMB0.31 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 RMB0.23 million compared to that of approximately RMB0.54 million for the year ended 31 December 2021.

Finance income

Finance income included interest income on bank balances and deposits. The Group's finance income for the Year was approximately RMB15,000 (2021: RMB18,000).

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 RMB717,000 (2021: RMB811,000).

Loss before income tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB36.96 million for the Year, representing a year-on-year increase of approximately RMB29.35 million as compared with a loss of approximately RMB7.61 million for the year ended 31 December 2021, which was mainly due to (i) the increase in net allowance for expected credit loss on trade receivables and contract assets and (ii) the decrease in gross profit for the Year.

Income tax expense

Income tax expense decreased from approximately RMB44,000 for the year ended 31 December 2021 to approximately RMB9,000 for the Year.

Loss for the Year

As a cumulative effect of the factors cited above, the Group recorded a loss of approximately RMB36.97 million for the Year, while the loss was approximately RMB7.65 million for the year ended 31 December 2021. The year-on-year increase was approximately RMB29.32 million.

LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

On 24 March 2022, the Company entered into a placing agreement (the “**Placing Agreement**”) with a sole placing agent, pursuant to which the Company appointed the sole placing agent as its agent to procure not less than six placees (the “**Placees**”) who were independent third parties to subscribe up to 20,000,000 placing shares (the “**Placing Shares**”) at the placing price of HK\$0.55 (the “**Placing Price**”) per Placing Share (the “**Placing**”), representing approximately 16.67% of the issued share capital of the Company as immediately after the completion of the Placing.

The aggregate nominal value of the maximum number of the Placing Shares under the Placing is USD40,000. The completion of the Placing (the “**Completion**”) took place on 8 April 2022 in accordance with the terms and conditions of the Placing Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) each of the Placees and where appropriate, their respective ultimate beneficial owners, is an independent third party; and (ii) none of the Placees has become a substantial shareholder (within the meaning of the GEM Listing Rules) of the Company upon Completion. The Placing Price is HK\$0.55 per Placing Share, representing (i) a discount of approximately 14.06% to the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on 24 March 2022, being the date of the Placing Agreement; and (ii) a discount of approximately 19.83% to the average closing price of approximately HK\$0.686 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Placing Agreement.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$11 million and HK\$10,559,000 respectively, in which (i) approximately 50% of the net proceeds in the amount of approximately HK\$5,279,500 will be used to enhance the advertisement related services segment; (ii) approximately 30% of the net proceeds in the amount of approximately HK\$3,167,700 will be used to enhance exhibition showroom related services segment; and (iii) approximately 20% of the net proceeds in the amount of approximately HK\$2,111,800 will be used as the general working capital of the Group.

Details of the Placing, please refer to the announcements of the Company dated 24 March 2022 and 8 April 2022.

Save as disclosed above, there was no other material change in the capital structure of the Group during the Year. As at 31 December 2022, the Company has 120,000,000 Shares in issue. Details are set out in Note 11 to the consolidated financial statements.

Cash position

The following table sets forth the selected cash flow data from the consolidated statements of cash flows for the year ended 31 December 2022 and 2021.

	For the year ended	
	31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Net cash used in operating activities	(8,387)	(5,256)
Net cash generated from/(used in) investing activities	3	(245)
Net cash generated from/(used in) financing activities	6,451	(3,402)
Net decrease in cash and cash equivalents	(1,933)	(8,903)
Cash and cash equivalents at the end of the year	4,251	6,614

As at 31 December 2022, cash and cash equivalents of the Group were approximately RMB4.25 million (as at 31 December 2021: approximately RMB6.61 million), which was mainly denominated in RMB and Hong Kong dollars.

Borrowings

As at 31 December 2022, the Group had bank borrowings of RMB10.00 million (as at 31 December 2021: 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 2021: 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 2022, none of the Group's assets were pledged (at 31 December 2021: nil).

Gearing ratio

The Group's gearing ratio as at 31 December 2022 and 31 December 2021 were as follows:

	For the year ended	
	31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Total interest-bearing borrowings	10,000	9,000
Total Equity	22,117	49,962
Gearing ratio	45.21%	18.01%

DIVIDEND

The Board did not recommend the payment of any dividend for the Year (for the year ended 31 December 2021: 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\$36.34 million after deducting underwriting commissions and professional service fees in relation to the Share Offer. The Company has been applying the net proceeds according to the “Use of Proceeds” stated in the prospectus of the Company dated 29 May 2018 (the “**Prospectus**”). Uses of net proceeds as at 31 December 2022 are listed as follows:

	Planned use of proceeds as disclosed in the Prospectus <i>HK\$'000</i>	Percentage of net proceeds	Actual use of proceeds from the Listing Date up to 31 December 2022 <i>HK\$'000</i>	Percentage of net proceeds	Actual use of proceeds from 1 January to 31 December 2022 <i>HK\$'000</i>	Percentage of net proceeds	Unutilized net proceeds as at 31 December 2022 <i>HK\$'000</i>	Percentage of net proceeds	Expected timetable of utilizing the entire amount of remaining net proceeds from share offer as at 31 December 2022
Expand the Group’s exhibition and event management services	12,972	35.7%	12,972	35.7%	0	0.0%	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%	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%	0	0.0%	N/A
Strengthen the Group’s marketing efforts	3,343	9.2%	312	0.9%	49	0.2%	3,031	8.3%	30 June 2023
Working capital and other general corporate purposes	3,634	10.0%	3,634	10.0%	0	0.0%	0	0.0%	N/A
Total	<u>36,337</u>	<u>100%</u>	<u>33,306</u>	<u>91.7%</u>	<u>49</u>	<u>0.2%</u>	<u>3,031</u>	<u>8.3%</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\$3.03 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 2023.

USE OF NET PROCEEDS FROM THE PLACING OF NEW SHARES

According to the Company's announcement on 8 April 2022, the Sole Placing Agent has completed procuring Placees who are independent third parties to subscribe up to 20,000,000 Placing Shares at the Placing Price of HK\$0.55 per Placing Share. The net proceeds from the Placing are approximately HK\$10,559,000 after deducting placing commissions. The Company has been applying the net proceeds according to the use of proceeds stated in the announcement of the Company dated 24 March 2022. Uses of net proceeds as at 31 December 2022 are listed as follows:

	Planned use of proceeds HK\$'000	Percentage of net proceeds	Actual use of proceeds from 8 April 2022 to 31 December 2022 HK\$'000	Percentage of net proceeds	Unutilized net proceeds as at 31 December 2022 HK\$'000	Percentage of net proceeds	Expected timetable of utilizing the entire amount of remaining net proceeds from the Placing as at 31 December 2022
Enhance the advertisement related services segment	5,279	50%	5,201	49.2%	78	0.8%	30 June 2023
Enhance exhibition showroom related services segment	3,168	30%	3,168	30.0%	0	0.0%	N/A
Working capital and other general corporate purpose	2,112	20%	1,286	12.2%	826	7.8%	30 June 2023
Total	<u>10,559</u>	<u>100%</u>	<u>9,655</u>	<u>91.4%</u>	<u>904</u>	<u>8.6%</u>	

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 2022, the Group had no significant contingent liabilities (2021: nil).

HUMAN RESOURCES

As at 31 December 2022, the Group employed a total of 63 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 RMB9.63 million (2021: approximately RMB9.98 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 2022, the total amount contributed in these areas by the Group was approximately RMB1.09 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 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.

OUTLOOK

The world economy will be standing significant challenges in 2023, according to recent reports from the United Nations (UN) and the International Monetary Fund (IMF). The impact of tightening monetary policies in major European and American economies, along with existing geopolitical tensions and ongoing food and energy crises, are expected to heighten the risk of recession and downward pressure on the global economy. The persistent deflation in developed economies will have a ripple effect, potentially leading to greater debt and financial risks for emerging markets and developing countries. Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023.

China's economic growth inevitably jolted in 2022, affected by the repeated outbreak of epidemics in multiple places that led to tightened restrictions in affected areas. Logistics were hindered, with supply chain and consumer willingness undermined consequently. To mitigate the impact of the economic downturn and protect against adverse consequences, the central bank incorporated the Interest Rate Corridor (IRC) mechanism into the policy interest rate system for the first time. Nevertheless, the IMF's latest forecast predicts that China's economic growth will increase from 3 percent in 2022 to 5.2 percent in 2023, buoyed by a resurgence in private consumption as a result of China's reopening coming sooner than expected.

Looking ahead, while the COVID-19 epidemic slowed the recovery of the consumer market in 2022, the market remains resilient with significant growth potential. As optimization measures for epidemic control are implemented, and domestic demand expands in 2023, a new development paradigm will accelerate with domestic circulation as the mainstay and domestic and international circulations reinforcing each other. As a significant indicator of the progress of the country's economy, China's services industry recorded added value of nearly RMB64 trillion in 2022, up 2.3% from 2021. As policy support continues to strengthen, the services industry is set to gain substantial market opportunities and attract more investment. A higher-quality, efficient, well-structured, and inclusive services sector will provide dependable momentum for our sustained economic development and will solidify the foundation for a stable rebound of the consumer market, which is projected to recover in the coming year.

In view of this, as a dynamic growth industry within the services sector, the Group remains cautiously optimistic about the prospects of the exhibition service. Over the past decade, China's services industry has steadily expanded in scale, improved in structure, and displayed strong growth in certain segments. The exhibition industry has developed rapidly, highlighting the vitality and potential of China's services sector overall. In 2023, to align with the consumer market and service industry's trend toward transformation and upgrading, adapt to new consumption patterns and scenarios, and participate in greater industry integration, the Group will carry out innovative hybrid exhibition formats within the existing service system, by upgrading audiovisual and technology equipment to enhance digital service capabilities, whereby streamline the cost of acquiring multimedia back-up from external providers. By improving proficiency through high-tech traits to address challenges posed by unpredictable occurrences and events, the Group expects to establish a stronger expansion and advancement from business and corporate perspectives, exercising prudence and modernity when approaching future growth opportunities sustainably.

By executing well-planned new strategies to cater to the changing markets at the domestic and global levels after the pandemic, the Group will keep excelling in its role to provide satisfactory exhibition services to clients and continuously deliver viable returns for shareholders.

* *Research sources:*

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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, the Company has complied with all the applicable code provisions of the Corporate Governance Code (version with effect from 1 January 2022) (the "CG Code").

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 and as at the latest practicable date prior to the issue of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Period, save for placing the new Shares under the general mandate. Please refer to the paragraph headed "Placing of New Shares of the Company under General Mandate" in this announcement for details.

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 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.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2022 and consolidated statement of profit or loss and other comprehensive income and the related notes thereto as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect 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 HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary 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 2022 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, 27 March 2023

As of the date of this announcement, the executive Directors are Mr. Huang Xiaodi, Mr. Yan Jinghui, Mr. Dong Kejia and Mr. Shum Ngok Wa; and the independent non-executive Directors are Ms. Xu Shuang, Mr. Gao Hongqi and Mr. Yu Leung Fai.