Dedicate Our Wonderful Way, Assure You.

DOWWAY HOLDINGS LIMITED
天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

ANNUAL REPORT 2022

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This report, 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 report 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 report misleading.

This report will be available on the Company's website www.dowway-exh.com and will remain on the "Latest Listed Company Information" page of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting.

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CORPORATE INFORMATION

THE BOARD

Executive Directors

Mr. Huang Xiaodi
(Chairman of the Board and Chief Executive Officer)
Mr. Ma Yong (resigned on 9 December 2022)
Mr. Yan Jinghui
Mr. Dong Kejia (appointed on 9 December 2022)
Mr. Shum Ngok Wa (appointed on 9 December 2022)

Non-executive Director

Mr. Yuen Poi Lam William
(resigned on 15 July 2022)

Independent Non-executive Directors

Mr. Gao Hongqi
Ms. Xu Shuang
Mr. Yu Leung Fai

AUDIT COMMITTEE

Mr. Yu Leung Fai *(Chairman)*
Mr. Gao Hongqi
Ms. Xu Shuang

REMUNERATION COMMITTEE

Mr. Gao Hongqi *(Chairman)*
Mr. Ma Yong (resigned on 9 December 2022)
Mr. Yu Leung Fai
Mr. Shum Ngok Wa (appointed on 9 December 2022)

NOMINATION COMMITTEE

Ms. Xu Shuang *(Chairman)*
Mr. Yan Jinghui
Mr. Gao Hongqi

COMPANY SECRETARY

Ms. Ng Ka Man *(ACG, HKACG)*
(resigned on 3 February 2023)
Mr. Leung Gavin, L. *(HKICPA)*
(appointed on 3 February 2023)

COMPLIANCE OFFICER

Mr. Huang Xiaodi

AUTHORISED REPRESENTATIVES

Mr. Huang Xiaodi
Ms. Ng Ka Man *(ACG, HKACG)*
(resigned on 3 February 2023)
Mr. Leung Gavin, L. *(HKICPA)*
(appointed on 3 February 2023)

STOCK CODE

8403

AUDITOR

Moore Stephens CPA Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
801-806 Silvercord, Tower 1
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Run Cheng Centre
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Chaoyang District
Beijing 100020
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3 Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

Bank of Communications
Yong An Li Branch
1/F, Genertime International Centre
No.3 Yong An Li East
Chaoyang District
Beijing, PRC

COMPANY'S WEBSITE

http://www.dowway-exh.com

FINANCIAL SUMMARY

FINANCIAL SUMMARY

	For the year ended 31 December				
	2018	2019	2020	2021	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	124,779	228,256	144,166	170,016	**177,132**
Cost of service	(99,182)	(215,251)	(143,542)	(155,705)	**(171,751)**
Gross profit	25,597	13,005	624	14,311	**5,381**
Selling expenses	(3,485)	(4,193)	(4,270)	(6,582)	**(7,843)**
Administrative expenses	(22,074)	(11,274)	(12,227)	(12,012)	**(11,729)**
Net impairment losses on financial and contract assets	(1,510)	(2,007)	(1,536)	(3,070)	**(22,376)**
Other income	157	5,438	1,177	539	**311**
Other gains/(losses) — net	3,435	–	–	–	**–**
Operating profit/(loss)	2,120	969	(16,232)	(6,814)	**(36,256)**
Finance income/(costs) — net	26	(188)	(510)	(793)	**(702)**
Profit/(loss) before income tax	2,146	781	(16,742)	(7,607)	**(36,958)**
Income tax expense	(3,142)	(2,034)	(1,092)	(44)	**(9)**
Loss for the year	(996)	(1,253)	(17,834)	(7,651)	**(36,967)**

SUMMARY OF SELECTED ITEMS IN THE CONSOLIDATED BALANCE SHEET

	As at 31 December				
	2018	2019	2020	2021	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Total non-current assets	5,398	7,158	4,326	11,656	**7,876**
Total current assets	119,879	154,472	121,409	137,204	**129,195**
Total assets	125,277	161,630	125,735	148,860	**137,071**
Total liabilities	51,367	88,571	69,316	98,898	**114,954**
Net current assets	68,512	65,901	52,986	44,811	**18,715**

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the board of Directors (the "**Board**") of Dowway Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), I am pleased to present the Group's audited annual results for the year ended 31 December 2022 (the "**Year**").

As a leading exhibition curator and event management service provider in the People's Republic of China (the "**PRC**") for over two decades, the Group has been involved in the design, planning, coordination, and management of integrated exhibitions and events across more than 50 top-tier cities. Since 2009, the Group has established profound and steadfast collaboration with many world-renowned domestic and overseas automobile brands, primarily for showcasing, promoting, and/or marketing their products with great prestige. The prominent clientele comprises Lamborghini, Volkswagen, and several other German and Italian automobile brands, the Group has thereby earned a reputable name and tamped down loyal partnerships through its dedicated, evolving, and trustworthy services.

According to the National Bureau of Statistics, China's GDP reached RMB121 trillion in 2022, registering an impressive year-on-year growth of 3%. Recap the year, China experienced waves of unexpected outbursts of the domestic COVID-19 pandemic, while being unavoidably affected by the uneasy global climate. Even though shadowing by the tightening monetary policies in several major economies, the tense geopolitical situation, as well as the supply chain and energy crises, China's economy still remained resilient and stable. In 2022, the per capita GDP exceeded RMB85,698, with a year-on-year growth rate of 3%; the added value of the service industry increased by 2.3% year-on-year to RMB63,869.8 billion, accounting for 52.8% of the GDP, driving GDP growth by 1.3 percentage points. It is undeniable that China's robust economic foundation and proactive measures taken to address the pandemic and other adverse circumstances have contributed to this encouraging performance, as a testament to the unwavering support and perseverance of the Chinese people and market. This positive trend bodes well for the future of the national economy and highlights the determination of China's recovery after the COVID-19 composure.

During the Year, the Group managed and coordinated a total of 94 exhibition and event projects, 13 exhibition showroom projects, and 7 advertising projects, of which 104 projects have been completed on schedule and collectively generated a revenue of approximately RMB177.13 million, up RMB7.12 million or 4.19% year-on-year. Gross profit amounted to around RMB5.38 million, recording a year-on-year decrease of approximately RMB8.93 million. The net loss attributable to the owners of the Company was RMB36.97 million. The Board did not recommend the payment of dividend during the Year. Despite the current outbreaks of the epidemic last year and the strict prevention measures taken by the state, our exhibition business still recorded as light increase in revenue compared to 2021. However, due to the rising labor costs and supplier costs in the exhibition industry, our gross profit has decreased. In addition, a larger allowance for expected credit loss on trade receivables and contract assets in 2022 has caused an increase in net loss.

CHAIRMAN'S STATEMENT

Over the past decade, the exhibition industry has developed rapidly with the pace of China's services industry to a comprehensive dimension of scale, structure, layout, and impetus, mirroring the vitality and potential of China's services sector overall. As an emerging and flourishing force within the services sector, the Group remains cautiously optimistic about the prospects of the exhibition service industry. The exhibition and curatorial business are seeking and set to grasp opportunities to swiftly revitalize from the downturn of the pandemic. Looking into 2023, with the further optimization of pandemic prevention and control measures and the implementation of the domestic demand strategy, a new development paradigm will be expected to accelerate with domestic circulation as the mainstay and domestic and international circulations reinforcing each other. The Group will revisit the changing consumer market and the upgrading trend of the service industry, adapt to new consumption patterns and scenarios, participate in greater industry integration, carry out innovative hybrid exhibitions within the existing service system, optimize the cost of operation, acquire more talents to bolster our manpower.

The Group also takes on projects from non-automobile companies to assist in planning and managing their exhibition or events, offering integrated project management services such as theme creation, stage and venue design, construction, master planning, feasibility studies, and procurement of building materials and construction equipment. In 2023, it is one of our core commitments to revamp and enhance the Group's business framework to ensure its comprehensiveness, adaptability, and resilience. By harnessing cutting-edge technology to strengthen our professional layout and overcome challenges posed by unforeseen events in the future, the Group aspires to build a sounder foundation for business and corporate growth, and approach potential growth prospects with a judicious and modern mindset for a sustainable outcome.

Finally, on behalf of the Board of Directors, I extend my heartfelt appreciation to our shareholders, customers, and partners for their unwavering support of the Group, as well as to all our dedicated colleagues who have worked tirelessly together. I believe that with their continued trust and support, the Group will strive for further growth and success, broadening our vision and providing ample returns for our shareholders and investors.

Chairman, Chief Executive Officer, and Executive Director
Huang Xiaodi

Beijing, China, 27 March 2023

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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http://www.stats.gov.cn/tjsj/sjjd/202301/t20230118_1892198.html

MANAGEMENT DISCUSSION AND ANALYSIS

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	
	RMB'000	***%***	*RMB'000*	*%*
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 decrease 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 23 to the consolidated financial statements.

Cash position

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

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
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
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
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 *HK'000*	Percentage of net proceeds	Actual use of proceeds from the Listing Date up to 31 December 2022 *HK$'000*	Percentage of net proceeds	Actual use of proceeds from 1 January to 31 December 2022 *HK$'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 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	36,337	100%	33,306	91.7%	49	0.2%	3,031	8.3%	

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 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$'000*	Percentage of net proceeds *HK$'000*	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	10,559	100%	9,655	91.4%	904	8.6%	

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 report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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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http://nads.ruc.edu.cn/mtjj/07b2ed59b32d45df9aea3a051b818dba.htm
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https://finance.sina.com.cn/money/bank/bank_hydt/2022-09-22/doc-imqqsmrp0024537.shtml
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https://www.ndrc.gov.cn/fggz/cyfz/fwyfz/202212/t20221229_1344661.html
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http://www.stats.gov.cn/xxgk/jd/sjjd2020/202209/t20220920_1888502.html

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Huang Xiaodi (黃曉迪), aged 37, is the chairman of the Board, the chief executive officer of our Company, an executive Director, the compliance officer of our Company and a controlling shareholder. He was appointed as a Director on 28 April 2017 and re-designated as an executive Director on 28 October 2017. Mr. Huang is responsible for our Group's overall management, strategic development, major decision-making of our Group and overseeing compliance matters of our Group.

He obtained his certificate in arts and design via the Self-Taught Higher Education Examinations (高等教育自學考試) from Wuchang University of Technology (武昌理工學院) in June 2013. Mr. Huang has more than 10 years of professional experience in the area of exhibition and event management industry. He has worked as a senior manager at Beijing Dowway International Exhibition Company Limited ("**Beijing Dowway**") since January 2008 and as the chairman of the board of directors since March 2010, responsible for the overall management and business development and expansion. Mr. Huang is an engineer (construction engineering) recognised by Kunming Construction Engineering (Intermediate Rank) Qualification Committee (昆明市建築工程中級工程師評審委員會) since November 2015.

Mr. Huang was previously a general partner of Tianjin Tianping Chuangxin Corporate Management Consultancy Centre (Limited Partnership), which was deregistered on 2 April 2018. He confirmed that such entity was solvent immediately before the time of deregistration and he did not incur any debt and/or liabilities because of such deregistration.

Mr. Huang is currently holding 15% of the equity interest in Lanse Shenyu Internet Technology (Tianjin) Company Limited, which does not conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group. He is also an executive director and general manager of Tianjin Dowway International Exhibition Company Limited.

Mr. Yan Jinghui (閆景輝), aged 38, is an executive Director and a member of the nomination committee of our Company. He obtained his certificate in arts and design via the Self-Taught Higher Education Examinations (高等教育自學考試) from Wuchang University of Technology (武昌理工學院) in December 2013. Mr. Yan has more than 10 years of professional experience in the area of exhibition and event management industry. He joined Beijing Dowway since August 2009 as the project director and has become the director of Beijing Dowway since July 2017.

Mr. Dong Kejia (董可嘉), aged 41, is an executive Director of our Company. He has over ten years of experience in the management and investment industry. Mr. Dong obtained the degree of Master of Art in Rural Regional Development from Renmin University of China in 2013.

Mr. Dong joined Sinofert Holdings Limited (stock code: 0297), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), in December 2005 and left with his last position as the investment director in May 2013. He joined Genertec Universal Medical Group Company Limited (stock code: 2666), the shares of which are listed on the Main Board of the Stock Exchange, in May 2013 and left with his last position as the general representative of Overseas Investment and Securities Affairs in July 2019. From November 2020 to October 2022, Mr. Dong was the deputy general manager of CT Vision S.L. (International) Holdings Limited (stock code: 0994), the shares of which are listed on the Main Board of the Stock Exchange, which he was responsible for the investment matters.

DIRECTORS AND SENIOR MANAGEMENT

From November 2019 to May 2020, Mr. Dong served as the representative (SFC License 1, 4, 9) of Forwin Capital Management Limited. He joined Royal Morgan Fund Management Company Limited in June 2020, left with his last position as the responsible officer (SFC License 1, 4, 9) and managing director in October 2020. He has participated in the establishment, investment and financing activities of multiple domestic and overseas Renminbi and United States dollar funds.

Mr. Shum Ngok Wa (沈岳華), aged 33, is an executive Director and a member of the remuneration committee of our Company. He has over ten years of experience in the finance industry and profound experience in corporate management. Mr. Shum obtained the degree of Bachelor of Business Administration (Honours) in Quantitative Finance and Risk Management from City University of Hong Kong in July 2011. He is also a Certified Financial Risk Manager (FRM) of the Global Association of Risk Professionals since 2013.

From September 2012 to February 2018, Mr. Shum worked in Kingston Securities Limited in its credit and risk control department and was responsible for credit assessment and risk control matters. From July 2019 to February 2022, Mr. Shum was working in Premium Financial Limited and left with his last position as a director, responsible for overall management and operation of money lending business in Hong Kong.

Mr. Shum was a non-executive director of Hang Pin Living Technology Company Limited (formerly known as Highlight China IoT International Limited) (stock code: 1682) from July 2016 to June 2017, the shares of which are listed on the Main Board of the Stock Exchange, the principal business of which is garment sourcing. He served as a non-executive director of Leadway Technology Investment Group Limited (formerly known as HNA Technology Investments Holdings Limited) (stock code: 2086) from August 2021 to July 2022, the shares of which are listed on the Main Board of the Stock Exchange, the principal business of which is financial technology and smart living by providing smart cards, contactless readers and related products.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Xu Shuang (徐爽), aged 44, is an independent non-executive Director, the chairman of the nomination committee of our Company and a member of the audit committee of our Company since 16 May 2018. She obtained her bachelor degree in craftsmanship and arts from Tsinghua University (清華大學) in July 2000 and her master degree in computer software engineering from Beijing University of Technology (北京工業大學) in January 2016. Ms. Xu has been a qualified lecturer recognised by Beijing Zhuanye Jishu Zhiwu (Intermediate Professional Rank) Qualification Committee (北京市中級專業技術職務評審委員會) since October 2005.

Ms. Xu has been a lecturer of Beijing University of Technology (北京工業大學) since July 2000. She also worked as an administration officer at China Artists Association's committee of sculptural art (中國美術家協會雕塑藝術委員會) from April 2002 to May 2007 and as the chief editor at Yipin (《藝品》雜誌) from August 2014 to December 2016.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Gao Hongqi (高紅旗), aged 64, is an independent non-executive Director, the chairman of the remuneration committee of our Company, a member of each of the audit committee and nomination committee of our Company since 16 May 2018. He obtained his bachelor degree in civil engineering from Taiyuan Institute of Technology (太原工學院) now known as Taiyuan University of Technology (太原理工大學) in August 1982. He subsequently obtained the certificate of national registered supervising engineer (國家級註冊監理工程師證書) he certificate of outstanding chief supervising engineer of Beijing (北京市優秀總監理工程師證書) and the qualification of bid evaluation expert of Beijing (北京市評標專家) in March 1997, February 2004 and January 2013 respectively. Mr. Gao has over 34 years of experience in construction work engineering and surveying. Between September 1982 to August 1987, he was responsible for conducting research at the Building Structure Research Centre of China Academy of Building Science Research (中國建築科學研究院建築結構研究所). Subsequently from September 1987 to December 1992, he has worked at the National Construction Engineering Quality Supervision and Testing Centre of China Academy of Building Science Research (中國建築科學研究院國家建設工程質量監督檢驗測試中心) responsible for quality supervision of construction engineering. He has worked at CABR Construction Engineering Consulting Co., Ltd of China Academy of Building Science Research (中國建築科學研究院建研凱勃建設工程諮詢有限公司) since January 1993, responsible for monitoring construction work and his last position is chief engineer.

Mr. Gao is currently a shareholder of CABR Construction Engineering Consulting Co., Ltd. (建研凱勃建設工程咨詢有限公司), a company established in the PRC and he confirmed that such company does not conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group.

Mr. Yu Leung Fai (余亮暉), aged 45, is an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee since 11 October 2019. Mr. Yu holds a Bachelor of Commerce (Hon.) from the University of Toronto and L.L.B. (Hon.) from the University of London, and is a member of the American Institute of Certified Public Accountants, the Australian Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Yu had served as: the joint company secretary and alternate authorized representative of Beijing Media Corporation Limited (stock code: 1000) since March 2010; the company secretary and authorized representative of Yuanda China Holdings Limited (stock code: 2789) since June 2012; the joint company secretary and authorized representative of Sany Heavy Equipment International Holdings Company Limited (stock code: 631) since February 2017; the company secretary and authorized representative of Bamboos Health Care Holdings Ltd (stock code: 2293) since November 2018; an independent non-executive director of Realord Group Holdings Limited (stock code: 1196) since June 2014; the joint company secretary and authorized representative of China National Materials Co Ltd (stock code: 1893) from May 2009 to April 2018; the company secretary and authorized representative of Haichang Ocean Park Holdings Ltd (stock code: 2255) from March 2014 to March 2015; the company secretary of Group Sense (International) Limited (stock code: 601) from August 2014 to August 2015; the company secretary and authorized representative of Vale S.A. (stock code: 6210 — Common Depositary Receipts and 6230 — Class A Preferred Depositary Receipts) from 2010 to 2016. Except for Vale S.A. and China National Materials Co Ltd which were delisted on the Stock Exchange in July 2016 and April 2018 respectively, all of the above companies are companies listed on the Stock Exchange.

Mr. Yu has accumulated extensive experience in the fields of accounting and corporate services. He joined Fung, Yu & Co., C.P.A in 2001.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Bao Xianglong (包向龍), aged 36, is the design director and supervisor of Beijing Dowway and is responsible for the project designs and graphic designs of exhibitions and events and managing the design department.

Mr. Bao has more than 10 years of professional experience in the area of exhibition and event management industry. He joined our Group since August 2009 as the designer of Beijing Dowway and was subsequently a design director in March 2012 and appointed as the supervisor of Beijing Dowway in July 2017.

Mr. Zhang Xin (張鑫), aged 39, is the sales director of Beijing Dowway and is responsible for the sales and business development. With more than 10 years of experience in exhibition and event management, Mr. Zhang is professional at exhibition execution, planning and video and audio designing and execution. Mr. Zhang is also proficient at large exhibition and launch event control and has deep and unique insight of this industry. He is capable to precisely grasp the direction and control the quality of large event and brand exhibition.

Ms. Yao Zhihong (姚志宏), aged 42, is the sales director of Beijing Dowway and is responsible for planning the customer relationship strategies and overseeing customer relationship matters. With over 10 years of professional experience in exhibition and event management, Ms. Yao is a senior expert at planning, organizing and operation of auto branding events and specialized at luxury car exhibition and launch event. She is capable to precisely grasp the exhibition process, quality requirements and tonality of branding exhibition for luxury car, and possesses abundant experience at large auto exhibition and launch event.

DISCLOSURE REQUIRED UNDER RULE 17.50(2) OF THE GEM LISTING RULES

Save as disclosed in this report, each of our Directors confirms with respect to him/her that: (a) he/she has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (b) he/she did not hold other positions in our Company or other members of our Group; (c) he/she did not have any relationship with any other Directors, senior management, substantial shareholder or Controlling Shareholder of our Company; (d) he/she does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in "Appendix IV — Statutory and General Information — C. Further Information about substantial shareholders, directors and experts — 1. Interests of Directors and chief executive in Shares, underlying Shares and debentures of our Company and its associated corporations" in the Prospectus; (e) he/she does not have any interest in any business which competes or is likely to compete, directly or indirectly, with the Group, which is discloseable under GEM Listing Rules; and (f) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no additional information relating to our Directors or senior management that was required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules and no other matter with respect to their appointments that needed to be brought to the attention of our Shareholders.

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 April 2017. The Company is an investment holding company. The Group is one of the leading integrated exhibition and event management service provider in the PRC. It mainly serves as a project manager for exhibitions and events and provides a comprehensive range of related services. These services include design, planning, coordination and management of exhibitions and events covering theme, stage and venue design and overall planning, feasibility studies, procurement of construction materials and equipment. As part of its project management, the Group also conducts liaison with suppliers and/or personnel for construction of backdrops, stages and exhibition booths as well as installation of audio, visual and lighting equipment and facilities, and on-site supervision. Depending on customers' requirements and the themes of exhibitions and events, the Group provides integrated management services which include design, planning, coordination and management of construction and installation works. It may also, upon request, design specific themes for relevant exhibitions and events and coordinate with different suppliers for executing design and layout plans, in accordance with the types and objectives of the exhibition or event. Analysis of the principal activities of the Group during the Year are set out in Note 11 to the consolidated financial statements.

RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 79 of this annual report.

DIVIDEND POLICY

This policy is made by the Company and its subsidiaries (collectively, the "**Group**") pursuant to the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Rule 17.10 of the Rules Governing the Listing of Securities on GEM.

The Board has approved and adopted a dividend policy on 22 March 2021 (the "**Dividend Policy**").

It is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst preserving the Company's reserves to finance future development. The Board shall consider the following factors before declaring or recommending dividends:

- the Group's results of operations;
- the Group's cash flow position;
- the Group's business position and future development plan;
- the Group's future operations and profitability;
- legal and regulatory restrictions;
- other factors that the Board deems relevant.

The payment of such dividend is also subject to any restrictions under the Companies Law of the Cayman Islands, any applicable laws, rules and regulations. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

DIVIDEND

The Board did not recommend the payment of a final dividend for the Year (2021: nil).

BUSINESS OVERVIEW AND FINANCIAL KEY PERFORMANCE INDICATORS

The business overview of the Group and analysis by financial key performance indicators are set out under the paragraph headed "Management Discussion and Analysis — Business Overview and Financial Review" of this annual report.

OUTLOOK

The outlook of the Group is set out under the paragraph headed "Management Discussion and Analysis — Outlook" this annual report.

IMPORTANT EVENT SINCE THE END OF THE REPORTING YEAR

Save as disclosed in Note 32 to the consolidated financial statement, the Group had no other important event after 31 December 2022 and up to the date of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

A description of the principal risks and uncertainties the Group faces can be found in the section headed "Management Discussion and Analysis — Principal Risks and Uncertainties" of this annual report.

ENVIRONMENTAL POLICY

The Group actively keep promoting sustainable development and environmental protection, and also has strictly complied with relevant environmental protection, health and related laws and regulations. Please refer to the 2022 environmental, social and governance report of the Company for details.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has complied with all applicable laws and regulations and no non-compliance with applicable laws and regulations. Please refer to the 2022 environmental, social and governance report of the Company for details.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We maintained a good working relationship with our employees and we did not experience any labour disputes for our operations during the Year.

Major customers

For the year ended 31 December 2022, the Group's sales to its five largest customers accounted for approximately 58.27% (Year 2021: 44.9%) of the Group's total revenue and our single largest customer accounted for approximately 28.65% (Year 2021: 14.3%) of the Group's total revenue.

Major suppliers

For the year ended 31 December 2022, the Group's five largest suppliers accounted for approximately 54.28 % (Year 2021: 36.9%) of the Group's total purchases and our single largest supplier accounted for approximately 35.82 % (Year 2021: 13.4%) of the Group's total purchases.

During the Year, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest customers and suppliers.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in Note 23 to the consolidated financial statements.

CAPITAL AND RESERVES

Details of movements in the share capital, share premium, retained earnings, capital reserves and other reserves of the Group during the the Year are set out on page 82 of this annual report in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution to equity holders amounted to approximately RMB Nil (as at 31 December 2021: RMB Nil).

BANK BORROWINGS AND OTHER BORROWINGS

As at 31 December 2022, the Group had total bank loans of RMB10.0 million (31 December 2021: RMB9.0 million).

DIRECTORS

The Directors during the Year and up to the date of this annual report are:

Executive Directors:

Mr. Huang Xiaodi *(Chairman, Chief Executive Officer, Compliance Officer)*
Mr. Ma Yong (resigned on 9 December 2022)
Mr. Yan Jinghui
Mr. Dong Kejia (appointed on 9 December 2022)
Mr. Shum Ngok Wa (appointed on 9 December 2022)

Non-executive Director:
Mr. Yuen Poi Lam William (resigned on 15 July 2022)

Independent Non-executive Directors:
Mr. Gao Hongqi
Ms. Xu Shuang
Mr. Yu Leung Fai

In accordance with the articles of association of the Company (the "**Articles of Association**"), Mr. Huang Xiaodi, Mr. Dong Kejia, Mr. Shum Ngok Wa and Mr. Gao Honggi shall retire by rotation, and being eligible, have offered themselves for re-election at the annual general meeting.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Year and remain so as of the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of Mr. Huang Xiaodi and Mr. Yan Jinghui has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date until terminated by either party by giving not less than one month's notice in writing to the other.

Each of Mr. Dong Kejia and Mr. Shum Ngok Wa has entered into a service agreement with the Company for an initial term of 3 years commencing from 9 December 2022, unless terminated in accordance with the said service agreement and subject to retirement by rotation and re-election pursuant to the Articles of Association.

Each of Ms. Xu Shuang, Mr. Gao Hongqi has entered into a letter of appointment with the Company for an initial term of three years commencing from 12 June 2021, which could be terminated by either party by giving not less than one month's notice in writing to the other and subject to retirement by rotation and re-election pursuant to the Articles of Association.

Mr. Yu Leung Fai has entered into a service agreement with the Company for an initial term of 3 years commencing from 11 October 2019, unless terminated in accordance with the said service agreement and subject to retirement by rotation and re-election pursuant to the Articles of Association.

None of the Directors has a service agreement/contract or a letter of appointment which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors nor any entity connected with them had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the Year and as at 31 December 2022 and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year and up to the date of this annual report.

EMOLUMENT POLICY

The remuneration committee of the Company was set up for reviewing the emoluments of the Directors and five highest paid individuals during the Year. Details are set out in Note 9 and 29 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

The Company did not have any other equity-linked agreement that would or might result in the Company issuing Shares, or that requiring the Company to enter into an agreement that would or might result in the Company issuing Shares, entered into by the Company during the Year or subsisted as at 31 December 2022.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

NON-COMPETITION UNDERTAKING

Pursuant to the deed of non-competition dated 16 May 2018 (the "**Deed of Non-competition**") entered into by Mr. Huang Xiaodi and A&B Development Holding Limited (collectively, the "**Covenantor**"), each of the Covenantors has irrevocably and unconditionally undertaken to our Company (for itself and for the benefit of our subsidiaries) that, save and except the interest in our Group, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of our Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested, or otherwise be involved, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group within Hong Kong, the PRC and such other parts of the world where any member of our Group may operate from time to time, or any business activity to be conducted by any member of our Group from time to time after the Listing, save for the holding of not more than 5% shareholding interests (individually or with his/its close associates) in any company listed on a recognized stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with his/its close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of the relevant Covenantor (individually or with his/its close associates).

For details of the non-competition undertaking, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus.

The Company has received confirmations from the Covenantors confirming their compliance with the Deed of Non-competition during the Year for disclosure in this annual report.

The independent non-executive Directors have reviewed the Deed of Non-competition and based on the information and confirmations provided by or obtained from the Covenantors, they were satisfied that the Covenantors have duly complied with the Deed of Non-competition during the Year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2022, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had not entered into any connected transactions nor continuing connected transactions which are required to be disclosed in this annual report pursuant to the GEM Listing Rules.

Related party transactions of the Group are disclosed in Note 28 to the consolidated financial statements. They did not constitute connected transactions or continuing connected transactions of the Company, which are required to comply with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director for the time being shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by him as a Director about the execution of the duties or supposed duties of his office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty which may attach to the said Director.

The Company has taken out and maintained insurance in respect of legal action brought against the Directors.

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares of the Company.

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 annual report.

COMPLIANCE OFFICER

The compliance officer of the Company is Mr. Huang Xiaodi, whose biographical details are set out on page 20 of this annual report.

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**").

CHAIRMAN AND CHIEF EXECUTIVE

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 A.2.1 of the Code is appropriate in such circumstance.

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND THE ARTICLES OF ASSOCIATION

In order (i) to further improve the corporate governance of the Company; (ii) to conform to the Core Standards for shareholder protection (Appendix 3 to the GEM Listing Rules; and (iii) to reflect the change of share capital structure after the share consolidation which took effect on 24 August 2021, the Board resolved on 22 March 2022 to proposed to make amendments (the "**Proposed Amendments**") to certain provisions/articles in the memorandum of association and the articles of association of the Company. The special resolution in relation to the Proposed Amendments has been passed in the annual general meeting of the Company on 11 May 2022 and the second amended and restated memorandum and articles of association has been adopted on 11 May 2022.

For details, please refer to the announcements of the Company dated 22 March 2022 and 11 May 2022 and the circular of the Company dated 31 March 2022.

COMPETING BUSINESS

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

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 report for details.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and Chief Executive of the Company in the shares of the Company (the "**Shares**"), underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of the SFO (including interests and short positions which they are taken or deemed to have under those provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions/Short positions in Shares of the Company

Name	Capacity/Nature	Number of Shares	Approximate percentage of shareholding of our Company
Mr. Huang Xiaodi ("**Mr. Huang**")	Interest of controlled corporation	46,645,000 (L)	*(Note 1)* 38.87%
		12,000,000 (S)	*(Note 3)* 10.00%
Mr. Dong Kejia ("**Mr. Dong**")	Interest of controlled corporation	11,987,500 (L)	*(Note 2)* 9.99%
		12,000,000 (L)	*(Note 3)* 10.00%

L: Long Positions
S: Short Positions

Note 1: These 46,645,000 Shares are held by A&B Development Holding Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Huang, the Chairman, Chief Executive Officer and Executive Director of the Company. Therefore, Mr. Huang Xiaodi is deemed to be interested in all the Shares held by A&B Development Holding Limited for the purpose of the SFO.

Note 2: These 11,987,500 Shares are held by Wing Ka Yuen Company Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Dong, the Executive Director of the Company. Therefore, Mr. Dong is deemed to be interested in all the Shares held by Wing Ka Yuen Company Limited for the purpose of the SFO.

Note 3: A&B Development Holding Limited and Wing Ka Yuen Company Limited entered into an option agreement (the "**Option Agreement**") on 2 December 2022, pursuant to which A&B Development Holding Limited has granted an option to Wing Ka Yuen Company Limited which entitles it to purchase from the A&B Development Holding Limited up to 12,000,000 option shares at an exercise price of HK$1.00 per Share within the exercise period of 2 years from the date of the Option Agreement.

DIRECTORS' REPORT

Long Positions in the Ordinary Shares of Associated Corporation

Director's Name	Name of Associated Corporation	Capacity/Nature	Number of Shares Held	Percentage of Interest
Mr. Huang	A&B Development Holding Limited	Beneficial Owner	One	100%
Mr. Dong	Wing Ka Yuen Company Limited	Beneficial Owner	10,000	100%

Save as disclosed above and so far as is known to the Directors, as at 31 December 2022, none of the Directors nor the Chief Executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under those provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2022 and so far as is known to the Directors, the following persons (other than the Directors or Chief Executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Name	Capacity/Nature	Number of Shares	Approximate percentage of shareholding of our Company
A&B Development Holding Limited	Beneficial Owner	46,645,000 (L)	38.87%
		12,000,000 (S)	*(Note 4)* 10.00%
Mr. Huang	Interest of controlled corporation	46,645,000 (L)	*(Note 1)* 38.87%
		12,000,000 (S)	*(Note 4)* 10.00%
Ms. Lin Yuting	Interest of a spouse	46,645,000 (L)	*(Note 2)* 38.87%
		12,000,000 (S)	*(Note 4)* 10.00%
Wing Ka Yuen Company Limited	Beneficial Owner	11,987,500 (L)	9.99%
		12,000,000 (L)	*(Note 4)* 10.00%
Mr. Dong	Interest of controlled corporation	11,987,500 (L)	*(Note 3)* 9.99%
		12,000,000 (L)	*(Note 4)* 10.00%

L: Long Positions
S: Short Positions

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

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

Note 3: Wing Ka Yuen Company Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Dong. Therefore, Mr. Dong is deemed to be interested in all the Shares held by Wing Ka Yuen Company Limited for the purpose of the SFO.

Note 4: A&B Development Holding Limited and Wing Ka Yuen Company Limited entered into the Option Agreement on 2 December 2022, pursuant to which A&B Development Holding Limited has granted an option to Wing Ka Yuen Company Limited which entitles it to purchase from the A&B Development Holding Limited up to 12,000,000 option shares at an exercise price of HK$1.00 per Share within the exercise period of 2 years from the date of the Option Agreement.

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(2) Qualifications and conditions of participants

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with the requirements set out in the prospectus of the Company for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any individual participant to the grant of option shall be determined by the Board (or as the case may be, our independent non-executive directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(3) Maximum number of shares

(i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our Shares in issue as at the date of grant. Therefore, it is expected that our Company may grant options in respect of up to 200,000,000 Shares (10,000,000 Shares after the Share Consolidation) (or such numbers of Shares as shall result from a subdivision or a consolidation of such 200,000,000 Shares (10,000,000 Shares after the Share Consolidation) from time to time) to the participants under the Share Option Scheme.

(ii) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.

(iii) Our Company may seek separate approval from our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.

(iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result such 30% limit being exceeded.

(v) The total issuable shares under the Share Option Scheme are 200,000,000 Shares (10,000,000 Shares after the Share Consolidation), accounted for approximately 10% of issued shares of the Company as at the date of this annual report.

(4) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant must not exceed 1% of our Shares in issue. Any further grant of options in excess of such limit must be separately approved by our Shareholders in general meeting with such grantee and his close associates (or his associates if such grantee is a connected persons) abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such participant), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(5) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed the date of grant.

(6) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made.

(7) Price of shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the issue price of our Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before Listing.

(8) Restrictions on the time of grant of options

(i) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and

(bb) the deadline for the issuer to announce its results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM the Listing Rules), and ending on the date of the results announcement.

During the Year, the movement of Share Options under the Share Option Scheme was as follows:

Name and category of participant	Date of grant	Vesting Period	Exercise period	Exercise price per Share *(HK$)*	As at 1 January 2022	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	As at 31 December 2022
Directors										
Mr. Ma Yong (resigned on 9 December 2022)	16 August 2019	16 August 2019 to 15 August 2022 (both days inclusive)	16 August 2022 to 15 August 2029 (both days inclusive)	1.016	1,000,000	–	–	–	(1,000,000)	–
Mr. Yan Jinghui	16 August 2019	16 August 2019 to 15 August 2022 (both days inclusive)	16 August 2022 to 15 August 2029 (both days inclusive)	1.016	1,000,000	–	–	–	(1,000,000)	–
Mr. Yuan Lai Him (resigned on 17 January 2022)	16 August 2019	16 August 2019 to 15 August 2022 (both days inclusive)	16 August 2022 to 15 August 2029 (both days inclusive)	1.016	1,000,000	–	–	(1,000,000)	–	–
Sub-total					3,000,000	–	–	(1,000,000)	(2,000,000)	–
Employees										
In aggregate	16 August 2019	16 August 2019 to 15 August 2022 (both days inclusive)	16 August 2022 to 15 August 2029 (both days inclusive)	1.016	3,800,000	–	–	(650,000)	(3,150,000)	–
Total					6,800,000	–	–	(1,650,000)	(3,150,000)	–

There were no share options outstanding as at 31 December 2022.

LIMITING CONDITIONS

The Company has assumed the accuracy of, and have relied on the information and management representations provided in arriving at the opinion of value.

The Company assumes that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the market value.

It is assumed that the assets valued are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

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

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.

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

Beijing, 27 March 2023

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the Year.

CORPORATE GOVERNANCE PRACTICE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 15 of the GEM Listing Rules as its own code of corporate governance. Save as disclosed in this annual report, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code (except for the deviation from code provision A.2.1) for the Year. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring the Group's business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

For the Year, all the Directors had carried out duties in good faith and, to their best knowledge and belief, in compliance with applicable laws and regulations, and had acted in the interest of the Company and the Shareholders as a whole at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board composition

During the Year and up to the date of this report, the Directors are as follows:

Executive directors:

Mr. Huang Xiaodi *(Chairman, Chief Executive Officer, Compliance Officer)*
Mr. Ma Yong (resigned on 9 December 2022)
Mr. Yan Jinghui
Mr. Dong Kejia (appointed on 9 December 2022)
Mr. Shum Ngok Wa (appointed on 9 December 2022)

Non-executive director:

Mr. Yuen Lai Him (resigned on 17 January 2022)
Mr. Yuen Poi Lam William (appointed on 17 January 2022 and resigned on 15 July 2022)

Independent non-executive directors:

Mr. Gao Hongqi
Ms. Xu Shuang
Mr. Yu Leung Fai

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the Year, the Board has met at all times the requirements under Rules 5.05(1) and 5.05(2) of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 5.05A of the GEM Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy to ensure that the Company will, when determining the composition of the Board, consider board diversity from various perspectives. The board diversity policy is summarized below:

Summary of Board Diversity Policy of the Company (the "Policy")

1. Purpose:

   1.1 This Policy aims to set out the policy to achieve diversity on the Board of the Group.

2. Vision:

   2.1 The Group recognises and embraces the benefits of having a diverse Board to enhance the quality of the Company's performance.

3. Policy statement:

   3.1 With a view to achieving a balanced and stable development, the Group sees diversity at the Board level as an essential element in achieving balanced development of the Group. In designing the Board's composition of the Group, Board diversity has comprehensively considered from a number of aspects, including but not limited to gender, age, cultural and educational background or professional experience on the principle of "promotion of the worthy".

4. Measurable objectives:

   4.1 Selection of candidates will be based on a range of diversity perspectives, which will include but not limited to gender, age, cultural and educational background or professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Group.

5. Review and monitoring

5.1 The Nomination Committee will review the Policy, as and when appropriate, to ensure the effectiveness of the Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

5.2 Details of the policy and any measurable objectives designed for it will be disclosed in the annual report of the Group.

The Group has adopted a policy to diversify the membership of the Board. The Group recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board composition of the Group is based on a range of diverse perspectives, and candidates will be selected from a number of aspects, including but not limited to gender, age, cultural and educational background or professional experience on the principle of"promotion of the worthy".

During the Year and at the date of this report, the Board has nine Directors, one of which is a female. The table below further describes the degree of diversity of the Board:

	Age Distribution			Gender	
Name of directors	31–40	41–60	61–70	Male	Female
Mr. Huang Xiaodi	✓			✓	
Mr. Ma Yong (resigned on 9 December 2022)		✓		✓	
Mr. Yan Jinghui	✓			✓	
Mr. Dong Kejia (appointed on 9 December 2022)		✓		✓	
Mr. Shum Ngok Wa (appointed on 9 December 2022)	✓			✓	
Mr. Yuen Lai Him (resigned on 17 January 2022)		✓		✓	
Mr. Yuen Poi Lam William (appointed on 17 January 2022 and resigned on 15 July 2022)		✓		✓	
Ms. Xu Shuang		✓			✓
Mr. Gao Hongqi			✓	✓	
Mr. Yu Leung Fai		✓		✓	

Name of directors	Education background				Professional experience			
	Arts and design	Civil engineering	Electrical engineering	Computer science and/ or others	Exhibition and design	Architectural engineering	Finance and/or risk management	Investment
Mr. Huang Xiaodi	✓				✓			
Mr. Ma Yong (resigned on 9 December 2022)				✓	✓			
Mr. Yan Jinghui	✓				✓			
Mr. Dong Kejia (appointed on 9 December 2022)				✓				✓
Mr. Shum Ngok Wa (appointed on 9 December 2022)				✓			✓	
Mr. Yuen Laii Him (resigned on 17 January 2022)			✓					✓
Mr. Yuen Poi Lam William (appointed on 17 January 2022 and resigned on 15 July 2022)				✓			✓	
Ms. Xu Shuang				✓	✓			
Mr. Gao Hongqi		✓				✓		
Mr. Yu Leung Fai				✓			✓	

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Directors and the chief executive of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the Code provision requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the Company, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Group's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also provides regular updates on latest development and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge his/her duties.

Directors are encouraged to participate in continuous professional development seminars and programmes to develop and refresh their knowledge and skills. The Company secretary of the Company have from time to time updated and provided the Directors with written training materials relating to the roles, functions and duties of a director of a listed issuer on GEM of the Stock Exchange. The Company has also engaged external legal advisers to provide training to Directors on updates of GEM Listing Rules as well as latest changes in relevant rules and regulations.

According to the information provided by the Directors, a summary of trainings received by the Directors throughout the Year is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes
Executive Directors	
Mr. Huang Xiaodi	C, D
Mr. Ma Yong (resigned on 9 December 2022)	C, D
Mr. Yan Jinghui	C, D
Mr. Dong Kejia (appointed on 9 December 2022)	D
Mr. Shum Ngok Wa (appointed on 9 December 2022)	D
Non-Executive Director	
Mr. Yuen Poi Lam William (appointed on 17 January 2022 and resigned on 15 July 2022)	D
Independent Non-Executive Directors	
Ms. Xu Shuang	C, D
Mr. Gao Hongqi	C, D
Mr. Yu Leung Fai	A

Notes:

A: Attending seminars and/or meetings and/or forums and/or briefings

B: Giving talks in the seminars and/or meetings and/or forums

C: Attending training relevant to the Company's governance business conducted by lawyers

D: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has signed a service agreement with the Company for an initial term of three years commencing on the date of appointment until terminated by either party by giving not less than 3 months in writing to the other.

The non-executive Director has entered into a service contract with the Company for an initial term of three years commencing from his appointment date until terminated by either party by giving not less than one month's notice in writing to the other.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years commencing on the appointment date, provided that either party may terminate such appointment at any time by giving at least 3 months in writing to the other.

None of the Directors has a service agreement which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The procedures and process of appointment or re-election of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committees meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board Committees members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or the relevant Board Committees prior to the meeting.

Minutes of the meetings are kept by the company secretary, with copies circulated to all Directors or the relevant Board Committees members for information and records.

Minutes of the Board meetings and Board Committees meetings are recorded in sufficient details about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors or the Board Committees members. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors or the Board Committees members for comments within a reasonable time after the meeting is held. Minutes of the Board meetings and the Board Committees members are open for inspection by Directors.

CORPORATE GOVERNANCE REPORT

During the Year ended 31 December 2022, the board of directors held 10 board meetings and 1 general meeting. The attendance of each directors at board meeting(s) and general meeting(s) is set out in the table below:

Directors	Attended/ Eligible to attend the Board meeting(s)	Attended/ Eligible to attend the general meeting(s)
Mr. Huang Xiaodi	10/10	1/1
Mr. Ma Yong (resigned on 9 December 2022)	9/10	1/1
Mr. Yan Jinghui	10/10	1/1
Mr. Dong Kejia (appointed on 9 December 2022)	1/10	0/1
Mr. Shum Ngok Wa (appointed on 9 December 2022)	1/10	0/1
Mr. Yuen Poi Lam William (appointed on 17 January 2022 and resigned on 15 July 2022)	6/10	1/1
Mr. Gao Hongqi	10/10	1/1
Ms. Xu Shuang	10/10	1/1
Mr. Yu Leung Fai	10/10	1/1

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors are provided with sufficient resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transaction entered into by the management.

CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the individual and collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to develop, review and monitor the codes of conduct and compliance manuals applicable to employees and the Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on such matters;

(e) to review the Company's compliance with corporate governance and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

AUDIT COMMITTEE

The Audit Committee currently comprises three members, namely Mr. Yu Leung Fai (chairman), Mr. Gao Hongqi and Ms. Xu Shuang. All of them are independent non-executive Directors.

The principal duties of the Audit Committee are as follows:

1. to review the relationship with the External Auditor by reference to the work performed by the External Auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the External Auditor;

2. to review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, Compliance Officer or the External Auditor before submission to the Board; and

3. to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

4 meetings were held by the Audit Committee for the Year and the attendance of each Audit Committee member at the Audit Committee meetings is set out in the table below:

The matters discussed and considered in the meetings were as follows:

Directors	Attended/Eligible to attend
Mr. Yu Leung Fai	4/4
Mr. Gao Hongqi	4/4
Ms. Xu Shuang	4/4

During the meetings, the Audit Committee:

- reviewed the financial results of the Group for the year ended 31 December 2021, for the three months ended 31 March 2022, for the six months ended 30 June 2022 and for the nine months ended 30 September 2022 as well as the relevant financial reports;
- reviewed the audit report prepared by the External Auditor relating to accounting issues and major findings in course of audit;
- reviewed the financial reporting system, compliance procedures, risk management and internal control systems (including the adequacy of resources, staff qualifications, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the reappointment of the External Auditor; the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the External Auditor.

NOMINATION COMMITTEE

The Nomination Committee currently comprises three members, namely Ms. Xu Shuang (chairman) and Mr. Gao Hongqi, the independent non-executive Directors, and Mr. Yan Jinghui, the executive Director.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
3. to assess the independence of independent non-executive Directors; and
4. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman of the Board and the Chief Executive Officer.

Nomination Policy of Dowway Holdings Limited

1 Purpose

1.1 The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the shareholders for election as Directors at general meetings or appoint as Directors of the Company to fill casual vacancies.

1.2 The number of candidates nominated by the Nomination Committee may (as it deems appropriate) exceed the number of directors to be appointed or reappointed at the general meeting or the number of temporary vacancies to be filled.

2 Criteria of selection

2.1 In assessing the suitability of a proposed candidate, the Nomination Committee would consider factors including:

- reputation for integrity;
- commitment in respect of available time and interest on behalf of relevant stakeholders;
- diversity in all aspects of the Board, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

These factors are bases for the Nomination Committee to nominate new members. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

2.2 All the retiring directors (excluding those who have been independent non-executive directors for 9 consecutive years) are qualified to be nominated by the Board for re-election at the general meeting. For the avoidance of doubt, (a) the nine-year period for deciding whether an independent non-executive director is qualified to be nominated by the Board for election at the general meeting shall be from the date when the director is appointed for the first time up to the date of the forthcoming annual general meeting (the current term of office of such director will expire at the end of the annual general meeting); (b) such independent non-executive director who has been a member of the Board can hold office until the expiry of its current term of office.

2.3 Proposed candidate is required to submit the required personal information, in established form, and a consent letter, and agrees to be appointed as a director and disclose its personal information in respect of its election for director and matters related thereto in any document or relevant website.

2.4 The Nomination Committee can request, if necessary, the candidate to provide additional information and document.

3. Nomination Procedure

3.1 The secretary of the Nomination Committee is required to convene a Nomination Committee meeting where Board members are invited to nominate candidates (if any) for the Nomination Committee to consider before the meeting. The Nomination Committee may also nominate candidates who are not nominated by the Board members.

3.2 The Nomination Committee has the responsibility of nominating candidates to the Board for consideration and approval to fill casual vacancies. In order to propose candidate(s) for election as Director(s) at a general meeting, the Nomination Committee shall nominate to the Board for its consideration and recommendation for election.

3.3 The nominees shall not be assumed with recommendation of the Board for election until the issue of circulars to shareholders.

3.4 Name, resume (containing qualification and relevant experiences), independence, proposed remuneration and other information of candidates is set forth in circulars to shareholders in accordance with applicable laws, rules and regulations.

3.5 The Board has the right of making final decision on all matters relating to election of recommendation of candidates in general meeting.

4. Confidentiality

Unless required by law or any regulatory authority, under no circumstances shall a member of the Nomination Committee or a staff member of the Company disclose any information to entertain any enquiries from the public with regard to any nomination or candidate before the circular to shareholders, as the case may be, is issued. Following the issue of the circular, the Nomination Committee or company secretary or other staff member of the Company, approved by the Nomination Committee may answer enquiries from the regulatory authorities or the public but confidential information regarding nominations and candidates should not be disclosed.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

3 meeting was held by the Nomination Committee for the Year and the attendance of each Nomination Committee member at the Nomination Committee meetings is set out in the table below:

Directors	Attended/Eligible to attend
Ms. Xu Shuang	3/3
Mr. Gao Hongqi	3/3
Mr. Yu Leung Fai	3/3

During the meetings, the Nomination Committee:

- to review the structure, size, composition and diversity of the Board;
- to assess the independence of the independent non-executive directors; and
- proposed and approved the changes of non-executive directors and appointment of executive directors and submitted to the board of directors for approval.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three members, namely Mr. Gao Hongqi (chairman) and Mr. Yu Leung Fai, the independent non-executive Directors and Mr. Shum Ngok Wa, the executive Director.

The principal duties of the Remuneration Committee include the following:

1. to consult the chairman of the Board and/or chief executive of the Company about their remuneration proposals for other executive Directors. The Committee should have access to independent professional advice if necessary;

2. to make recommendations to the Board on the Company's policy and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

3. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives determined by the Board, and assess performance of executive Directors and the terms of their service agreements;

4. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. These include benefits in kind, pension rights and compensation payments, including compensation payable for loss or termination of their office or appointment;

5. to make recommendations to the Board on the remuneration of non-executive Director(s);

6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

7. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

8. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

9. to ensure that no Director or any of his/her associates (in accordance with the GEM Listing Rules) is involved in deciding his/her own remuneration;

10. to review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited;

11. to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and

12. to conform any requirement, direction and regulation that may from time to time be prescribed by the Board, or contained in the articles of association of the Company or imposed by the GEM Listing Rules or any applicable laws.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

2 meeting was held by the Remuneration Committee for the Year and the attendance of each Remuneration Committee member at the Remuneration Committee meetings is set out in the table below:

Directors	Attended/Eligible to attend
Mr. Gao Hongqi	2/2
Mr. Yu Leung Fai	2/2
Mr. Ma Yong (resigned on 9 December 2022)	2/2
Mr. Shum Ngok Wa (appointed on 9 December 2022)	0/2

During the meetings, the Remuneration Committee:

- reviewed and approved the remuneration of directors and senior management of the Company in 2021;
- proposed Remuneration Policy and Structure for Directors and Senior Management of the Company in 2022; and
- reviewed and approved the remuneration of directors appointed during the Year.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Year which give a true and fair view of the affairs of the Group and of the Group's results and cash flows.

The management has provided the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put forward to the Board for approval. The Company provides all members of the Board with quarterly updates on the Group's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the External Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the independent auditor's report on pages 77 of this annual report.

AUDITOR'S REMUNERATION

The remuneration for the audit services and non-audit services provided by the External Auditor to the Group for the Year was approximately as follows:

Type of Services	Amount *HKD'000*
Audit services	900
Non-audit services related to internal control review	–
Total	900

COMPANY SECRETARY

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company engages Ms. Ng Ka Man, manager of TMF Hong Kong Limited, as the company secretary of the Company (the "**Company Secretary**"). Mr. Huang Xiaodi, Chairman and Chief Executive Officer, is her primary contact person in the Company.

For the year ended 31 December 2022, Ms. Ng has undertaken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

On 3 February 2023, Ms. Ng resigned as the Company Secretary and the Company appointed Mr. Leung Gavin L. to fill the vacancy.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which enables Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provide opportunity for the Shareholders to communicate directly with the Directors. The chairman of the Company and the chairmen of each of the Board Committees will attend the annual general meeting to answer Shareholders' questions. The External Auditor will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at http://www.dowway-exh.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the GEM Listing Rules except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a precedent or administrative matter to be voted by a show of hands. Poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such meeting shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the Headquarters of the Company at Hong Kong or at Beijing.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles of Association have been amended and restated with effect from 11 May 2022, the latest version of full set of memorandum and articles of association are available from the websites of the Company and the Stock Exchange.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is the Group's highest internal decision-making body on risk management and internal control, and is responsible for the effectiveness of related works. That responsibility includes setting up reasonable and effective risk management and internal control processes to ensure safety of the Group's assets and realization of its strategic objectives. The Board has assigned management and execution procedures to implement the risk management and internal control system within specific areas, and to review all functions related to finance, operation and supervision of legal compliance and risk management once a year.

The Group's risk management procedures and internal control system includes definition of management structure and restrictions on its authority. It also regularly identifies and evaluates material risks that might appear in operations, discovers possible risks in a timely manner, provides effective preventive and risk control measures, all aimed at mitigating potential losses resulting from these risks. This is all aimed at protecting the safety of the Group's assets, realizing its strategic objectives, ensuring the accuracy of financial data and compliance with relevant laws and regulations. The aforesaid monitoring system is designed to manage and minimize the risks from failure of the Group's operational systems or to achieve business goals, and it can only offer a reasonable assurance but not an absolute guarantee of no material misrepresentation or loss.

The Group has set up an internal audit professional position with the aim to assist the Board and Audit Committee with a regular review on the effectiveness of its risk management process and internal control system. The Group's business and functional departments continue to assess potential risks that might prevent it from realizing business and operational objectives. The review procedures include evaluating whether the current internal control system is suitable, whether potential risks are properly handled and/or whether any added measures are required.

SIGNIFICANT RISKS OF THE GROUP

In 2022, the Group identified three significant risks through the risk management procedures above. The Audit Committee has assisted the Board to monitor the Group's overall risk status, and reviewed the nature and gravity of the significant risks that it may face. The Audit Committee is of view that the management has adopted appropriate measures against significant risks and is able to control them at a level acceptable to the Board.

Current significant risks that the Group faces and countermeasures already adopted are summarized as below. The Group's risk exposure may change and the table below does not include all possible risks.

1. Risks from market competition — risks to income

The Group's revenue is mainly from key customers. If the Group cannot retain existing customers, or the business or financial performance of existing customers deteriorates, or the Group cannot secure new customers, the Company may experience slow growth, no growth or negative growth, and the Company's financial performance and results of operations would be adversely affected.

The Group has established a stable relationship with internationally-renowned automobile companies, and strives to continually satisfy their needs and requirements for exhibition and event management services. Besides, the Group's management team has significant experience in this industry, strong client relationships and capabilities of securing business opportunities from new customers. The Group's sales department has assigned specific staff to regularly review market trends and customer demand, who can effectively evaluate and manage the exhibitions and events undertaken by the Group. In addition, the Group has ventured into new exhibition themes, which can deliver high satisfaction of exhibitors, attract visitors, and foster its business development.

2. Risks from market competition — risk of costs

When bidding for projects, the Group estimates overall costs based on prevailing market standards, including the costs of construction materials, labor, equipment and logistics. If the estimation is incorrect or encounters unexpected price fluctuations, higher prices charged by suppliers may reduce the profit or even lead to a net loss on the project, and the Company's financial performance and results of operations would be adversely affected.

The Group has established an extensive network of different suppliers. In our operations, the Group's sales department has accumulated experience working with different types of suppliers through coordination and management of various exhibitions and events, enabling the flexible selection of suitable suppliers based on the needs of the exhibition or event, customer quotation, service quality and overdue service and/or products, thereby achieving effective control of service quality and cost.

3. **Risks from operations — risk of capital collection**

If the Group's customers do not settle invoices on time and in full, this may materially and adversely affect the Group's cashflow and financial position. Insufficient cashflow may cause the Group to be unable to make payment to suppliers who may, in turn, terminate product or service supplies, hence affecting the Group's business operations. Besides, the Group may supplement cashflow through other financing activities, which may incur additional financing costs. In this regard, the Group cannot guarantee that it will be able to promptly obtain financing, thus it may not be able to mitigate the risk from insufficient cashflow in an effective and timely manner.

The Group's customers are mainly internationally-branded automobile companies that are well-established both overseas and in the PRC. In relation to new customers, the Group's financial department conducts customer analysis, including reviewing customers' payment method and credit terms as well as analyzing new customers' financial condition and past payment records. Then its senior management team decides whether to proceed with cooperation after ensuring the customers' good reputation or requesting the customers to make payment in advance. In addition, the Group continues to monitor long outstanding receivables and maintains close communication with the contact person of current customers in order to understand the latest development in their business and perform regular collection activities.

The Board conducted an annual review on the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2022 through the Audit Committee. The management has confirmed the effectiveness of the Group's risk management and internal control systems of their respective responsible area during the Year. The Board confirmed that, in absence of any evidence to the contrary, in respect of the year ended 31 December 2022, it considered the Group's risk management and internal control systems to be effective. They also considered the current allocation of resources to be adequate, the qualification and experience of staff and their training to be proper, and their budget for accounting, internal audit and financial reporting functions to be sufficient. Hence, the Group has been able to prevent any material financial misstatements or loss, as well as safeguarding of assets, maintenance of proper accounting records, provision of reliable financial information, compliance with appropriate legislation, and identification and containment/control of business risks.

INSIDE INFORMATION

The Group has formulated policies on the proper management of inside information. It regularly reminds the Directors and employees to properly comply with all policies regarding inside information. To ensure all relevant reports to receive adequate attention, the Group has established a notification mechanism to handle and discuss internal reports and inside information concerning the areas of financial, operational and internal control procedures as well as fraud. Significant deficiencies of internal control procedures are reported to the Audit Committee.

1. Scope and Reporting Period

This Environmental, Social, and Governance ("**ESG**") report of Dowway Holdings Limited ("**Dowway**") and its subsidiaries (together referred as "the **Group**"), is highlighting the Group's ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 20 to the GEM Listing Rules and Guidance set out by the Stock Exchange of Hong Kong Limited.

The Group is an integrated exhibition and event management service provider in China, offering one-stop exhibition and event services for clients. Clients' exhibitions and events are neatly crafted with distinctive themes and carefully executed in terms of planning, coordination and management in collaboration with suppliers. This ESG report covers the overall performance of Beijing Dowway International Exhibition Company Limited, Tianjin Dowway International Exhibition Company Limited, Beijing Dowway Culture Technology Company Limited, Connect-To-Create PR Consultant Company Limited, and Sense and Creative Technology Company Limited regarding the Environmental and Social aspects of their business operations in Beijing, with an office of total area 1196.17 m^2 from 1 January 2022 to 31 December 2022 ("**Reporting Period**" or "**2022**"), unless otherwise stated.

The ESG team should also actively encourage the practice of improving the Company's ESG standards. The methodologies, the calculation, the assumptions and limitations, and conversion factor used in this report is based on "Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX.

During the Reporting Period, the Group has complied with all the "comply or explain" provisions stipulated in the "Environmental, Social and Governance Reporting Guidelines". The Group has also complied with relevant laws and regulations that have a significant impact on the Group.

2. Reporting Principles

The preparation of the ESG Report has applied the following principles:

- Materiality — materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section "Stakeholder Engagement and Materiality" in the Report.

- Quantitative — key performance indicators ("**KPI**"s) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

- Consistency — consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

3. The Group's Sustainability Mission and Vision

The Group recognises the values of sustainable development and integrates ESG aspects in its business operation. The Group maintains a high standard in business ethics and invests in sustainable business development to enhance its brand value.

The Group has fulfilled its corporate social responsibilities through establishment of a sound ESG management system. To become a leading exhibition and event management service provider in China, the Group strives to improve its environmental and social performances through implementing policies and measures. The Group particularly cares about protecting the rights and health of its employees, and nurturing the young generation.

4. Sustainability Governance

The Board of directors ("**Board**") has overall responsibility to evaluate and improve ESG performance of the Group. The Board identifies ESG risks regularly, cascades its objectives to the management and ensures that departments across the Group possess ample knowledge to deal with the identified risks. ESG-related performance, goals and targets of the Group are reviewed by the Board annually to ensure achievement of continuous improvement in ESG related issues.

Since the Group's environmental impact was minimal due to its business nature, the Group has not set any environmental targets during the Reporting Period. The Group has, however placed its priority on its social performance, especially the social topics that were deemed important in the stakeholder materiality assessment. With the certifications of SA8000, ISO 9001, ISO 45001 and AAA Enterprise Credit Grade, the Group ensures an effective system in place for managing social practices and quality control. The Board will continue to evaluate the ESG performance of the Group and set ESG-related targets in the future whenever necessary.

5. Board Statement

The Board oversees environmental, social and governance of the Group issues with the support of the ESG management team. Information on ESG issues is reported to the ESG management team by an ESG working group comprising of principal leaders from various functional departments.

The ESG management team is delegated by the Board to execute the Group's ESG policies, identify, evaluate, prioritise, manage and mitigate material ESG-related issues that might adversely affect our business. ESG management team formulates effective strategies to balance the environmental and social objectives with our business targets and compare our outcomes with these targets.

The ESG management team is also responsible to assist and advise the Board on development and implementation of the sustainability policies procedures and practices of the Group, reviewing the sustainability-related policies and initiatives, assessing sustainability risks and making recommendations to the Board on matters concerning the Group's sustainability development.

The Board reviews and monitors the team's reporting on semi-annual basis, ensuring that the requirements from the Board are met. The review include (i) measurement system adopted for progress assessment; (ii) process for data collection and verification; (iii) comparison with the historical data and how the baseline is selected and (iv) the achievement of the target setting. The Board should make recommendation or suggest to the ESG team.

The Board aims to reduce 1% of energy used compare with last year target. The Group has achieved its target during the Year.

6. Stakeholder Engagement and Materiality

The Group values stakeholders' feedback and opinion, which are indispensable to the business. The Group has engaged different stakeholders through various communication channels, including regular shareholder meetings, management meetings, task force analysis and discussions, regular face-to-face interviews or online meetings with employees, and opinion surveys to engage key internal and external stakeholders such as board members, managers, frontline staff, business partners and customers, etc. The following matrix shows the results of the materiality assessment of the stakeholder engagement on various topics.

	Importance to the Group		
Importance to Stakeholders	Low	Medium	High
High		➢ Product/Service Quality ➢ Supply Chain Management	➢ Employment ➢ Development training ➢ Occupational Health and Safety
Medium	➢ Water ➢ Air Emission ➢ Waste and Effluent	➢ Energy ➢ Other Raw Materials Consumption ➢ Environmental Protection Measures ➢ Climate Change	➢ Customer Service ➢ Intellectual Property ➢ Data Protection ➢ Labour Standards ➢ Anti-corruption
Low		➢ Community Investment	

The most material topics to the Group's stakeholders and its operation are:

- Employment
- Occupational health and safety
- Development and training

All topics that were deemed simultaneously important to the stakeholders and the Group's business development were social topics. This resonates with the Group's development strategy focusing on social aspects. With the Group's effort in improving social practices and initiatives, it has attained certifications of SA8000, ISO 9001, ISO 45001 and AAA Enterprise Credit Grade. Details of management approaches of the above material topics are provided in the relevant sections in this report. The Group will continue to improve its ESG management and performance by proactively communicating with its stakeholders and constantly enhancing its internal policies.

7. Stakeholders' Feedback

The Group welcomes stakeholders' feedback on its environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at dowway@dowway-exh.com.

The table underneath shows the aspects on the ESG Guide to be assessed and those ESG issues were determined to be material to the Group.

ESG Aspects as set forth in the ESG Reporting Guide	Material ESG issues for the Group
(A) Environmental	
A1 Emissions	Emission from town gas, electricity or vehicle
A2 Use of Resources	Use of energy and paper
A3 Environment and Natural Resources	
A4 Climate Change	
(B) Social	
B1 Employment and Labour Practices	Labour practices
B2 Health and Safety	Workplace health and safety
B3 Development and Training	Employee development and training
B4 Labour Standards	Anti-child and forced labour
B5 Supply Chain Management	Supply chain management
B6 Product Responsibility	Product responsibility
B7 Anti-corruption	Anti-corruption, fraud prevention and anti-money laundering
B8 Community Involvement	Community programs, employee volunteering and donation

A. Environmental

During the Reporting Period, the Group complied with relevant laws and regulations including but not limited to the Environmental Protection Law of the PRC and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes. No material non-compliance case against environmental laws and regulations has been identified.

A1. Emissions

A1.1. Emissions Data from Gaseous Fuel Consumption

a) The Group did not have any emissions data from consumption of town fuel and town gas during the Reporting Period.

b) The Group owned some motor vehicles during the Reporting Period, the emissions data from the vehicles is set out below:

	KPI		
	2022	Unit	%
Nitrogen Oxides ("**NO_x**")	2,913	Gram ("**g**")	90.1%
Sulphur Oxides ("**SO_x**")	105	g	3.2%
Particulate Matter ("**PM**")	215	g	6.7%
Total	**3,233**	**g**	**100%**

When considering the air emissions intensity, the Group has recorded approximately 2.7g of air emission per square meter ("**m²**") of operational office.

Looking forwards, the Group will continue improving the efficiency of usage of vehicles by better planning over the travelling routes, so as to better control its air emissions.

A1.2. Greenhouse Gas Emission

Greenhouse gas emissions are the main factors contributing to global warming, leading to climate changes and threatening the ecosystem of the world. To continuously fulfill the duties as an enterprise with corporate social responsibility, the Group embraces in driving green practices in day-to-day operations so as to reduce greenhouse gas emissions in the business operations.

KPI			
	2022	Unit	%
Scope 1 Direct Emission	19,274	Kilogram ("**Kg**")	32.4%
Scope 2 Indirect Emission	38,178	Kg	64.2%
Scope 3 Other indirect Emission	2,026	Kg	3.4%
Total	**59,478**	**Kg**	**100%**

Scope 1: It mainly represents the towngas, liquefied petroleum gas and diesel oil from consumption of motor vehicles.

Scope 2: It mainly represents the electricity purchased from power suppliers.

Scope 3: It mainly represents the paper waste disposed at landfills and water used.

During the Reporting Period, there was 59,478 (2021: 49,980) Kg of carbon dioxide ("**CO_2**") equivalent greenhouse gases (mainly the usage of vehicles for transportation of petrol and gasoline) emitted from the Group's operation.

When considering the greenhouse gas emissions intensity, the Group recorded approximately 49.72 (2021: 41.78) kg of greenhouse gas emissions per square meter of the operational office during the Reporting Period.

The Group set the targets to 70,000 of the greenhouse gas emissions was produced for the Reporting Period. The Group has achieved the target during the Reporting Period.

Compliance with Relevant Laws and Regulations:

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes of the Group during the Reporting Period. In addition, no significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations had been reported during the Reporting Period.

A1.3. Hazardous Waste and Non-hazardous Waste

Hazardous Waste

Hazardous wastes involved in the business operation of the Group were mainly waste print cartridges and ink cartridges. During the Reporting Period, the amount of hazardous waste generated was insignificant.

Non-hazardous Waste

Non-hazardous waste generated by the Group was mainly paper waste. The Group generated a total of 422 kg of paper waste, with an intensity of 0.35kg/m^2, during the Reporting Period.

The Group set the targets to 500 kg of non-hazardous wastes was produced per million of revenue for the Reporting Period. The Group has achieved the target during the Reporting Period.

A1.4. Measures to Mitigate Emissions

To reduce carbon footprint, the Group encourages employees to commute by public transport and to utilise virtual conference meetings to reduce business travel emissions. When a face-to-face meeting is necessary, the Group tends to use the most energy-efficient transit. If air travel is necessary, economic class contributing to a lower emission is always preferred. The Group keeps tracks of employees' business air travel to explore opportunities to mitigate emissions.

A1.5. Waste Reduction and Initiatives

The major type of non-hazardous waste generated from the Group's business operations is paper. The non-hazardous waste is collected by the property management of the office buildings.

The Group strives to tackle the problem of paper waste by establishing a paperless office. Certain waste reduction measures have been formulated:

- Adopting paperless work practices to reduce the use of paper;
- Encouraging employees to use double-sided printing;
- Collecting and reusing single-sided printed paper; and
- Encouraging employees to recycle whenever possible.

Recycling bins for collection of recyclable waste and hazardous waste were placed in the office area. Employees were encouraged to sort wastes according to the waste categories. Hazardous waste such as waste florescent tubes were collected by specific containers set up by the property management companies for recycling. Ink cartridges were collected by printer leasing parties regularly.

The Group has not formulated formal waste reduction policies to govern its subcontractors, but it has encouraged subcontractors to reduce waste and reuse resources whenever possible.

A2. Use of Resource

In order to enhance efficient use of resources, the Group has implemented various resource-saving measures and has encouraged green practices among employees. For details of the measures and the implementation of the policies, please refer to *Energy Use Efficiency Initiatives* and *Water Use Efficiency Initiatives* sections below.

The Group has set the following targets during the Reporting Period and it has achieved the target below:

	KPI			
	2022	Target KPI	Unit	Result
Electricity consumed	45,629	50,000	MWh	Achieved
Petrol consumed	83,155	90,000	MWh	Achieved
Total energy consumed	**128,784**	**140,000**	**MWh**	**Achieved**
Total energy consumed per square meter ("**m^2**")	108	117	MWh/m^2	100%

A2.1. Water Consumption

The total water consumption of the Group was $84m^3$, with an intensity of $0.07m^3/m^2$. All water consumed by the Group is from municipal source. No issue on sourcing water was reported during the Reporting Period. Sewage is discharged through municipal wastewater system.

A2.2. Energy Use Efficiency Initiatives

The Group believes that reducing energy consumption not only benefits the environment, but also saves cost and benefits the Group. Certain measures have been implemented to control energy consumption:

- Installing energy efficient LED lightings;
- Setting the room temperature at or above 26°C during summer and at or below 20°C during winter;
- Ensuring doors and windows are closed when air conditioners are on;
- Switching off all lights, air conditioners, computers, photocopiers and other electrical appliances before leaving the office; and
- Assigning employees to manage the electricity usage to ensure that all lights and equipment are turned off before all employees leaving the office building.

A2.3. Water Use Efficiency Initiatives

The Group's water resource consumption was insignificant. Hence, no policies nor initiatives have been formulated. Nevertheless, employees are reminded to always conserve water and reduce wastage. When a water leak is found, it will be repaired immediately to prevent water loss. The Group also encourages recycling of wastewater for plants watering and car washing.

The Group has not established formal policies regarding efficient use of energy or water for its subcontractors. However, they are reminded to avoid unnecessary consumption of water and energy.

A2.4. Packaging Material

The Group's business operation has not involved a significant use of packaging materials. Packaging materials were handled by suppliers or contractors. The corresponding data was not available yet. The Group encourages suppliers and contractors to reduce the use of packaging materials.

A3. Environmental and Natural Resources

The Group's business nature does not pose significant impacts on the environment and natural resources and hence, no formal policy has been formulated in this respect. However, the Group has monitored and managed the work practices of its business partners.

A3.1. Impacts on the Environment

The Group is an integrated exhibition and event management service provider, principally engaging in the design, planning, coordination and management of exhibitions and events. The impact of its business operation on the environment and resources is minimal. The Group is aware of the emissions generated from the construction works by its suppliers for various projects. Construction wastes such as plastic, cardboard and wooden frames are generated during the project implementation, and the amount of waste varies by the scale of exhibitions. Although the Group does not have direct control over the outsourced construction projects, it monitors and manages its contractors' environmental practices to minimise indirect impact it causes on the environment. The Group will consistently promote the principles of environmental protection among employees and contractors, and effectively monitor its air emissions and solid waste generation.

A4. Climate change

Climate change affects businesses with varying extent. In particular, extreme weather can pose risks to the Group's business through damages and disruptions. The risk level is high and is expected to increase in long term. Climate change was not a topic deemed important to stakeholders and the Group's business development. The Group has not formulated climate-related policy. However, to mitigate risks of extreme weather events, the Group has the safety emergency procedure in place which provides guidelines for handling disruptions caused by extreme weather. The safety emergency procedure defined various extreme weather events and put forward the preventive and control measures. The Group places high priority on employees' safety and will cease operation and evacuate employees when the extreme weather events threaten safety of its people. Regular safety training and emergency drills are performed to ensure that employees are capable to handle and respond to such emergency.

B. Social

The Group sees employees as a pillar of its business and it treats all employees on a fair basis. Hence, the Group spares no effort to achieve the best employment standards and practices. The Group has the Employee Handbook in place which stipulates procedures regarding employment, labour practices, review of performance, compensation and benefits, development and training, data protection and intellectual properties protection.

B1. Employment and Labour Practices

During the Reporting Period, the Group stringently complied with national and local laws and regulations regarding employment and labour practices, including but not limited to the followings:

- Labour Law of the PRC;
- Labour Contract Law of the People's Republic of China;
- Social Insurance Law of the People's Republic of China;
- Labour Protection Regulations for Female Workers;
- Regulation on the Administration of Housing Accumulation Funds; and
- Regulation on Work-Related Injury Insurance.

The Group was awarded with the SA8000 certificate, demonstrating its implementation of globally acceptable social practices in areas of forced and child labour, occupational health and safety, freedom of association, discrimination, working hours and compensation, and management systems in the workplace. The Group's Social Responsibility Management Handbook laid out the terms for freedom of association and the collective bargaining. The Group respects the rights of employees to form trade unions and collective bargaining, employees can also enjoy freedom to elect their representatives. It ensures that members of trade union will not be discriminated against. The Social Responsibility Management Handbook also ensures equal opportunities are given to employees and sets stringent labour standards.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

Staff Composition

As at 31 December 2022, the Group employed a total of 63 (2021: 50) staff. The Group believes that maintaining a diverse but inclusive workforce among its working environment is the key to maintain a sustainable and successful business in the future.

a) *Employee' s Employment Type Distribution*

	2022		2021	
By employment type	**Male**	**Female**	**Male**	**Female**
Part-time employment	2%	4%	2%	6%
Full-time employment	54%	40%	56%	36%
Total	**56%**	**44%**	**58%**	**42%**

b) *Employee' s Age and Gender Distribution*

	2022		2021	
Age Group	**Male**	**Female**	**Male**	**Female**
0–15	0%	0%	0%	0%
16–18	0%	0%	0%	0%
19–30	5%	10%	6%	6%
31–45	47%	31%	48%	32%
46–60	2%	3%	2%	4%
= 61/>61	2%	0%	2%	0%
Total	**56%**	**44%**	**58%**	**42%**

c) *Employee' s Geographical Distribution*

Location	2022	2021
Mainland China	100%	100%
Total	**100%**	**100%**

d) *Turnover Rate by Gender and Age*

	2022		2021	
Age Group	**Male**	**Female**	**Male**	**Female**
0–15	0%	0%	0%	0%
16–18	0%	0%	0%	0%
19–30	0%	0%	0%	5%
31–45	4%	3%	2%	3%
46–60	0%	0%	2%	3%
= 61/>61	0%	0%	0%	0%
Total	**4%**	**3%**	**3%**	**12%**

The Group is not aware of any material non-compliance with the Employment Ordinance of Hong Kong, Employees' Compensation Ordinance of Hong Kong and other applicable laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare during the Reporting Period.

Competitive Compensation and Benefits Package

Employees were entitled to a basic salary commensurate with their educational background, professional knowledge, experience and responsibilities. Various types of leaves, including annual leave, sick leave, work-related injury leave, marriage leave, maternity leave and compassionate leave, were provided. The Group contributed to the mandatory social insurance and housing provident fund monthly. It reviews employees' performances regularly and makes pay adjustment with reference to the average salary level of the market. Promotion of employees is considered when there is a business need or vacancy availability.

Equal Opportunity

The Group provides equal opportunities for all employees in respect of recruitment, job advancement, compensation and benefits, and training and development. Employees were not discriminated against or deprived of such opportunities based on gender, ethnic background, religion, colour, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable law. The Group hired unemployed senior citizens and disabled, offered ample opportunities to fresh graduates, and guaranteed to offer reasonable pay to the disadvantaged groups.

Employee Communication

The Group attaches great importance to workplace communication as it allows effective collaboration among employees of different categories and increases productivity. Various channels were in place to enhance communication among employees of different levels. Line managers conduct appraisal meetings with employees annually to review employees' performance, understand their concerns and difficulties, and set targets for the coming years. During the Reporting Period, the Group rewarded employees through distribution of shopping coupons during Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival.

B2. Employee Health and Safety

The Group is committed to providing a safe and healthy working environment to its employees. It strictly complied with relevant laws and regulations relating to occupational health and safety. It has implemented the safety management system with ISO 45001 accreditation.

The Group has complied with the requirements for working hours and related labour environment and labour protection measures under the labour law. To ensure physical wellbeing of employees, free medical examinations were arranged for new employees and annual health checks for existing employees. Additional medical and accident insurance were provided. Together with the property management, the Group arranged regular fire safety trainings and drills for employees to raise their awareness of safety and emergency response management. Inspections of firefighting equipment and manual alarms were performed regularly. Signages with the numbers of the local fire station and emergency call were placed on conspicuous places in office for exigency.

The Group has printed and distributed the Safety Handbook that explains the general rules of workplace safety to all employees. The Handbook covered the following topics:

- proper safety practices of employees;
- precautious measures against work injuries caused by machineries, lifting, electric shock, pressure vessels, poisoning and suffocation, falling from height and vehicles;
- safe use of work equipment; and
- common violations in project implementation and precautions.

COVID-19

In the early stage of the pandemic, the Group issued the DOWWAY Hygiene Guide to instruct employees to take personal protective measures. During the pandemic, the Group immediately kept track of employees' activities within and out of Beijing. Collective on-site nucleic acid tests were arranged. Employees were requested to measure body temperature before going to work, fill out the health record card and synchronise it to the Health Kit app for record. In line with the control measures taken by the community and the office property management, the Group disinfected the office regularly, distributed preventive supplies such as surgical masks and disinfection alcohols to employees, and posted reminder stickers in different parts of the office, reminding employees to dine alone, keep social distance at work, wash hands frequently, ensure adequate ventilation, to lower the risks of infection.

Although construction works of the projects were outsourced, the Group kept a close eye on the implementation done by service providers to ensure that effective mitigation controls were adopted at construction sites. Project managers regularly review safety compliance of service providers.

Occupational Health and Safety Data

The information of work accidence is set out below:

	2022		2021		2020	
Health and Safety	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Rate of work-related fatalities	–	–	–	–	–	–
Lost days due to work injury	–	–	–	–	–	–

The Group is not aware of any material non-compliance with the Occupational Safety and Health Ordinance of Hong Kong, Prevention and Control of Disease Ordinance of Hong Kong, Law on Occupational Safety and Health of Vietnam and other applicable laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the Reporting Period.

B3. Development and Training

The Group provides continuous training and development programmes for its employees. According to the Group's Employee Handbook, training needs of different employees were identified and assessed regularly in order to arrange appropriate training programmes for employees. The Group values employees' opinions. Feedback on the training programmes was constantly collected and analysed for future enhancement.

During the Reporting Period, 100% of the employees were trained and a total of 1,512 hours of training were provided. Each employee received 24 hours of training on average. The graphs below illustrate the percentage of employees trained by category and the average training hours trained per employee.

The Total training hours received by the employees of the Group by gender and position type in the Reporting Period are set out below:

	2022		
Training hours	**Male**	**Female**	**Total**
Senior management	120	24	144
Middle management	120	72	192
Junior level	600	576	1,176
Total	**840**	**672**	**1,512**

The Group encourages employees to strike a balance between work and life. All employees are encouraged to participate in the recreational activities in order to enhance the team spirit, employee's sense of belonging and morale.

B4. Labour Standard

The Group adopts a zero-tolerance policy for child labour and forced labour. In accordance with the Labour Law of the People's Republic of China, there were no child labour nor forced labour in the Group's operations during the Reporting Period. In order to prevent child labour or forced labour, the Human Resources Department checks the applicant's identification documents, such as identity cards and academic certificates, and their proofs of resignation from previous employers or reference letters from schools to ensure that they are legally eligible to work for the Group before hiring them as the Group's employees. If any child labour or forced labour is discovered subsequent to his/her employment, the Group will immediately dismiss the employee concerned and report the incident to the related authority. If any violation of Labour Law of the PRC is found, the employee will be dismissed without any financial compensation.

B5. Supply Chain Management

The Group understands that proper management of its supply chain brings positive impacts to the Group, the society, and the environment. Suppliers of the Group were chosen through a stringent selection process to ensure the delivery of work is of high quality. The Group also maintained a close relationship to secure long-term and stable partnerships.

The Group complied with laws and regulations such as the Regulation on the Implementation of the Bidding Law of the PRC, Measures for the Bid Invitation and Bid Tendering for Construction and Engineering Projects, and Measures for Survey and Design Bidding of Construction Projects. Suppliers were selected through tendering. The Group conducted pre-qualification and tender analysis on bidding suppliers. Before working with the Group, suppliers are required to sign Confirmation of Compliance with the Code of Integrity and Professional Ethics.

The risk along to supply chain are mainly environmental pollution and product quality, to mitigate these risks, the Group have adopted following policy below.

Regulations on Procurement Management has been formulated to establish a robust supplier management system, standardise the procurement operation procedure, and better collaborate with suppliers, in order to control procurement risks. The regulation stipulated the roles and responsibilities of the procurement department, procurement standards, criteria used in supplier selection, supplier ranking list, procurement rights management and procurement procedure. The Group's procurement department was responsible for continuously enhancing effectiveness of its supplier management. Principally, there will be no less than three suppliers in each procurement category. If there is a quality problem on service or product provided by a supplier, or a collusion between internal procurement staff and a supplier to raise price or to provide false products, the Group will terminate its cooperation with the supplier involved.

The Group ensures that its suppliers were capable of providing qualified products. Priority was given to companies which are large and medium-sized, awarded with ISO 9001 quality control system certification and with capacity for high-quality mass production. Suppliers were required to submit test reports approved by a product quality assurance agency, such as National Building Material Quality Supervision and Inspection Center and National Fireproof Building Material Quality Supervision and Inspection Center, etc. to prove that the raw materials used were non-toxic and safe.

In addition to quality assurance, environmental performance was also considered in supply chain management. Prospective suppliers were requested to submit their business licences, the environmental impact assessment reports, and the certificates from China Association for Exhibition Centres for selection. The Group visits its suppliers' factories regularly for compliance check.

During the Reporting Period, the Group had a total of 14 suppliers in China, providing construction, lighting and operational services. All engaged suppliers must comply with the above-mentioned policies to minimise the environmental and social risks of the supply chain.

B6. Product Responsibility

Quality Assurance and Customer Satisfaction

The Group is dedicated to maintaining the highest standard of exhibition services quality. Its exhibition design, construction and after-sales service were all certified with the ISO 9001 Quality Management System.

The Group ensures that sufficient resources are available on site for supervision of the project implementation. For quality assurance, onsite checks were conducted against the workmanship and the materials used, according to the requirements of the contracts. Inspection was conducted in every stage of the project. If any defect or any non-conformity with the operating procedures arises, project managers will follow up the case immediately. Remediation will be made accordingly before proceeding to the next stage. Materials used in the projects have obtained respective certificates, so as to ensure that the products meet the desired quality.

To enhance customers' satisfaction, customers were asked to fill in the evaluation form at the end of each project to rate against the parameters such as product quality, control, communication, and service. The Group treasures feedback from customers and strives to make improvement to stay competitive.

During the Reporting Period, the Group did not violate any law and regulation relating to the health and safety of products and services. There was no product recalled due to safety and health reasons. No major complaint nor negative feedback has been received from customers during the Reporting Period. If the Group receives any negative feedback from customers, it will be resolved immediately until no further complaints.

Information Protection

Protection of privacy and confidentiality of stakeholders is of utmost importance. The Group has established the Data Privacy System to prevent data breach, and misuse or abuse of the sensitive information of customers. Employees and business partners are required to sign Confidentiality Agreement with the Group to prevent unauthorised disclosure of information.

It was stated in the Group's Employee Handbook that all employees are obliged to keep trade secrets. The Employee Handbook clearly defined trade secrets and listed measures to protect privacy and confidentiality. For instance, visitors to the office should be accompanied by its employees and are not allowed to read confidential documents. Meetings should not be recorded without authorisation. Circulation of minutes are only restricted to relevant personnel only. Private CDs, floppy disks, or USB drives are not allowed on computers of the Group.

Intellectual Property

The Group extensively introduces innovative designs and services to various customers. Hence, the Group attaches great importance to the protection of intellectual property rights. At all times, Employee shall keep confidential, except authorised by the Group, any trade secrets, confidential information, knowledge, data or other information of the Group relating to its designs, software systems, models and any other intellectual properties.

Clauses on intellectual property rights have been listed in employees' contracts to strictly protect the Group's intellectual property rights, such as copyrights, patents, trademarks, trade secrets, domain names, etc.

Product Labelling and Advertising

The Group strictly complied with applicable laws and regulations, such as Advertising Law of the PRC and Trademark Law of the PRC. During the Reporting Period, no violations of relevant laws and regulations related to product labelling and advertising that have a significant impact on the Group were found.

B7. Anti-corruption

The Group is committed to managing all businesses to avoid undue influence. It upholds honesty, integrity, and fairness as its core values. The Group strictly abides by the Anti-Unfair Competition Law of the PRC, The Company Law of the PRC, Criminal Law of the PRC and other laws, regulations and regulatory documents related to commercial bribery. All directors and employees are required to strictly observe the Group's policy to prevent bribery, extortion, fraud and money laundering.

The Group has formulated the Code of Business Conduct to provide all employees with an official guideline on business conduct. It was stated in the guideline that employees should not have interest conflict with the Group and its customers. Employees and their immediate family members shall not accept, or offer, gifts and benefits from, or to, any personnel who has business engagement or is in business negotiations with the Group.

Employees who offer or accept gifts and benefits must comply with Dowway's Policy on Gifts and Hospitality. Any act that may be considered as bribery and covert payment is prohibited. Suppliers, contractors, and any other companies and/or individuals being regarded by the Group as suppliers or service providers must abide by the Group's procurement policies. Employees' decisions should be based only on price and quality, as well as suppliers' integrity. In the process of considering the signing of such contract or the procurement of goods or services, gifts, benefits, and other personal benefits and concessions shall never be accepted.

The Group has formulated relevant policies on whistleblowing and established whistleblowing channels, including complaint mailboxes, suggestion boxes, and employee committees. Employees can report any suspected fraud and violations to the management. The Integrity Risk Control and Management Team has been set up to monitor employees' integrity. When a suspicious case is reported, an investigation will be conducted by the Integrity Risk Control and Management Team. The identity of the whistle-blower will be kept confidential.

There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

Anti-corruption Training

Employees of the Group play a crucial role in fighting against corruption. The Group has been taking proactive steps to raise employees' awareness. Training sessions on anti-corruption are arranged regularly to introduce relevant national laws and regulations, as well as the Group's own policies on anti-corruption. Employees are reminded of the anti-corruption policies through memorandums on a regular basis. Also, all employees have signed the Rules on Integrity in Business and Integrity Pledge.

During the Reporting Period, a total of 456 hours was spent on anti-corruption training with attendance of 100% of the Group's employees.

B8. Community Involvement

The Group is dedicated to giving back to the community with a focus on supporting the disabled. The Group supports employment of the disabled and have led by example to employ 2 employees with disabilities during the Reporting Period. The employment targets to provide opportunities for people with disabilities to gain working experience and to promote inclusiveness at workplace.

Due to the restrictions of the COVID-19 pandemic, the Group has not arranged visits to the communities in need during the Reporting Period. The Group will continue to support the development of a sustainable and dynamic community through future community engagements.

INDEPENDENT AUDITOR'S REPORT

MOORE

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大華馬施雲
會計師事務所有限公司

To the Shareholders of Dowway Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Dowway Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 79 to 158, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements as at and for the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key Audit Matter
Revenue recognition of exhibition and event related services and exhibition showroom related services (please refer to Notes 2.4(l), 4(a) and 6 to the consolidated financial statements)	
The Group's revenue deriving from provision of exhibition and event related services and exhibition showroom related services amounted to approximately RMB109,720,000 for the year ended 31 December 2022. The recognition of revenue earned from these services is determined using input method based on the progress of the exhibition activities by reference to the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation at the end of the reporting period. The recognition of revenue and direct costs related to the exhibition activities relies on the management's estimation of the progress and outcome of the projects, which is on the basis of contracts, quotations or other correspondences from time to time provided by the suppliers involved and the experience of the management. The management also makes estimates of the total costs based on the budget of each project which includes the expected timetable of the exhibition, the estimation of resources to be consumed, including labour hours and costs.	Our procedures in relation to revenue recognition included: — Understanding, evaluating and testing the management's key internal controls that are present for the Group's budgeting process, cost accumulation process and revenue recognition; — Inspecting, on a sampling basis, the signed contracts, customers' confirmation and other correspondences with the customers to assess the reasonableness of the management's estimate on total contract sum; — Inspecting, on a sampling basis, the budget information, timetable of exhibitions, on which the estimated total costs and the extent of progress toward completion were based, and evaluating the appropriateness of the management's estimation. If the budget cost has been revised, reviewing the updated timetable of exhibitions and other relevant information and evaluating the appropriateness of the revision; — Discussing with project managers the status of the exhibitions or events, to identify any variation and claims for selected projects on a sampling basis, and obtaining explanations for fluctuations in margins. Obtaining corroborative evidence by inspecting progress report, records of deliverables, cash receipts, minutes of management's regular internal meetings and correspondences with customers, as appropriate;

Key audit matter	How our audit addressed the Key Audit Matter
The estimation of the total costs and the extent of progress toward completion will be revised if circumstance changes, for example, when the total costs incurred is different from the amounts that were initially budgeted. Budget costs of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision. We identified the recognition of revenue as a key audit matter as it involves significant estimations and judgements made by the management.	— Evaluating, on a sampling basis, the accuracy of direct costs recognised to date by checking to the supplier invoices and delivery notes of material consumed, invoices or payment application from sub-contractors, payroll records on staff costs or other supporting documents to evaluate the progress of respective exhibitions or events; — Recalculating the estimate of the progress of contract work based on the latest budgeted costs and total actual costs incurred; — Assessing the reliability of the approved budgets by comparing the actual outcome against the management's estimation of completed contracts, on a sample basis; — Confirming with customers the transaction amounts during the year and the receivable balances as at reporting date; — Performing background search and interviewing with the customers, on sample basis, to understand the services contents, contract terms, the acceptance of services rendered and the service progress as at the reporting date; — Checking the mathematical accuracy of the calculation of contract revenue based on the estimate of the progress of exhibitions or events; and — Evaluating reasonableness of percentage of completion of contracts in progress by comparing the percentage calculated based on the costs incurred at the end of reporting period against that calculated based on customers' confirmation, on a sampling basis, and investigating any significant differences identified.

Key audit matter	How our audit addressed the Key Audit Matter

Expected credit loss assessment of trade receivables and contract assets (Please refer to Notes 2.4(f), 3(c) 4(d), 16 and 17 to the consolidated financial statements)

As at 31 December 2022, the gross trade receivables and contract assets of the Group amounted to approximately RMB64,912,000 and RMB80,160,000 respectively, representing approximately 45.6% and 59.4% of the total assets of the Group respectively. The Group's aggregate lifetime expected credit loss (the "ECL") on trade receivables and contract assets as at 31 December 2022 amounted to approximately RMB15,755,000 and RMB16,229,000 respectively.

The management of the Company performed periodic assessment on the recoverability of the trade receivables and contract assets and the sufficiency of the allowance for ECL.

The management of the Company estimated the amount of ECL based on provision matrix through grouping of various customers that have similar loss patterns, after considering the credit profile of respective customers, ageing analysis, historical settlement records, subsequent settlement status and on-going trading relationships with the relevant customers. The provision matrix is based on the Group's historical default rates taking into consideration the forward-looking information that may impact the customers' ability to repay the outstanding balances.

At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

We identified the determination of ECL as a key audit matter as the amounts involved are significant and the determination requires estimations and judgements to be made by the management and involves estimation uncertainty.

Our procedures in relation to expected credit loss assessment of trade receivables and contract assets included:

— Understanding, evaluating and testing management's key internal control and procedures for managing, monitoring the billing and collection process and assessing the recoverability of trade receivables and contract assets;

— Obtaining the ageing analysis of trade receivables and contract assets and discussing with the management of the Company about their evaluation of the background and financial capability of the debtors, evaluation of the impact of disputes with customers and any unforeseen delay of the exhibitions or events and their assessment of the recoverability of the balances;

— Testing the integrity of information used by management to develop the provision matrix, including ageing analysis of trade receivables and contract assets, on a sample basis, by comparing individual items in the analysis with the relevant financial records and other supporting documents;

— Inquiring the management of the Company for (i) the status of each of the material trade receivables past due as at the year ended and (ii) the billing status of each of material contract assets, and corroborating explanation from the management with the supporting evidence such as on-going business relationship with the customers based on the trade records, checking historical and subsequent settlement status of and other correspondence with the customers;

Key audit matter	How our audit addressed the Key Audit Matter
	— Assessing the appropriateness of the expected credit loss provisioning methodology and challenging the management's basis and judgement used, including their identification of trade receivables and contract assets as at the reporting date, the reasonableness of management's grouping in the provision matrix, the accuracy of estimated loss rates (with reference to historical default rates and forward-looking information) applied in each category;
	— Examining the key data inputs to assess the accuracy and completeness and challenging the assumptions including both historical and forward-looking information especially the market data used in determination of the ECL; and
	— Evaluating the adequacy and appropriateness of disclosures regarding the ECL assessment of trade receivables and contract assets made in the consolidated financial statements.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 22 March 2022.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report for the year ended 31 December 2022, but does not include the consolidated financial statements and our auditor's report thereon (the "Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors of the Company in discharging their responsibilities for overseeing the Groups financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Hung, Wan Fong Joanne
Practising Certificate Number: P05419

Hong Kong, 27 March 2023

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	*6*	**177,132**	170,016
Cost of services		**(171,751)**	(155,705)
Gross profit		**5,381**	14,311
Selling expenses		**(7,843)**	(6,582)
Administrative expenses		**(11,729)**	(12,012)
Net allowance for expected credit loss on trade receivables and contract assets	*3(c)*	**(22,376)**	(3,070)
Other income and other gains, net	*7*	**311**	539
Operating loss		**(36,256)**	(6,814)
Finance costs — net	*10*	**(702)**	(793)
Loss before income tax	*8*	**(36,958)**	(7,607)
Income tax expense	*12*	**(9)**	(44)
Loss and total comprehensive expense for the year attributable to owners of the Company		**(36,967)**	(7,651)
Loss per share attributable to owners of the Company	*13*		
Basic and diluted loss per share *(in RMB cents)*		**(32.26)**	(7.65)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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	*14*	**832**	1,906
Right-of-use assets	*15(a)*	**6,498**	9,204
Deposits	*18*	**546**	546
		7,876	11,656
Current assets			
Trade receivables	*16*	**49,157**	47,718
Contract assets	*17*	**63,931**	54,807
Deposits, prepayments and other receivables	*18*	**11,856**	28,065
Cash and cash equivalents	*19*	**4,251**	6,614
		129,195	137,204
Current liabilities			
Trade payables	*20*	**77,191**	57,200
Contract liabilities	*21*	**4,631**	12,774
Accruals and other payables	*20*	**12,826**	6,803
Tax payables		**3,801**	3,822
Bank borrowings	*22*	**10,000**	9,000
Lease liabilities	*15(b)*	**2,031**	2,794
		110,480	92,393
Net current assets		**18,715**	44,811
Total assets less current liabilities		**26,591**	56,467
Non-current liability			
Lease liabilities	*15(b)*	**4,474**	6,505
Net assets		**22,117**	49,962

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		As at 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital	*23*	**1,531**	1,277
Share premium	*23*	**84,813**	76,152
Reserves	*24*	**(64,227)**	(27,467)
Total equity		**22,117**	49,962

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 79 to 158 were approved and authorised for issue by the Board of Directors on 27 March 2023 and are signed on its behalf by:

Huang Xiaodi
Executive Director

Shum Ngok Wa
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

		Attributable to owners of the Company						
	Notes	**Share capital** *RMB'000* *(Notes 23)*	**Share premium** *RMB'000* *(Notes 23)*	**Statutory Reserves*** *RMB'000* *(Notes 24)*	**Share-option reserves*** *RMB'000* *(Notes 24)*	**Other reserves*** *RMB'000* *(Notes 24)*	**Accumulated losses*** *RMB'000* *(Notes 24)*	**Total equity** *RMB'000*
As at 1 January 2021		1,277	76,152	3,211	1,596	(9,600)	(16,217)	56,419
Total comprehensive expense		–	–	–	–	–	(7,651)	(7,651)
Transaction with owners of the Company:								
Share-based payment expenses	*25(b)*	–	–	–	1,194	–	–	1,194
As at 31 December 2021 and 1 January 2022		1,277	76,152	3,211	2,790	(9,600)	(23,868)	49,962
Total comprehensive expense		**–**	**–**	**–**	**–**	**–**	**(36,967)**	**(36,967)**
Transaction with owners of the Company:								
Share placing	*23*	**254**	**8,661**	**–**	**–**	**–**	**–**	**8,915**
Lapse of share options	*25(a)*	**–**	**–**	**–**	**(301)**	**–**	**301**	**–**
Share-based payments expenses	*25(b)*	**–**	**–**	**–**	**207**	**–**	**–**	**207**
Cancellation of share options	*25(a)*	**–**	**–**	**–**	**(2,696)**	**–**	**2,696**	**–**
As at 31 December 2022		**1,531**	**84,813**	**3,211**	**–**	**(9,600)**	**(57,838)**	**22,117**

* These reserves accounts comprise the consolidated reserves of approximately RMB64,227,000 (2021: RMB27,467,000) in the consolidated statement of financial position.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

		Year ended 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
Cash flows from operating activities			
Cash used in operations	*27*	**(8,357)**	(5,212)
Income tax paid		**(30)**	(44)
Net cash used in operating activities		**(8,387)**	(5,256)
Cash flows from investing activities			
Purchases of plant and equipment	*14*	**(12)**	(263)
Interest received		**15**	18
Net cash generated from/(used in) investing activities		**3**	(245)
Cash flows from financing activities			
Net proceeds from placing of new shares		**8,915**	–
Proceeds from borrowings		**10,000**	9,000
Repayment of borrowings		**(9,000)**	(9,000)
Interest paid on borrowings		**(345)**	(343)
Interest elements of lease payments		**(325)**	(398)
Principal elements of lease payments		**(2,794)**	(2,661)
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 beginning of year		**6,614**	15,312
Effect of foreign exchange rate changes on cash and cash equivalents		**(430)**	205
Cash and cash equivalents at end of year	*19*	**4,251**	6,614

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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 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 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

These 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, these 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.

It should be noted that accounting estimates and assumptions have been used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in Note 4 "Critical accounting judgements and estimates".

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of preparation and presentation *(Continued)*

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 these 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

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of preparation and presentation *(Continued)*

New or amendments to HKFRSs not yet effective *(Continued)*

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.

2.3 Going Concern

The Group incurred a net loss of approximately RMB36,967,000 and had a net operating cash outflow of approximately RMB8,387,000 for the year ended 31 December 2022. As at that date, the Group had total bank borrowings of approximately RMB10,000,000, all of which were repayable within 12 months, while the Group's cash and cash equivalents amounted to approximately RMB4,251,000. Though the Group's current assets exceeded its current liabilities by approximately RMB18,715,000 as at 31 December 2022, the Group's current assets included contract assets of approximately RMB63,931,000 which have yet to be reclassified as trade receivables upon the certification or confirmation by the customers. These conditions indicate the existence of material uncertainties which may cast doubt about the ability of the Group to continue as going concern.

Following the continuous outbreak of Coronavirus Disease 2019 (the "COVID-19 pandemic"), a series of precautionary and control measures have been implemented across the PRC, which inevitably has negatively impacted the Group's exhibition and event business, and the global economic downturn lowered the consumer sentiment which made the operations of the Group resumed slowly.

In view of such circumstances, the directors of the Company have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have reviewed the cash flow projection of the Group prepared by the management covering a period of not less than twelve months from the date of approval of these financial statements taking into account the following plans and measures:

(i) Despite the gradual uplifting of the control and precautionary measures in relation to COVID-19 pandemic, the Group will continue with its cost-control measures while closely monitoring its operations and taking appropriate actions when necessary. The Group is confident that its operations will resume to normal levels and generate cash inflows from its operations;

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Going Concern *(Continued)*

(ii) The Group will monitor the progress of the exhibition and event projects and ensure that they will be completed and receive the service fees in the expected timeframe;

(iii) The Group will seek for extension and renewal of its other bank borrowings upon maturity; and

(iv) The Group will also continue to seek for other alternative financing, such as equity financing to finance the settlement of its existing financial obligations and future operating expenditures.

The directors of the Company, after due consideration of the basis of management's plans and measures as well as the reasonably possible downside changes to the cash flow projections, are confident that the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from the date of this report. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, whilst management believes the Group is able to achieve its plans and measures as described above, the cash flow projections incorporate assumptions about future events and conditions which are subject to inherent uncertainties. In particular, whether the Group will be able to continue as a going concern would depend upon the cash inflows generated from its exhibition and event business and the timing of full resumption of exhibitions and events business.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any future liabilities that may arise and to re-classify non-current assets and liabilities as current assets and liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.4 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

a. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. Control is achieved when the Company has power over the investee, that expose or give rights to variable returns from its involvement with the investee, and the Company is able to use its power to affect the amount of returns from the investee. Generally, control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above.

Consolidation

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

a. Basis of consolidation *(Continued)*

Consolidation (Continued)
Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective.

Effective from 1 January 2021, the Group can elect to apply an optional concentration test, on a transaction- by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is measured based on the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the equity holders of the subsidiary in their capacity as owners.

Disposal of subsidiary
When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any investment retained and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The Group's share of components previously recognised in other comprehensive income is reclassified to the consolidated income statement or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

a. Basis of consolidation *(Continued)*

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

b. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "translation reserve".

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

c. *Plant and equipment*

Plant and equipment held for use in the production or supply of goods or services, or for administrative purpose are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an item of plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item and the cost of such item can be measured reliably, the expenditure is capitalised as an additional cost of the item.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated economic useful lives, using the straight- line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Motor vehicles	5 years
Equipment	3 years
Furniture	3-5 years

Right-of-use assets for buildings and other assets are depreciated over their expected useful lives on the same basis as owned. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the lease term.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

d. *Impairment of non-financial assets*

At the end of each reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of- use assets with finite useful lives and contract cost to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

d. Impairment of non-financial assets *(Continued)*

The recoverable amount of plant and equipment, right-of- use assets, and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the CGU to which they belong for the purpose of evaluating impairment of that CGU.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

d. Impairment of non-financial assets *(Continued)*

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

e. Lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(A) As a lessee

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

e. Lease (Continued)

(A) As a lessee (Continued)

The cost of right-of-use assets

The cost of right-of-use assets includes:

— the amount of the initial measurement of lease liability;

— any lease payments made at or before the commencement date, less any lease incentives received;

— any initial direct costs incurred by the Group; and

— where applicable, an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the underlying the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, discounted to their present value under HKAS 37 "Provisions, contingent liabilities and contingent assets".

The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (see Note 15), and adjusted for any remeasurement of lease liabilities, other than adjustments to lease liabilities resulting from COVID-19-Related rent concessions in which the Group applied the practical expedient.

The right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of the lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

e. Lease *(Continued)*

(A) As a lessee *(Continued)*

Lease liabilities *(Continued)*

The lease payments include:

— fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

— variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;

— the amount expected to be payable by the Group under residual value guarantees;

— the exercise price of purchase options, if the Group is reasonably certain to exercise the option; and

— payments of penalties for terminating the lease, if the lease term reflects the Group exercising of an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability right-of-use assets, and are recognised as expense in the accounting period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

— the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

— the lease payments changes due to changes in market rental rates following a market rent review or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

e. Lease (Continued)

(A) As a lessee (Continued)

Lease modification

Except for COVID-19-Related rent concession in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

— the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

— the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discounted rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

COVID-19-Related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

— the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

— any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

— there is no substantive change to other terms and conditions of the lease.

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

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

f. Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVPL are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Classification and subsequent measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL.

The Group assesses the classification and measurement of a financial asset based on the contractual cash flows characteristics of the asset and the Group's business model for managing the asset.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

— the financial asset is held within a business model whose objective is to collect contractual cash flows; and

— the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVOCI:

— the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

— the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

f. Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

All other financial assets are subsequently measured at FVPL, except that at the date of initial application of HKFRS9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

Financial assets are classified as FVPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of business combination to which HKFRS applies; (ii) held for trading; or (iii) it is designated at FVPL.

A financial asset is classified as held for trading if:

— it has been acquired principally for the purpose of selling in the near term; or

— on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

— it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVOCI as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to the expected credit loss ("ECL") assessment.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

f. Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost *(Continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as other income.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, contract assets deposits and other receivables and bank balances). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Group always recognises simplified approach and recorded lifetime ECLs for trade receivables and contract assets (if any) that result from transactions within the scope of HKFRS 15 and the ECL on these assets are assessed individually for debtors with significant balances.

For all other instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in this likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial assets being credit-impaired at the reporting date or an actual default occurring.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

f. *Financial instruments* *(Continued)*

Financial assets (Continued)

Impairment under ECL model *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, government bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations; and

— past due information.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

f. Financial instruments *(Continued)*

Financial assets (Continued)

Impairment under ECL model *(Continued)*

(i) Significant increase in credit risk *(Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. The Group considers a financial instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when (i) a trade receivable is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

f. Financial instruments (Continued)

Financial assets (Continued)

Impairment under ECL model *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

— significant financial difficulty of the issuer or the borrower;

— a breach of contract, such as a default or past due event;

— the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

— it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

When assessing the likelihood of the borrower to pay its credit obligation, the Group takes into account both quantitative and qualitative indicators. Qualitative indicator, such as the breach of covenants, and quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess credit-impaired which are either developed internally or obtained from external sources.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group reassesses whether the financial assets measured at amortised cost are credit-impaired at each reporting date.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

f. *Financial instruments* *(Continued)*

Financial assets (Continued)

Impairment under ECL model *(Continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. As for the exposure at default, for financial assets, these are represented by the assets' gross carrying amount at the reporting date.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

— nature of financial instruments (i.e. the Group's trade receivables, deposits and other receivables are each assessed as a separate group);

— past-due status; and

— external credit ratings where available.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

f. Financial instruments *(Continued)*

Financial assets (Continued)

Impairment under ECL model *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gains or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognised its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognised the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

f. Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

The Group classifies its financial liabilities at initial recognition, as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Financial liabilities subsequently measured at amortised cost

After initial recognition, the financial liabilities including trade payables, accruals and other payables, lease liabilities, bank borrowings are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Derecognition of financial liabilities

The Group derecognises the financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

f. Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

g. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

h. Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and demand deposits, and short-term, highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

i. Employee benefits

(a) Pension obligations

The Group contributes on a monthly basis at certain percentage of the employee’s salaries to various defined contribution retirement benefit plans organised by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans. The contributions are recognised as employee benefit expense when they are due.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

i. Employee benefits (Continued)

(b) Housing funds

The PRC employees of the Group are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to those funds based on a certain percentage of the employee's salaries. The Group's liabilities in respect of these funds is limited to the contributions payable in each period.

The Group has no legal or construction obligations to pay further contributions after payment of the fixed contributions.

j. Equity-settled share-based payment transactions

The Group operates a share option scheme for remuneration of its employees (including the directors of the Company) and other eligible participants.

The employee services received in exchange for the grant of any share options are measured at their fair value. These are indirectly determined by reference to the share options granted. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All services received in exchange for the grant of share options is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in "Share-based payment reserve" within equity. If service or non-market performance conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market performance and service conditions are included in assumptions about the number of share options that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share- based payment reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve and the proceeds received net of any directly attributable transaction costs up to the nominal value of the share issued are reallocated to share capital with any excess being recorded as share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

j. Equity-settled share-based payment transactions (Continued)

Where a grant of share options is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met.

k. Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

l. Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount the reflects the consideration to which the entity expects to be entitled in exchange for those services. The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

— the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

I. Revenue recognition *(Continued)*

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

— direct measurements of the value transferred by the Group to the customer; or

— the Group's efforts or inputs to the satisfaction of the performance obligation.

If a contract involves multiple services, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for ECL in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Costs to fulfil a contract

The Group incurs costs to fulfill a contract in its exhibition and trade show contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant Standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

I. Revenue recognition *(Continued)*

Costs to fulfil a contract (Continued)

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to ECL review.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. The customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Principal versus agent

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions which follows the accounting guidance for principal-agent considerations in HKFRS 15.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue from the following major sources: 1) provision of exhibition and event related services; and 2) provision of advertising related services. The Group's revenue recognition policies on each of these revenue sources are as follows:

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

I. Revenue recognition *(Continued)*

Provision of exhibition and event related services and exhibition showroom related services
The Group provides services in the design, planning, coordination and management of the exhibitions and events. Revenue from providing these services is recognised in the accounting period in which the services are rendered.

In the contract with the customer, a series of distinct exhibition and event related services has the same pattern of transferring the control of the services to the customer. Therefore, series guidance is applied and the Group accounts for a series of distinct exhibitions and event related services as one performance obligation. As the Group's performance does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date and so revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation with the input method, under which, revenue is recognised on the basis of the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

When applying the input method, the management makes estimates of the total costs based on the budget of each project which includes the expected time table of the exhibition and the estimation of resources to be consumed, including labour hours and costs.

The estimation of the total costs and the extent of progress toward completion will be revised if circumstances change, for example, when the total costs incurred is different from the amounts that were initially budgeted. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

The Group usually receives the payment from customers based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Advertisement related services
The Group provides one-stop online marketing solutions, including traffic information acquisition from top online publishers, participation in content production, raw data analysis and advertisement campaign optimisation, to advertisers. The customers simultaneously receive and consume the benefits when the advertisements are released on the designated online media platform. Revenue from advertisement related services is recognised over time using the output method, which mainly based on optimised Cost Per Mille ("oCPM") or optimised Cost Per Click ("oCPC").

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

l. Revenue recognition *(Continued)*

Advertisement related services (Continued)

While none of the factors individually is considered presumptive or determinative, in this arrangement the Group is the primary obligor and is responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers, the Group is primarily responsible for delivering the specified services to the advertisers; (ii) identifying online publishers to provide online spaces whereby the Group views the online publishers as suppliers; (iii) bearing the sole responsibility as consultant for advertising content integrated and fulfilment of the advertising; (iv) acquires use traffic information from online publishers which cannot be compensated by total consideration received from the advertisers, which is similar to inventory risk; and (v) having the discretion to establish the prices of advertising related services with the customers, the Group acts as the principal of these arrangements and therefore recognises revenue earned and costs incurred related to these transactions on a gross basis.

m. Taxation

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carried forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carried forward unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

m. *Taxation* *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

n. *Government grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under “Other income” in the profit or loss.

o. *Related parties*

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person’s family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

o. *Related parties* *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

Categories of financial instruments

	2022 *RMB'000*	2021 *RMB'000*
Financial assets		
At amortised cost		
— Trade receivables	49,157	47,718
— Deposits and other receivables	2,706	4,011
— Cash and cash equivalents	4,251	6,614
	56,114	58,343
Financial liabilities		
At amortised cost		
— Trade payables	77,191	57,200
— Other payables	1,875	1,157
— Bank borrowings	10,000	9,000
— Lease liabilities	6,505	9,299
	95,571	76,656

The Group's major financial instruments include trade receivables, deposits and other receivables, cash and cash equivalents, trade payables, accruals and other payables, lease liabilities and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(a) Currency risk

Currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to currency exchange rate is minimal as substantially all of the Group's monetary assets and liabilities are denominated in HK$ and RMB, which are same as the functional currency of the respective group entities.

Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk. The Group manages foreign currency risk by closely monitoring the proportion of its non-HK$ and RMB assets and liabilities.

(b) Interest rate risk

The Group was exposed to fair value interest rate risk in relation to fixed rate bank borrowings (see Note 22), while the Group was exposed to cash flow interest rate risk in relate to its bank balance, which the directors considered the exposure and interest rate risk is insignificant.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

(c) Credit risk

The Group was exposed to credit risk in relation to its (i) trade receivables; (ii) deposits and other receivables; (iii) contract assets; and (iv) bank balances.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position.

The Group implemented standardised management procedures over the processes of target customers' selection, monitoring and management of non-performing receivables and other aspects. Through implementation of relevant credit risk management policies and procedures, the optimisation of the portfolio of receivables, the Group is able to timely and effectively identify, monitor and manage its potential credit risks.

Changes in the economic environment will have an impact on the Group's receivables, and the adverse effects will increase the possibility of losses incurred by the Group. The management of the Company are responsible for the management of credit risks, and periodically report on the quality of assets to the directors of the Company.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables and contract assets

For trade receivables and contract assets, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collateral in respect of its trade receivables.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has concentration of credit risk as 29% (2021: 54%) and 13% (2021: 42%) of the total trade receivables and contract assets of the Group, respectively, were due from the largest customer and 74% (2021: 83%) and 48% (2021: 68%) of the total trade receivables and contract assets of the Group, respectively, were due from the largest five customers, one of which is an advertisement company which provides advertising and promotion services for customers in the PRC and the others are all automobile companies which manufacture and sell cars in the PRC (2021: same).

Should there be change in the strategic relationships with these main customers that might cause change in the cooperative arrangements; or if they experience financial difficulties themselves which in turn causes difficulties in their settling payables to the Group, the Group's revenue from these customers which are mainly automobile companies might be adversely affected due to deterioration in recoverability of trade receivables and contract assets from them.

To manage this risk, the Group's management team maintains frequent communications with their contacts at those automobile companies to ensure the Group captures the most updated understanding about relevant customer's business status and assesses their credibility. In view of the smooth cooperation history with these automobile companies and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding trade receivable and contract assets 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 applies HKFRS 9 simplified approach to measure the ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets from initial recognition.

The impairment assessment under ECL model is performed on trade receivables and contract assets individually or based on provision matrix.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables and contract assets *(Continued)*

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables and contract assets are grouped under a provision matrix based on shared credit risk characteristics by reference to the repayment history over a period of 12 months and the corresponding historical credit losses experienced within this period. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had considered that the gross domestic growth and consumer price index are to be the most relevant factor, and these are applied in the ECL model given some significant changes in the market indexes, and accordingly, adjusted the historical loss rates based on expected changes of these factors.

The directors of the Company are of the opinion that there has been no default occurred in respect of certain largest customers past due 90 days or more and the balances are still considered fully recoverable due to long term and on-going business relationship and good repayment record from these customers. As such, the directors of the Company considered that the presumption of default could be rebutted for certain largest customers.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at reporting date.

31 December 2022	Automobile companies			Non-automobile companies			Advertisement companies		
	Expected loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*	Expected loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*	Expected loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*
0-30 days past due	13.9%	29,321	4,064	19.0%	6,607	1,255	4.3%	18,832	802
31-120 days past due	21.6%	46	10	27.9%	10	3	–	–	–
120-300 days past due	32.4%	106	34	38.1%	650	247	–	–	–
More than 300 days past due	100.0%	5,650	5,650	100.0%	3,690	3,690	–	–	–
Total		35,123	9,758		10,957	5,195		18,832	802

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables and contract assets *(Continued)*

31 December 2021	Automobile companies			Non-automobile companies			Advertisement companies		
	Expected loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*	Expected loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*	Expected loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*
0-30 days past due	0.9%	8,097	73	16.5%	21,046	3,469	4.3%	18,832	805
31-120 days past due	3.1%	–	–	29.4%	4,304	1,267	–	–	–
120-300 days past due	5.6%	584	33	49.5%	434	215	–	–	–
More than 300 days past due	100.0%	19	19	82.6%	1,624	1,341	–	–	–
Total		8,700	125		27,408	6,292		18,832	805

The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets, and the forward-looking information determined in above was also incorporated to estimate the loss allowance of contract assets.

The following table provides information about the exposure to credit risk and ECL for contract assets as at reporting date.

	Automobile companies			Non-automobile companies		
	Expected loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*	Expected loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*
31 December 2022	**13.9%**	**41,048**	**5,689**	**26.9%**	**39,112**	**10,540**
31 December 2021	0.9%	29,538	267	7.7%	27,655	2,119

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables and contract assets *(Continued)*

Changes in the loss allowance for trade receivables are mainly due to:

(i) Additional trade receivables were identified as and considered credit-impaired as at 31 December 2022, with gross carrying amounts of RMB5,650,000 from automobile companies and RMB3,690,000 from non-automobile companies; and

(ii) Significant increase in expected loss rates for trade receivables from automobile companies due to slower settlement patterns during the year.

The movement of loss allowance provision for trade receivables and contract assets were as follows:

	Contract assets		Trade receivables	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Allowance for ECL as at 1 January	**2,386**	2,915	**7,222**	3,623
Net allowance for ECL recognised/(reversed) during the year	**13,843**	(529)	**8,533**	3,599
Allowance for ECL as at 31 December	**16,229**	2,386	**15,755**	7,222

At 31 December 2022, the Group has trade receivables with gross amount of approximately RMB9,340,000 (2021: RMB1,360,000) respectively, being credit impaired since the management of the Group considered these balances are unlikely to be recoverable or partially recoverable. No contract assets has been credit impaired.

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

Other financial assets at amortised cost

For the deposits and other receivables, they are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. The Group uses the past-due information of counterparties to assess whether credit risk has increased significantly since initial recognition. As at the reporting date, the balances are not past due, and based on historical experience, majority of these balances were settled shortly upon maturity, hence the associated credit risk is minimal. The management considered that the identified impairment loss under expected credit loss model was immaterial.

The Group's cash and cash equivalents and pledged deposits are placed in reputable financial institutions with sound credit ratings assigned by international credit rating agencies. The management believes there is no significant credit risk of loss on such assets.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Performing	The counterparty has a low to moderate risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(c) Credit risk *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2022 *RMB'000*	Gross carrying amount 2021 *RMB'000*
Financial assets at amortised cost:					
Trade receivables	*16*	Performing	Lifetime ECL (not credit-impaired)	**55,571**	53,297
		Non-performing	Lifetime ECL (credit-impaired)	**9,341**	1,643
Deposits and other receivables, excluding prepayments and goods and services tax receivables	*18*	Performing	12m ECL	**2,706**	4,011
Cash and cash equivalents	*19*	N/A	12m ECL	**4,251**	6,614
Other item: Contract assets	*17*	Performing	Lifetime ECL (not credit-impaired)	**80,160**	57,193

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(d) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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

The directors have carried out a detailed review of the cash flow forecast of the Group covering a period of not less than twelve months from the date of this report and other measures taken by the management as referred to in Note 2.3 to the consolidated financial statements, and consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the twelve months from 31 December 2022.

The table below analyses the non-derivative financial liabilities and lease liabilities of the Group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balances within 1 year other than bank borrowings and lease liabilities, equal their carrying balances as impact from discounting is not significant.

	Weighted average interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022						
Trade and other payables (excluding accrued employee benefits and other taxes)	**N/A**	**79,066**	**–**	**–**	**79,066**	**79,066**
Borrowings	**3.74%**	**10,194**	**–**	**–**	**10,194**	**10,000**
Lease liabilities	**4.41%**	**2,271**	**2,317**	**2,363**	**6,951**	**6,505**
		91,531	**2,317**	**2,363**	**96,211**	**95,571**
As at 31 December 2021						
Trade and other payables (excluding accrued employee benefits and other taxes)	N/A	58,357	–	–	58,357	58,357
Borrowings	3.85%	9,186	–	–	9,186	9,000
Lease liabilities	4.41%	3,151	2,271	4,680	10,102	9,299
		70,694	2,271	4,680	77,645	76,656

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY *(Continued)*

(e) Capital risk management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debts. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years

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

The gearing ratios were as follows:

	2022 ***RMB'000***	2021 *RMB'000*
Total interest-bearing borrowings	**10,000**	9,000
Total equity	**22,117**	49,962
Gearing ratio	**45.21%**	18.01%

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the adoption of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Measure of progress of exhibitions and events for revenue recognition

The Group measures progress of exhibitions and events and recognises its revenue according to the proportion of actual costs of work performed to date as compared to total budgeted costs of works. Due to the nature of the activities undertaken in these projects, the date at which the project activities are entered into and the date when the activities are completed may fall into different accounting periods.

The management estimates the revenue and budgeted costs at the commencement of the exhibitions and events and regularly assesses the progress as well as the financial impact of scope changes, claims, disputes and liquidation damages. Budgeted costs which mainly comprise labor costs, subcontracting charges, material and consumables and other costs are estimated by the management. Any significant variances in estimations of the budget costs will impact the measurement of progress which drives the revenue recognition of works in an accounting period. The management constantly conducts periodic review of the relevance of budgets by reviewing the actual amounts incurred and comparing with previous estimated amounts in order to mitigate the exposure to significant variances.

(b) Current and deferred income tax

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of current and deferred income tax in the period in which such estimates are changed.

(c) Principal and agent consideration in revenue recognition from advertising related services

In determining whether the Group is acting as a principal or as an agent in the provision of advertising related services based on the applicable accounting guidance, judgements and considerations of all relevant facts and circumstances are both required. The determination of whether revenue should be reported on a gross or net basis is based on the assessment of whether the Group acts as a principal or an agent in the transactions, taking into account the nature of specified services and whether the Group obtains controls of the specified services before transferring to advertisers. Management considers in combination whether: (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before the specified service has been transferred to a customer; (c) whether the Group has discretion in establishing the prices for the specified service; and (d) whether the Group has discretion in selecting suppliers. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on different circumstances.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Allowance for ECL on trade receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions. The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix.

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the Group used provision matrix to calculate the ECL for its trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar credit risk characteristics. The provision matrix is based on relevant historical loss rates taking into consideration forward looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the estimated loss rates are reassessed and changes in forward looking information are considered.

The assessment requires management judgement and estimates. Where the actual outcome or expectation in future is different from original estimate, such differences will impact the carrying amount of trade receivables and contract assets and credit loss allowance in the period in which the estimate has been changed.

(e) Impairment of non-financial assets

Plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

No impairment losses were recognised during the year ended 31 December 2022.

5. 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

5. SEGMENT INFORMATION *(Continued)*

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	109,720	67,412	177,132
Results of reportable segments	(27,271)	(6,437)	(33,708)
Corporate incomes			311
Corporate expenses			(2,859)
Operating loss			(36,256)
Finance costs — net			(702)
Loss before income tax			(36,958)
Income tax expense			(9)
Loss for the year			(36,967)
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	14,671	7,705	22,376
Other segment information:			
Addition to plant and equipment *	12	–	12

5. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

Year ended 31 December 2021

	Exhibition and event related services *RMB'000*	Advertisement related services *RMB'000*	Total *RMB'000*
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.

5. SEGMENT INFORMATION *(Continued)*

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	2021
	RMB'000	*RMB'000*
Customer A[1]	**50,743**	24,279
Customer B[1]	**–[2]**	21,296
	50,743	45,575

(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.

6. REVENUE

	2022	2021
	RMB'000	*RMB'000*
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
	177,132	170,016

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.

7. OTHER INCOME AND OTHER GAINS, NET

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

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.

8. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived after charging:

	2022 RMB'000	2021 RMB'000
Cost of services provided by suppliers		
— Exhibition and event related services	88,287	80,373
— Exhibition showroom related services	10,453	29,405
— Advertisement related services	62,013	37,898
	160,753	147,676
Employee benefit expenses, including directors' emoluments *(Note 9) (Note iv)*	9,634	9,975
Depreciation on plant and equipment *(Note 14) (Note i)*	1,086	1,187
Depreciation on right-of-use assets *(note 15) (Note ii)*	2,706	2,552
Expenses relating to short-term leases *(Note iii)*	149	148
Auditors' remuneration		
— Audit services	791	1,100

Notes:

(i) Total depreciation of plant and equipment of approximately RMB1,086,000 (2021: RMB1,187,000) has been charged to cost of services and administrative expenses for the year ended 31 December 2022.

(ii) Total depreciation of right-of-use assets of approximately RMB2,706,000 (2021: RMB2,552,000) has been charged to administrative expenses for the year ended 31 December 2022.

(iii) Total operating lease expense in respect of short-term leases of approximately RMB149,000 (2021: RMB148,000) has been charged to cost of services for the year ended 31 December 2022, respectively.

(iv) Total staff costs of approximately RMB5,074,000 and RMB4,560,000 (2021: RMB2,231,000 and RMB7,744,000) has been charged to cost of services and administrative expenses for the year ended 31 December 2022, respectively.

9. EMPLOYEE BENEFIT EXPENSES

	2022 RMB'000	2021 RMB'000
Wages and salaries	6,915	7,109
Share based payment expense *(Note 25(b))*	207	1,194
Pension scheme and other social security costs	1,087	971
Housing benefits	705	328
Other costs and benefits	720	373
	9,634	9,975

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2021: three) directors whose emoluments are reflected in the analysis shown in Note 29. Details of the remuneration for the year of the remaining two (2021: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 RMB'000	2021 RMB'000
Wages and salaries	652	528
Share based payment expense	19	50
Pension scheme and other social security costs	155	161
Housing benefits	64	75
Other costs and benefits	5	10
	895	824

9. EMPLOYEE BENEFIT EXPENSES *(Continued)*

The number of highest paid employee who are not directors whose remuneration fell within the following band:

	Number of individuals 2022	2021
Emoluments band *(in HK$)*		
Nil – HK$1,000,000 (Equivalent to Nil – RMB894,000)	**2**	2

No bonuses have been paid to the Company's five highest paid employees for the year ended 31 December 2022 (2021: Nil). Share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 25 to the consolidated financial statements.

During the year ended 31 December 2022, no emolument (2021: Nil) was paid or payable by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

10. FINANCE COSTS — NET

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

11. SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Registered/ Issued capital	Ownership interest held by the Company			
				directly		indirectly	
				2022	2021	2022	2021
				%	%	%	%
Dowway International Company Limited	Hong Kong, limited liability company*	Investment holding/ Hong Kong	HKD1	**100**	100	**–**	–
Beijing Dowway International Exhibition Company Limited ("Beijing Dowway")	The PRC, limited liability company#	Exhibition and event related services/ The PRC	RMB40,000,000	**–**	–	**100**	100
Tianjin Dowway International Exhibition Company Limited	The PRC, limited liability company@	Inactive/The PRC	RMB500,000	**–**	–	**100**	100
Beijing Dowway Cultural Technology Company Limited ("Dowway Cultural")	The PRC, limited liability company@	Exhibition showroom related services and advertisement related services/ The PRC	RMB20,000,000	**–**	–	**100**	100
Connected-To-Create (CTC) PR Consultant Company Limited	The PRC, limited liability company@	Exhibition and event related services/ The PRC	RMB5,000,000	**–**	–	**100**	100
Sense and Creative Technology Company Limited	The PRC, limited liability company@	Exhibition and event related services/ The PRC	RMB5,000,000	**–**	–	**100**	100

* Registered as company limited by shares under Hong Kong law.
# Registered as wholly foreign owned enterprises under the PRC law.
@ Registered as limited liability company wholly owned by Beijing Dowway under the PRC law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. INCOME TAX EXPENSE

	2022 *RMB'000*	2021 *RMB'000*
Current tax — the PRC enterprise income tax ("EIT")	9	44
Deferred tax	–	–
Income tax expense	9	44

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) The 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).

The income tax expense for the year can be reconciled to the accounting loss before income tax per the profit or loss as follows:

	2022 *RMB'000*	2021 *RMB'000*
Loss before income tax	(36,958)	(7,607)
Tax expense calculated at applicable PRC statutory tax rate of 25%	(9,239)	(1,902)
Difference in tax rates	433	321
Income not taxable for tax purposes	(186)	(84)
Expenses not deductible for tax purposes	258	849
Under-provision of tax in respect of prior years	423	44
Tax effect of unrecognised tax losses	2,726	48
Tax effect of unrecognised deductible temporary differences	5,594	768
Income tax expense	9	44

12. INCOME TAX EXPENSE *(Continued)*

As at 31 December 2022, the Group has estimated unused tax losses and deductible temporary differences arising in the PRC of approximately RMB7,449,000 and RMB31,984,000 (2021: RMB4,723,000 and RMB9,608,000) respectively, subject to the agreement of tax bureau in the PRC. Deferred tax assets have not been recognised in respect of these items as it is not considered probable that profits will be available against which the above items can be utilised.

The estimated unused tax losses will be available for offsetting against future profits for a maximum period of five years from the reporting date.

The expiry date of tax losses is as follow:

	2022 RMB'000	2021 RMB'000
31 December 2023	–	184
31 December 2024	4,489	4,489
31 December 2025	10,453	10,453
31 December 2026	3,766	3,766
31 December 2027	11,287	–
At the end of the year	29,995	18,892

According to the PRC tax regulations, distribution of profits earned by the PRC companies to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies. The requirement was effective from 1 January 2008 and applies to earnings after 31 December 2007.

As at 31 December 2022, none of the Group's PRC subsidiaries had distributable profits (2021: the Group's PRC subsidiaries has total distributable profits of approximately RMB2,594,000). The Group does not have any plan to require the PRC subsidiaries to distribute the remaining earnings, if any, and intends to retain them to operate and expand its business in the PRC. As a result, no deferred tax liability on withholding tax was recognised.

13. 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 *(in RMB)*	**(36,967,000)**	(7,651,000)
Weighted average number of ordinary shares in issue *(thousand)*	**114,575**	100,000
Basic loss per share *(in RMB cents)*	**(32.26)**	(7.65)

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 HKUS0.002 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 (Note 25). 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 years 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 years 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.

14. PLANT AND EQUIPMENT

	Motor vehicles *RMB'000*	Equipment and furniture *RMB'000*	Total *RMB'000*
Year ended 31 December 2021			
Opening net book amount	747	2,083	2,830
Additions	–	263	263
Depreciation charge *(Note 8)*	(290)	(897)	(1,187)
Closing net book amount	457	1,449	1,906
As at 31 December 2021			
Cost	2,139	5,597	7,736
Accumulated depreciation	(1,682)	(4,148)	(5,830)
Net book amount	457	1,449	1,906
Year ended 31 December 2022			
Opening net book amount	**457**	**1,449**	**1,906**
Additions	**–**	**12**	**12**
Depreciation charge *(Note 8)*	**(290)**	**(796)**	**(1,086)**
Closing net book amount	**167**	**665**	**832**
As at 31 December 2022			
Cost	**2,139**	**5,609**	**7,748**
Accumulated depreciation	**(1,972)**	**(4,944)**	**(6,916)**
Net book amount	**167**	**665**	**832**

15. LEASES

(a) Right-of-use assets

The Group has lease contracts for the offices and warehouses used for its operation. Those leases generally run for an initial period of two to five years (2021: two to five years). There are no lease contracts that include variable lease payments. No extension or termination options, nor variable lease payments, were contained in the above lease contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2022 ***RMB'000***	2021 *RMB'000*
As at 1 January	**9,204**	1,496
Additions	**–**	10,260
Depreciation charged *(Note 8)*	**(2,706)**	(2,552)
As at 31 December	**6,498**	9,204

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Offices *RMB'000*
Carrying amount at 1 January 2021	1,700
New leases	10,260
Accretion of interest during the year	398
Principal elements of lease payments	(2,661)
Interest elements of lease payments	(398)
Carrying amount at 31 December 2021 and 1 January 2022	**9,299**
Accretion of interest during the year	**325**
Principal elements of lease payments	**(2,794)**
Interest elements of lease payments	**(325)**
Carrying amount at 31 December 2022	**6,505**

15. LEASES *(Continued)*

(b) Lease liabilities *(Continued)*

	2022 RMB'000	2021 RMB'000
Analysed into:		
Current portion	**2,031**	2,794
Non-current portion	**4,474**	6,505
	6,505	9,299

The weighted average incremental borrowing rates applied to lease liabilities was 4.41% (2021: 4.41%). The total movement and cash outflow for leases and the maturity analysis of the lease liabilities are disclosed in Notes 27 and 3(d) to the consolidated financial statements, respectively.

The maturity analysis of lease liabilities is as follows:

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
As at 31 December 2022	**2,031**	**2,166**	**2,308**	**6,505**
As at 31 December 2021	2,794	2,031	4,474	9,299

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities *(Note 10)*	**325**	398
Depreciation charged on right-of-use assets *(Note 8)*	**2,706**	2,552
Expenses relating to short-term leases *(Note 8)*	**149**	148

(d) Leases committed

As at 31 December 2022, the Group did not enter into any new leases that are not yet commenced (2021: Nil).

16. TRADE RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables	64,912	54,940
Less: allowance for ECL	(15,755)	(7,222)
Trade receivables — net	49,157	47,718
Arising from:		
Exhibition and event related services	31,127	29,691
Advertising related services	18,030	18,027
	49,157	47,718

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

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.

Details of impairment assessment of trade receivables are set out in Note 3(c).

17. CONTRACT ASSETS

The Group has recognised the following assets related to contracts with customers:

	2022 RMB'000	2021 RMB'000
Current contract assets related to contracts with customers	80,160	57,193
Less: allowance for ECL	(16,229)	(2,386)
Contract assets — net	63,931	54,807

The balance represented the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the exhibition and events completed by the Group and the work is pending for the certification and confirmation by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification or confirmation of the completed exhibition and events from the customers.

The following is an aging analysis of contract assets (net of allowance for ECL) at the end of the reporting period presented based on revenue recognition date:

	2022 RMB'000	2021 RMB'000
Up to 90 days	40,455	23,865
91 to 180 days	13,949	4,504
Over 180 days	9,527	26,438
	63,931	54,807

The Group classifies these contract assets as current assets because the Group expects to realise them in its normal operating cycle. The following is a summary of the gross amounts of contract assets at the end of the reporting period categorised by length of time the Group expected to realise the assets:

	2022 RMB'000	2021 RMB'000
Within one year	71,593	46,919
Over one year	8,567	10,274
	80,160	57,193

Details of the impairment assessment of contract assets are set out in Note 3(c).

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000
Non-current portion		
Deposits *(Note (a))*	**546**	546
Current portion		
Deposits and other receivables		
Deposits *(Note (b))*	**1,473**	3,202
Loans to employees	**687**	263
	2,160	3,465
Prepayments		
Prepayment consumable items	**1,115**	1,313
Prepayment to suppliers for services	**8,581**	23,287
	9,696	24,600
Total deposits, prepayments and other receivables	**11,856**	28,065

Notes:

(a) Balances represent rental deposits for properties (2021: Same).

(b) Balances represent deposits paid for project expenses (2021: Same).

The Directors are of the opinion that, after taking into account the past payment history of the deposits and loan to employees, no impairment (2021: Nil) is made at the end of the reporting period as the amount of expected credit loss is insignificant.

19. CASH AND CASH EQUIVALENTS

	2022 RMB'000	2021 RMB'000
Cash at banks	3,917	6,280
Cash on hand	334	334
	4,251	6,614

Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at 31 December 2022, the cash and cash equivalents of the Group denominated in HK$ and USD amounted to approximately RMB553,000 and RMB151,000 (2021: RMB1,466,000 and RMB146,000), respectively. The Group has cash and cash equivalents denominated in RMB amounting to approximately RMB3,547,000 (2021: RMB5,002,000) and were kept in the PRC. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

20. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables *(Note (a))*	77,191	57,200
Accruals and other payables:		
Employee benefit payables	1,311	622
Other tax payables	9,640	5,024
Other accruals and payables *(Note (b))*	1,875	1,157
	12,826	6,803
	90,017	64,003

20. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES *(Continued)*

Note (a):

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
	RMB'000	*RMB'000*
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	**1,974**	1,272
	77,191	57,200

Note (b):

Included in other accruals and payables is an amount due to a director of the Company amounting to HK$1,100,000 (approximately RMB983,000). Details are disclosed in Note 28.

21. CONTRACT LIABILITIES

	2022	2021
	RMB'000	*RMB'000*
Receipt in advance for exhibition and event related services	**4,631**	10,502
Receipt in advance for advertising related services	**–**	2,272
	4,631	12,774

When the Group receives a deposit at the acceptance of exhibition and event project or advertisement contract, this will give rise to contract liabilities at the start of the contract until the revenue is recognised.

21. CONTRACT LIABILITIES *(Continued)*

	RMB'000
Balance at 1 January 2021	2,297
Revenue recognised that was included in the contract liabilities at the beginning of the year	(2,297)
Increase in contract liabilities excluding amounts recognised as revenue during the year	12,774
Balance at 31 December 2021 and 1 January 2022	**12,774**
Revenue recognised that was included in the contract liabilities at the beginning of the year	**(12,774)**
Increase in contract liabilities excluding amounts recognised as revenue during the year	**4,631**
Balance at 31 December 2022	**4,631**

The Group applies the practical expedient in paragraph 21 of HKFRS 15 and does not disclose information about remaining performance obligation that have original expected duration of one year or less.

22. BANK BORROWINGS

	2022 ***RMB'000***	2021 *RMB'000*
Secured bank borrowings which are repayable:		
— Within one year	**10,000**	9,000
Secured by:		
— Corporate guarantee of an independent third party *(Note)*	**7,000**	7,000
— Personal guarantee of Mr. Huang	**3,000**	2,000

Note: the corporate guarantee was provided by a financial institution engaged in the business of providing corporate guarantees and was covered by a sub-guarantee provided to the financial institution by Mr. Huang.

As at 31 December 2022, bank borrowings bear fixed interests ranging from 3.30% to 3.85% (2021: 3.85%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

23. 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 *(note (a))*	(19,000,000)	–
Ordinary shares of US$0.002 each as at 31 December 2021 and 2022	**1,000,000**	**2,000**

	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 *(Note (a))*	(1,900,000)	–	–	–	–
As at 31 December 2021 and 1 January 2022	**100,000**	**200**	**1,277**	**76,152**	**77,429**
Placing of ordinary shares *(Note (b))*	**20,000**	**40**	**254**	**8,661**	**8,915**
As at 31 December 2022	**120,000**	**240**	**1,531**	**84,813**	**86,344**

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).

24. RESERVES

	Statutory reserves *RMB'000* *(Note a)*	Share-option reserves *RMB'000* *(Note 25)*	Other reserves *RMB'000* *(Note b)*	Accumulated losses *RMB'000*	Total *RMB'000*
As at 1 January 2021	3,211	1,596	(9,600)	(16,217)	(21,010)
Share-based payment expenses *(Note 25)*	–	1,194	–	–	1,194
Total comprehensive expense	–	–	–	(7,651)	(7,651)
As at 31 December 2021 and 1 January 2022	3,211	2,790	(9,600)	(23,868)	(27,467)
Total comprehensive expense	**–**	**–**	**–**	**(36,967)**	**(36,967)**
Lapse of share options *(Note 25(a))*	**–**	**(301)**	**–**	**301**	**–**
Share-based payments expenses *(Note 25(b))*	**–**	**207**	**–**	**–**	**207**
Cancellation of share options *(Note 25(a))*	**–**	**(2,696)**	**–**	**2,696**	**–**
As at 31 December 2022	**3,211**	**–**	**(9,600)**	**(57,838)**	**(64,227)**

(a) Statutory reserves

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the companies subsidiaries incorporated in the PRC comprising the Group (the "PRC Subsidiaries"), it is required to appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserves fund before distributing the net profit. When the balance of the statutory reserves fund reaches 50% of the registered capital of the PRC Subsidiaries, any further appropriation is at the discretion of shareholders. The statutory reserves fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding, provided that the remaining balance of the statutory reserves fund after such issue is not less than 25% of registered capital.

(b) Other reserve

The other reserve represents the consideration paid during the reorganisation on 25 September 2017 as deemed distributions to shareholders.

25. SHARE-BASED PAYMENTS

(a) Share Option Scheme

On 16 May 2018, the board of directors of the Company approved the establishment of a share option scheme (the "Share Option Scheme") which will expire at the close of business on the business day immediately preceding the tenth anniversary thereof. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme of our Company (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme must not in aggregate exceed 10% of all our Shares in issue. The total number of shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant must not exceed 1% of our Shares in issue. Any further grant of options in excess of such limit must be separately approved by our Shareholders in general meeting.

On 16 August 2019, the board of directors of the Company announced that share options (the "Options") carrying the rights to subscribe for a total of 136,000,000 ordinary shares of US$0.0001 each of the Company were granted to 13 individuals, comprising 40,000,000 for executive directors and 96,000,000 for employees, subject to acceptance of the grantees, under the Share Option Scheme.

The exercise price of the Options was HK$0.0508 per Share. The Options are exercisable during a period of 10 years commencing from the date of grant of the Options, subject to all Options being vested upon the third anniversary of the date of grant of the Options. When exercisable, each option is convertible into one ordinary share.

25. SHARE-BASED PAYMENTS *(Continued)*

(a) Share Option Scheme *(Continued)*

Set out below are summaries of options granted under the plan:

	Exercise price per share option *HK$*	Number of options granted *'000*	Number of options vested *'000*
Vested and exercisable:			
As at 1 January 2021	0.0508	136,000	–
Share consolidation	0.9652	(129,200)	–
As at 31 December 2021 and 1 January 2022	1.016	6,800	–
Lapsed during the year	–	(1,650)	–
Vested during the year	–	–	5,150
Cancelled during the year	(1.016)	(5,150)	(5,150)
As at 31 December 2022	–	–	–

On 24 August 2021, the share consolidation disclosed in note 23 became effective. Upon completion of share consolidation, the exercise price of the Options became HK$1.01 per Share, and total number of the Options is reduced from 136,000,000 to 6,800,000 with 2,000,000 for executive directors and 4,800,000 for employees.

During the year ended 31 December 2022, 1,650,000 options were lapsed and remaining 5,150,000 options were vested on 16 August 2022 and subsequently cancelled on 23 December 2022, the amounts of approximately RMB207,000 (2021: Nil) and RMB2,696,000 (2021: Nil) were transferred from share option reserve to accumulated losses accordingly. No options exercised or expired during the year ended 31 December 2022 (2021: Nil).

25. SHARE-BASED PAYMENTS *(Continued)*

(a) Share Option Scheme *(Continued)*

(i) Fair value of options granted

The assessed fair value at grant date of options granted was HK$0.0273 per option for executive directors and HK$0.0259 per option for employee. The fair value at grant date is independently determined using binomial model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The model inputs for options granted included:

(a) Options are granted for no consideration and vest upon the ended of a three years period. Vested options are exercisable for a period of 10 years commencing from the date of grant of the options.

(b) Exercise price: HK$0.0508

(c) Grant date: 16 August 2019

(d) Expiry date: 15 August 2029

(e) Share price at grant date: HK$0.047

(f) Expected price volatility of the Company's shares: 57.36%

(g) Expected dividend yield: 0.00%

(h) Risk-free interest rate: 1.019%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Expenses arising from share-based payment transactions

Expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses were as follows:

	2022 ***RMB'000***	2021 *RMB'000*
Options issued under Share Option Scheme *(Note 9)*	**207**	1,194

26. DIVIDENDS

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

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2022	2021
	RMB'000	*RMB'000*
Loss before income tax	**(36,958)**	(7,607)
Adjustments for:		
— Depreciation of plant and equipment *(Note 8)*	**1,086**	1,187
— Depreciation of right-of-use assets *(Note 8)*	**2,706**	2,552
— Allowance for ECL on trade receivables and contract assets	**22,376**	3,070
— Share-based payment expenses *(Note 25)*	**207**	1,194
— Finance costs — net	**655**	723
— Exchange loss/(gains) — net *(Note 7)*	**430**	(205)
Changes in working capital:		
— Trade receivables	**(9,972)**	(4,627)
— Notes receivables	**–**	18,869
— Deposits, prepayments and other receivables	**16,256**	(15,298)
— Contract assets	**(22,967)**	(27,053)
— Trade payables	**19,991**	7,626
— Contract liabilities	**(8,143)**	10,477
— Accruals and other payables	**5,976**	3,880
Cash used in operations	**(8,357)**	(5,212)

Major Non-cash Transactions

During the year ended 31 December 2022, the share-based payment recognised was approximately RMB207,000 (2021: RMB1,194,000).

During the year ended 31 December 2021, the Group had non-cash additions to right-of-use assets and lease liabilities of approximately RMB10,260,000 and RMB10,260,000 respectively, in respect of lease arrangements for office and warehouses.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings *RMB'000* *(Note 22)*	Lease liabilities *RMB'000* *(Note 15)*	Total *RMB'000*
As at 1 January 2021	9,000	1,700	10,700
Other changes:			
Interest expenses *(note 10)*	343	398	741
New leases entered *(note 15)*	–	10,260	10,260
Changes from financing cash flows:			
Interest paid	(343)	–	(343)
Proceeds from borrowings	9,000	–	9,000
Repayment of borrowings	(9,000)	–	(9,000)
Principal elements of lease payments	–	(2,661)	(2,661)
Interest elements of lease payments	–	(398)	(398)
As at 31 December 2021 and 1 January 2022	9,000	9,299	18,299
Other changes:			
Interest expenses *(note 10)*	**345**	**325**	**670**
Changes from financing cash flows:			
Interest paid	**(345)**	**–**	**(345)**
Proceeds from borrowings	**10,000**	**–**	**10,000**
Repayment of borrowings	**(9,000)**	**–**	**(9,000)**
Principal elements of lease payments	**–**	**(2,794)**	**(2,794)**
Interest elements of lease payments	**–**	**(325)**	**(325)**
As at 31 December 2022	**10,000**	**6,505**	**16,505**

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Total Cash Outflow for Leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2022 RMB'000	2021 RMB'000
Within operating activities	**149**	148
Within financing activities	**3,119**	3,059
	3,268	3,207

28. 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.

Save as disclosed in elsewhere to these consolidated financial statements, the Group has the following related party transactions:

Balances with related parties

	2022 RMB'000	2021 RMB'000
Amount due to a director of the Company, Mr. Huang	**983**	–

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 RMB'000	2021 RMB'000
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	**16**	12
	1,722	2,279

29. BENEFITS AND INTERESTS OF DIRECTORS

For the year ended 31 December 2022

Name	Salary *RMB'000*	Share-based payment *RMB'000*	Contribution to pension plan, welfare and other expense *RMB'000*	Total *RMB'000*
Chairman				
Mr. Huang Xiaodi	240	–	93	333
Executive directors				
Mr. Yan Jinghui	180	40	69	289
Mr. Ma Yong (resigned on 9 December 2022)	180	40	69	289
Mr. Shum Ngok Wa (appointed on 9 December 2022)	–	–	–	–
Mr. Dong Kejia (appointed on 9 December 2022)	–	–	–	–
Non-executive director				
Mr. Yuen Lai Him (resigned on 17 January 2022)	–	–	–	–
Mr. Yuen Poi Lam William (appointed on 17 January 2022 and resigned on 15 July 2022)	269	–	–	269
Independent non-executive directors				
Mr. Gao Hongqi	120	–	–	120
Ms. Xu Shuang	120	–	–	120
Mr. Yu Leung Fai	105	–	–	105
	1,214	80	231	1,525

29. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

For the year ended 31 December 2021

Name	Salary *RMB'000*	Share-based payment *RMB'000*	Contribution to pension plan, welfare and other expense *RMB'000*	Total *RMB'000*
Chairman				
Mr. Huang	240	–	93	333
Executive directors				
Mr. Yan Jinghui	180	181	59	420
Mr. Ma Yong (resigned on 9 December 2022)	180	181	59	420
Non-executive director				
Mr. Yuen Lai Him (resigned on 17 January 2022)	122	172	–	294
Independent non-executive directors				
Mr. Gao Hongqi	120	–	–	120
Ms. Xu Shuang	120	–	–	120
Mr. Yu Leung Fai	122	–	–	122
	1,084	534	211	1,829

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown above were mainly for services as director of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Certain directors were granted share option, in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in Note 25 to the consolidated financial statements.

29. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

No bonuses have been paid to the Company's executive directors and non-executive directors for the year ended 31 December 2022 (2021: Nil).

During the year ended 31 December 2022, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office, and no director waived their remuneration (2021: Nil).

During the year ended 31 December 2022, certain directors partly waived their remuneration during the year due to the impact on the financial performance of Group arising from COVID-19 pandemic (2021: Nil).

30. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

Pursuant to the relevant labour laws, rules and regulations in the PRC, the Group participates in defined contribution retirement benefit scheme (the "Retirement Benefit Scheme") organised by the relevant local government authorities in the PRC whereby the Group is required to make contributions to the Retirement Benefit Scheme at a certain rate of the standard wages determined by the relevant authorities in the PRC during the year. Contributions to the Retirement Benefit Scheme vest immediately.

As at 31 December 2022, no forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) was available to be utilised by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the pension scheme (2021: Nil).

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 *RMB'000*	2021 *RMB'000* (re-presented)
ASSETS		
Non-current asset		
Investment in subsidiaries *(Note 11)*	**221**	221
Amounts due from subsidiaries *(Note a)*	**10,066**	48,302
Total non-current assets	**10,287**	48,523
Current assets		
Cash and cash equivalents	**151**	1,614
Total current assets	**151**	1,614
Total assets	**10,438**	50,137
EQUITY		
Capital and reserves		
Share capital *(Note 23)*	**1,531**	1,277
Share premium *(Note 23)*	**84,813**	76,152
Reserves *(Note b)*	**(75,906)**	(27,292)
Total equity	**10,438**	50,137

The statement of financial position of the Company was approved and authorised for issue by the board of directors on 27 March 2023 and were signed on its behalf.

Huang Xiaodi
Director

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

(a) The balances were unsecured, interest free and had no fixed terms of repayment.

(b) A summary of the Company's reserves is as follows:

	Share option reserves *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
As at 1 January 2021	1,596	(25,846)	(24,250)
Total comprehensive expense for the year	–	(4,236)	(4,236)
Share-based payment expense *(Note 25)*	1,194	–	1,194
As at 31 December 2021 and 1 January 2022	2,790	(30,082)	(27,292)
Total comprehensive expense for the year	**–**	**(45,824)**	**(45,824)**
Lapse of share options	**(301)**	**–**	**(301)**
Share-based payments expenses *(Note 25)*	**207**	**–**	**207**
Cancellation of share options *(Note 25)*	**(2,696)**	**–**	**(2,696)**
As at 31 December 2022	**–**	**(75,906)**	**(75,906)**

32. EVENT SUBSEQUENT TO THE FINANCIAL PERIOD

On 1 March 2023, an indirect wholly-owned subsidiary of the Company in the PRC, entered into the cooperation agreement (the "JV Agreement") with an independent third party (the "JV Partner") to establish a company (the "JV Company") in the PRC to develop the Group's marketing intelligence business and explore business opportunities in the areas of specialised big data analysis and sales-driven precise marketing services in the automotive, financial and other industries.

The registered capital of the JV Company will be RMB1,000,000, and the Group and the JV Partner will hold 60% and 40% equity interest in the JV Company, respectively.

The directors of the Company assessed that the Group and the JV Partner will share joint control over the JV Company in accordance with the contractual arrangement set out in JV agreement. Details please refer to the Group's announcement dated 1 March 2023.

33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2023.