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DOWWAY HOLDINGS LIMITED

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

INTERIM 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 at www.dowway-exh.com and will remain on the “Latest Listed Company Information” page on the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its posting.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Mr. Huang Xiaodi
(Chairman of the Board and Chief Executive Officer)
Mr. Ma Yong
Mr. Yan Jinghui

Non-executive Director:

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

Independent Non-executive Directors:

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Gao Hongqi (Chairman)
Mr. Yu Leung Fai
Mr. Ma Yong

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Ng Ka Man (ACG, HKACG)

COMPLIANCE OFFICER

Mr. Huang Xiaodi

AUTHORISED REPRESENTATIVES

(Under the GEM Listing Rules)
Mr. Huang Xiaodi
Ms. Ng Ka Man (ACG, HKACG)

AUDITOR

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STOCK CODE

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Bank of Communications
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Chaoyang District
Beijing, PRC

COMPANY'S WEBSITE

<http://www.dowway-exh.com>

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the Board (the "**Board**") of directors (the "**Directors**") of Dowway Holdings Limited (the "**Company**", collectively with its subsidiaries, the "**Group**"), I am pleased to present the Group's unaudited interim results for the six months ended 30 June 2022 (the "**Period**").

As an integrated exhibition and event management service provider in the People's Republic of China (the "**PRC**"), the Group is mainly engaged in design, planning, coordination and management services for exhibitions and events across more than 50 cities in the PRC. Since 2009, the Group has been providing integrated exhibition and event management services to domestic and overseas world-renowned automobile brands, primarily to facilitate showcases, promotion and/or sales of their brands. The Group also undertakes projects related to exhibitions and events from non-automobile companies. Through its dedicated efforts and reliable services, the Group has established a strong reputation in this field with a solid and loyal customer base.

During the first half of 2022, the Group faced increasingly complicated and challenging international climate, as well as multiple and sporadic local outbreaks of COVID-19 pandemic (the "**Pandemic**"), the economic development was extremely unusual with significantly increased adverse impacts. The economy in the second quarter was under noticeable downward pressure with serious impacts from unexpected factors. The Chinese government responded to the Pandemic and pursued economic and social development in a well-coordinated manner, stepped up macro policy adjustments, and fully implemented a package of pro-stability policies and measures. As a result, the resurgence of the Pandemic was effectively contained, the national economy registered a stable recovery. Production and demands saw improving margins, market prices were generally stable, people's livelihood was protected sufficiently with robust steps, the momentum of high-quality development was sustained and the overall social stability was maintained. According to recent released data by the National Bureau of Statistics, the gross domestic product (GDP) in the first half was RMB56,264.2 billion, up by 2.5 percent year on year at constant prices. Specifically, the GDP for the second quarter was RMB29,246.4 billion, up by 0.4 percent year on year.

In the first half year, the value added of services went up by 1.8 percent year on year. In the second quarter, the value added of services was down by 0.4 percent year on year. The Index of Services Production in April was down by 6.1 percent year on year; the decline in May narrowed to 5.1 percent and that in June shifted from decline to an increase of 1.3 percent. Generally speaking, with a series of policies to solidly stabilize the economy achieving notable results, the national economy has overcome the adverse impact of unexpected factors, demonstrating the momentum of a stable recovery.

During the Period, the Group has managed and coordinated 47 exhibition and event projects, 10 exhibition showroom projects and 5 advertisement projects, among which 19 projects had been completed, which collectively generated a revenue of approximately RMB54.90 million, representing a period-on-period decrease of RMB6.07 million or approximately 9.96%. The Group recorded a gross profit of approximately RMB0.23 million, decreased by approximately RMB7.62 million period-on-period, which was mainly due to the extremely adverse impacts on exhibition and event management services industry caused by the outbreak of the Pandemic in the PRC in the second quarter of 2022. The Group recorded a net loss attributable to the owners of the Company of approximately RMB8.15 million during the Period. The Board does not recommend the payment of dividend for the Period.

CHAIRMAN'S STATEMENT

Looking ahead, we should be aware that the foundation for sustainable and steady recovery of the economy is yet to be consolidated due to: externally, the risk of stagflation in the world economy is rising, the policies of major economies tend to be tightened, and external instabilities and uncertainties are adding obviously; and domestically, the impact of the Pandemic is lingering, shrinking demand intertwines with disrupted supply, structural problems combines with cyclical problems and market entities still face operation difficulties. The Group will continue to uphold the "customer-oriented" service philosophy and adhere to the principle of "high quality and efficiency; cooperation with a view to achieve a win-win situation" and will closely monitor the development trends of the PRC exhibition and related services industries. It will dig into the needs of its core customers in order to provide more dedicated services. Meanwhile, the Group will horizontally develop the advertising and other exhibition and promotion businesses to improve their business layout. It will also grasp all potential opportunities that arise within the market so as to further promote the development of the Group's exhibition and event management and exhibition showroom services businesses, in a bid to maintain the Group's leading position in the industry, thrive in an increasingly competitive environment and generate long term value for the Company's shareholders and investors.

Finally, on behalf of the Board of Directors, I would like to extend my sincere gratitude to the shareholders, customers and business partners who have always supported the Group, as well as all my colleagues who have dedicated and worked hard for the Group.

Chairman, Chief Executive Officer and Executive Director

Huang Xiaodi

Beijing, China, 11 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the first half of 2022, China's economic development was extremely unusual. Major economic indicators in April plunged. Faced with new growing downward pressure, China's government rolled out a package of pro-stability policy measures on maintaining stable macroeconomic performance. The decline of major economic indicators narrowed in May, and the economy in June registered a stable recovery. The economy in the second quarter achieved positive growth with the GDP up by 0.4 percent year on year. Even though the Pandemic is still spreading globally and the international landscape remains complicated with high uncertainties and instabilities, the foundation for domestic economic recovery will be further consolidated and the economic outlook will be brighter in the latter half of 2022.

BUSINESS REVIEW

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

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

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

During the Period, the outbreak of the Pandemic in the PRC in the second quarter of 2022 caused extremely adverse impacts on exhibition and event management services industry. The Group completed 17 exhibition and event projects and 2 advertisement projects, with aggregate revenue decreasing to approximately RMB54.90 million by approximately 9.96%.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group generates revenue mainly from the provision of design, planning, coordination and management services of exhibitions and events in the PRC. The following table sets forth the breakdown of revenue for the six months ended 30 June 2021 and 2022.

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Revenue from automobile related exhibitions and events	24,996	45.53%	27,396	44.93%
Revenue from non-automobile related exhibitions and events	–	0%	7,543	12.37%
Revenue from exhibition room related services	3,496	6.37%	15,111	24.79%
Revenue from advertisement	26,408	48.10%	10,920	17.91%
Total	54,900	100%	60,970	100%

Revenue decreased from approximately RMB60.97 million for the six months ended 30 June 2021 to approximately RMB54.90 million for the Period, representing a period-on-period decrease of approximately 9.96% or approximately RMB6.07 million. The decrease was primarily because that the exhibition industry started to recover for the six months ended 30 June 2021 but impacted greatly by the Pandemic in March to May 2022. It resulted the suspension of exhibition events and decrease of revenue achieved by the Group in the Period.

During the Period, revenue from automobile related exhibitions and events related services decreased from approximately RMB27.40 million for the six months ended 30 June 2021 to approximately RMB25.00 million for the Period, representing a period-on-period decrease of approximately 8.76% or approximately RMB2.40 million and accounting for 45.53% of the total revenue for the Period.

Revenue from exhibition room related services decreased from approximately RMB15.11 million for the six months ended 30 June 2021 to approximately RMB3.50 million for the Period, representing a period-on-period decrease of approximately 76.86% or approximately RMB11.62 million and accounting for 6.37% of the total revenue for the Period.

Revenue from advertisement related services for the Period increased from approximately RMB10.92 million for the six months ended 30 June 2021 to approximately RMB26.41 million for the Period, representing a period-on-period increase of approximately 141.83% or approximately RMB15.49 million and accounting for 48.10% of the total revenue for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of service

The Group's cost of service mainly comprises of (i) cost of exhibition and event related services provided by suppliers (including but not limited to the costs of human resources, construction materials and equipment); (ii) staff costs; (iii) transportation and logistics expenses; (iv) travelling expenses; (v) depreciation of property, plant and equipment; and (vi) recovered overhead related to providing exhibition and event related services.

The following table sets forth the breakdown of cost of services from business operations for the six months ended 30 June 2021 and 2022.

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of services provided by suppliers	47,832	47,549
Staff costs	4,118	3,081
Depreciation of property, plant and equipment	494	509
Office supplies	65	12
Subsidies paid to our staff	157	100
Travelling and entertainment expenses	102	403
Transportation and logistics expenses	1,319	873
Operating lease rentals in respect of buildings and related expenses	578	586
Total	54,665	53,113

Cost of service increased from approximately RMB53.11 million for the six months ended 30 June 2021 to approximately RMB54.67 million for the Period, representing a period-on-period increase of approximately 2.92% or approximately RMB1.55 million.

The cost of exhibition and event related services provided by suppliers increased from approximately RMB47.55 million for the six months ended 30 June 2021 to approximately RMB47.83 million for the Period, representing a period-on-period increase of approximately 0.60% or approximately RMB0.28 million, accounted for 87.50% of the total cost of service for the Period.

Gross Profit and Gross Profit Margin

For the Period, the Group recorded a gross profit of approximately RMB0.23 million, representing a period-on-period decrease of approximately RMB7.62 million as compared to gross profit of approximately RMB7.86 million for the six months ended 30 June 2021. The decrease in gross profit was mainly due to the decline of sales revenue resulted by the severe adverse impacts on exhibition and event management services industry caused by the outbreak of the Pandemic in the PRC in the second quarter of 2022 and the growth of the Group's costs for the Period.

For the Period, the Group's gross profit margin was approximately 0.43%. The Group's gross profit margin recorded a decrease primarily due to (i) the decline of the Group's revenue in exhibition showroom services; and (ii) the growth of the cost of service for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling expenses

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

The following table sets forth the breakdown of selling expenses for the six months ended 30 June 2021 and 2022.

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs	209	527
Travelling expenses	61	126
Office supplies	3	2
Entertainment expenses	758	1,213
Advertising and marketing expenses	1,047	–
Other	1,624	1,180
Total	3,702	3,048

Selling expenses for the Period were approximately RMB3.70 million, representing a period-on-period increase of approximately 21.46% or approximately RMB0.65 million as compared to selling expenses of approximately RMB3.05 million for the six months ended 30 June 2021. The increase in selling expenses was primarily due to (i) an increase in advertising and marketing expenses of approximately RMB1.05 million for the Period; and (ii) an increase in other selling expenses incurred during the course of preparing and submitting tenders which the Group subsequently did not win from approximately RMB1.18 million for the six months ended 30 June 2021 to approximately RMB1.62 million for the Period. The increase of selling expenses shows that the Group was actively seeking opportunities in the market and enhance the sales under the adverse impact on the exhibition and event management services industry caused by the outbreak of the Pandemic in the PRC in the second quarter of 2022. On the other hand, the Group took strong control measures on the selling expenses, and the staff costs, the entertainment expenses and travelling expenses, all of which had substantial decrease for the Period compared to those for the six months ended 30 June 2021.

Administrative expenses

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of administrative expenses for the six months ended 30 June 2021 and 2022.

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs	1,762	2,210
Travelling expenses	3	8
Office supplies	212	195
Entertainment expenses	–	24
Conference and training expenses	9	2
Management consulting and other services expenses	2,106	939
Auditor's remuneration	128	86
Subsidies paid to staff	89	97
Operating lease rentals in respect of buildings and related expenses	300	630
Depreciation of property, plant and equipment	47	91
Business taxes and surcharges	23	24
Other	9	332
Total	4,688	4,638

Administrative expenses for the Period were approximately RMB4.69 million, representing a period-on-period increase of approximately 1.08% or approximately RMB0.05 million as compared to administrative expenses of approximately RMB4.64 million for the six months ended 30 June 2021.

Other gains-net

Other net gains for the Period was approximately RMB0.37 million, mainly due to governmental tax policy of allowing for an additional 10% offset of output VAT from input VAT and foreign exchange gains. Other net gains increased by approximately RMB0.17 million compared to that of approximately RMB0.20 million for the six months ended 30 June 2021.

Finance income

Finance income represented interest income on bank balances and deposits. The Group's finance income for the Period was approximately RMB11,000 for the Period (for the six months ended 30 June 2021: RMB11,000).

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings and interest expense of lease liabilities. For the Period, the Group's finance expenses were approximately RMB363,000 (for the six months ended 30 June 2021: RMB180,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Loss before income tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB8.14 million for the Period, representing a period-on-period decrease of approximately RMB8.34 million as compared with a profit before income tax of approximately RMB0.2 million for the six months ended 30 June 2021, which was mainly due to (i) the decline of the Group's revenue; and (ii) the increase of the cost of service for the Period.

Income tax expense

Income tax expense decreased from approximately RMB44,000 for the six months ended 30 June 2021 to approximately RMB8,000 for the Period.

Loss for the Period

As a cumulative effect of the factors cited above, the Group recorded loss for the Period of approximately RMB8.15 million, while for the six months ended 30 June 2021, the Group recorded a profit of approximately RMB0.15 million. The period-on period decrease was approximately RMB8.30 million.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There was no material change in the capital structure of the Group during the Period besides the completion of placing an aggregate of 20,000,000 shares of the Company (the "**Shares**") on 8 April 2022. Details are set out in Note 11 to the condensed consolidated financial statements and the paragraph headed "**Placing of New Shares of the Company under General Mandate**" in this report.

Placing of New Shares of the Company Under General Mandate

On 24 March 2022, the Company entered into a placing agreement (the "**Placing Agreement**") for the purposes of (i) the enhancement of the advertisement related services segment; (ii) the enhancement of exhibition showroom related services segment; and (iii) generating working capital for the Group. The Placing Agreement was made between the company and a sole placing agent, pursuant to which the Company appointed the sole placing agent as its agent to procure not less than six placees who themselves or their ultimate beneficiary were independent third parties to subscribe up to 20,000,000 ordinary Shares (the "**Placing Shares**") at the placing price (the "**Placing Price**") of HK\$0.55 per Share (the "**Placing**"), representing approximately 16.67% of the issued share capital of the Company as immediately after the completion of the Placing. The net proceeds from the Placing were approximately HK\$10,559,000. This amounted to a net price to the Company of approximately HK\$0.528 per share.

The Placing Price represents (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.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Cash position

The following table sets forth the selected cash flow data from the Condensed Consolidated Statements of Cash Flows for the six months ended 30 June 2021 and 2022.

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net cash (used in) operating activities	(9,728)	(5,944)
Net cash generated from/(used in) investing activities	6	(255)
Net cash generated from/(used in) financing activities	9,020	(78)
Net (decrease) in cash and cash equivalents	(826)	(6,399)
Cash and cash equivalents at the end of the Period	5,788	8,913

At 30 June 2022, the cash and cash equivalents of the Group were approximately RMB5.79 million (at 30 June 2021: approximately RMB8.91 million), which mainly denominated in RMB.

Borrowings

As at 30 June 2022, the Group had bank borrowings of RMB9.00 million under a credit agreement (as at 30 June 2021: RMB9.00 million). Save as disclosed in this report, there were no other outstanding bank overdrafts, debt securities, term-loan borrowings, other similar indebtedness, acceptance credits, hire purchase commitments, mortgages, charges, material contingent liabilities nor guarantees outstanding (as at 30 June 2021: nil). The Group did not have any unutilised banking facilities nor plans for any material external debt financing.

Save for the above, the Directors confirm that there has been no material adverse change in the Group's indebtedness and contingent liabilities for the Period.

Pledge of assets

As at 30 June 2022, none of the Group's assets were pledged (30 June 2021: nil).

Gearing ratio

The Group's gearing ratio as at 30 June 2022 and 31 December 2021 were as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Total interest-bearing borrowings	9,000	9,000
Total Equity	50,732	49,862
Gearing ratio	17.74%	18.01%

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board did not recommend the payment of any interim dividend for the Period (for the six months ended 30 June 2021: nil).

USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERINGS

The Company raised a total of HK\$72.50 million in gross proceeds after the completion of the initial public offering on 12 June 2018 (the “**Listing Date**”), and the 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 30 June 2022 are listed as follows:

	Planned use of proceeds <i>HK\$'000</i>	Percentage of net proceeds	Actual use of proceeds from the Listing Date up to 30 June 2022 <i>HK\$'000</i>	Percentage of used proceeds	Unutilized net proceeds as at 30 June 2022 <i>HK\$'000</i>	Percentage of net proceeds
Expand the Group's exhibition and event management services	12,972	35.7%	12,972	35.7%	0	0%
Expand the Group's existing offices and/or set up branch or representative offices in different cities and regions across the PRC	3,016	8.3%	3,016	8.3%	0	0%
Expand the Group's workforce to support its business expansion	13,372	36.8%	13,372	36.8%	0	0%
Strengthen the Group's marketing efforts	3,343	9.2%	312	0.9%	3,031	8.3%
Working capital and other general corporate purpose	3,634	10.0%	3,634	10.0%	0	0%
Total	36,337	100%	33,306	91.7%	3,031	8.3%

Affected by the Pandemic, China's economic development has been slowed down for the first half of 2022, and the exhibition industry has been influenced significantly. The Directors will continually evaluate the Group's business strategies in line with the external economic environment and market conditions to support business growth of the Group.

All unutilized balances of approximately HK\$3.03 million had been deposited in licensed banks in Hong Kong and the PRC. The unutilized net proceeds from initial public offering of the Company is expected to be fully utilized by 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM THE PLACING OF NEW SHARES

According to the Company's announcement on 8 April 2022, the sole placing agent has completed procuring placees who are independent third parties to subscribe up to 20,000,000 Placing Shares at the Placing Price of HK\$0.55 per Placing Share on a best endeavor basis. 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. Use of net proceeds as at 30 June 2022 are listed as follows:

	Planned use of proceeds <i>HK\$'000</i>	Percentage of net proceeds	Actual use of proceeds from 8 April 2022 up to 30 June 2022 <i>HK\$'000</i>	Percentage of used proceeds	Unutilized net proceeds as at 30 June 2022 <i>HK\$'000</i>	Percentage of net proceeds
Enhance the advertisement related services segment	5,279.5	50%	5,201.5	49.3%	78.0	0.7%
Enhance exhibition showroom related services segment	3,167.7	30%	3,167.7	30.0%	0.0	0.0%
Working capital and other general corporate purpose	2,111.8	20%	18.9	0.2%	2,092.9	19.8%
Total	10,559.0	100%	8,388.1	79.5%	2,170.9	20.6%

All unutilized balances of approximately HK\$2.17 million had been deposited in licensed banks in Hong Kong and the PRC. The unutilized net proceeds from the placing of new Shares is expected to be fully utilized by 30 June 2023.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 in their own capacity.
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 are still challenging and risky and may continue to have an influence on the recovery of the exhibition industry in the PRC. This 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 costs 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 equipments are the major components of the costs of exhibition and event related services, increase in salary of employees of suppliers and average consumer prices may push up the lump sum cost of exhibition and event related services provided by suppliers.

Major risks and uncertainties relating to the implementation of business strategies

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

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS RELATED TO SUBSIDIARIES AND ASSOCIATED COMPANIES

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

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2022, the Group did not hold any significant investments (as at 30 June 2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no significant contingent liabilities (as at 30 June 2021: Nil).

HUMAN RESOURCES

As at 30 June 2022, the Group employed a total of 53 employees, among which 9 of them were at management level, all were stationed in the PRC. For the Period, the staff costs (including the Directors' emoluments) were approximately RMB6.09 million (for the six months ended 30 June 2021: approximately RMB5.59 million). The Group conducts periodic performance reviews with employees and determines their salaries, benefits and discretionary bonuses based on factors including qualifications, contributions, years of experience and performance.

In accordance with the applicable PRC laws and regulations, the Group has made contributions to social security insurance and housing provident funds for all eligible staff. For the Period, the total amount contributed by the Group was approximately RMB1.67 million. The Group has complied with all the requirements about social security insurance and housing provident fund obligations applicable under the PRC laws and regulations.

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

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

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

FOREIGN EXCHANGE RISK

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

CREDIT RISK

Credit risk exposures arise principally in cash and cash equivalents, trade and other receivables, notes receivables and contract assets shown on consolidated balance sheets.

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

For cash at bank, the Group manages the credit risk by placing its domestic deposits in reputable nationwide financial institutions with good credit ratings in the PRC and overseas' deposits in reputable international financial institutions. The Group believes those banks and financial institutions are of high-credit-quality without significant credit risk and therefore considers its cash at bank are not at high credit risk.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's trade receivables arise from exhibition and event management 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 themselves experience financial difficulties 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, the management believes that the credit risk inherent in the Group's outstanding trade receivable balances due from these automobile companies is low. As for new customers, the management is responsible for managing and analysing the credit risk for each of them before such new customers will be offered standard payment and delivery terms and conditions. In making such assessment, the management will consider various factors such as the new customers' financial position, market reputation and other factors.

The Group's other receivables comprise deposits, staff advance and loan to employees, which have a low risk of default, thus the Group considers its other receivables are not at high credit risk.

The notes receivables are bank acceptance bills which have a low risk of default; thus the Group considers its notes receivables are not at high credit risk.

LIQUIDITY RISK

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

PROSPECTS

In the first half of 2022, China's government applied a series of policies to solidly stabilize the economy achieving notable results, the national economy has overcome the adverse impact of unexpected factors, demonstrating the momentum of a stable recovery. The second quarter, in particular, witnessed a positive economic growth and the stable macroeconomic performance was maintained, which are hard-earned achievements. The services industry impacted adversely by the Pandemic with Index of Production in April down by 6.1 percent year on year, but the decline in May narrowed to 5.1 percent and that in June shifted from decline to an increase of 1.3 percent.

It should be aware that the foundation for sustainable and steady recovery of the economy is yet to be consolidated due to: (i) the risk of stagflation in the world economy is rising, the policies of major economies tend to be tightened, and global instabilities and uncertainties are adding obviously; and (ii) domestically the impact of the Pandemic is lingering, shrinking demand intertwines with disrupted supply, structural problems combines with cyclical problems and market entities still face operation difficulties. At the next stage, China's government will continue to follow the requirements of containing the Pandemic, stabilizing the economy and keeping development secure, respond to COVID-19 and pursue economic and social development with the implementation of a package of policy and achieve the economic indicators and targets for the full year of 2022.

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

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

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

CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.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 (“Mr. Huang”) is the Chairman and the Chief Executive Officer of the Company. Considering that Mr. Huang has more than 10 years of professional experience in the exhibition and event management industry, the Board believes that it is in the best interest of the Group to have Mr. Huang taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from code provision C.2.1 of the Code is appropriate in such circumstance.

CHANGE OF THE DIRECTORS’ INFORMATION

With effect from 15 July 2022, Mr. Yuen Poi Lam William has resigned as a non-executive Director due to his other work commitments.

Save as disclosed above, there are no other changes of the Directors’ information to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules since the date of the 2021 annual report of the Company.

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 propose 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 have been adopted on 11 May 2022.

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

COMPETING BUSINESS

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

OTHER INFORMATION

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 OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests and short positions of the Directors and Chief Executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows.

Long positions in the Shares

Director's Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
Mr. Huang (<i>Note 1</i>)	Interest of controlled corporation	63,645,000	53.04%
Mr. Ma Yong (<i>Note 2</i>)	Beneficial Owner	1,000,000	0.83%
Mr. Yan Jinghui (<i>Note 3</i>)	Beneficial Owner	1,000,000	0.83%

Note 1: These 63,645,000 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 is deemed to be interested in all the Shares held by A&B Development Holding Limited for the purpose of the SFO.

Note 2: Mr. Ma Yong (“**Mr. Ma**”) is an executive Director. On 16 August 2019, Mr. Ma was granted 20,000,000 share options (1,000,000 share options after the share consolidation with effect from 24 August 2021 (the “**Share Consolidation**”)) (the “**Share Options**”) by the Company under the share option scheme adopted by the Company on 16 May 2018 (the “**Share Option Scheme**”) entitling him to subscribe for 1,000,000 Shares at the exercise price of HK\$1.016 per Share, subject to the terms and conditions of the Share Option Scheme.

Note 3: Mr. Yan Jinghui (“**Mr. Yan**”) is an executive Director. On 16 August 2019, Mr. Yan was granted 20,000,000 Share Options (1,000,000 Share Options after Share Consolidation) by the Company under the Share Option Scheme entitling him to subscribe for 1,000,000 Shares at the exercise price of HK\$1.016 per Share, subject to the terms and conditions of the Share Option Scheme.

OTHER INFORMATION

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	1	100%

Save as disclosed above and so far as is known to the Directors, as at 30 June 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 or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 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:

Long Positions in the Shares

Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
A&B Development Holding Limited (<i>Note 1</i>)	Beneficial Owner	63,645,000	53.04%
Ms. Lin Yuting (<i>Note 2</i>)	Interest of a spouse	63,645,000	53.04%

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.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company under Section 336 of the SFO.

OTHER INFORMATION

THE DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

The Group has adopted the Share Option Scheme on 16 May 2018, details of which have been set out in the Company's annual report for the year ended 31 December 2021.

During the Period, 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\$)	Number of Share Options					As at 30 June 2022
					As at 1 January 2022	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
Directors										
Mr. Ma Yong	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. Yuen 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	-	-	-	-	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)	-	5,150,000

Save for 1,650,000 share options lapsed, no other share option was granted, exercised, lapsed or cancelled during the Period. There were 5,150,000 share options outstanding as at 30 June 2022.

OTHER INFORMATION

REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY THE 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 the Directors have confirmed that they have complied with the required standard of dealings during the Period.

AUDIT COMMITTEE

The Group has established an audit committee (the “**Audit Committee**”) on 16 May 2018 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with code provision D.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 interim financial results of the Group for the six months ended 30 June 2022 is unaudited but has been reviewed by the Audit Committee.

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

Beijing, China, 11 August 2022

As at the date of this report, the executive Directors are Mr. Huang Xiaodi, Mr. Ma Yong and Mr. Yan Jinghui; and the independent non-executive Directors are Ms. Xu Shuang, Mr. Gao Hongqi and Mr. Yu Leung Fai.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2022, together with the unaudited comparative figures for the respective corresponding period in 2021 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	6	54,990	60,970
Cost of service		(54,665)	(53,113)
Gross Profit		235	7,857
Selling expenses		(3,702)	(3,048)
Administrative expenses		(4,688)	(4,638)
Other gains-net	7	369	196
Operating (loss)/profit		(7,786)	367
Finance income		11	11
Finance expenses		(363)	(180)
Finance (expenses)/income — net		(352)	(169)
(Loss)/Profit before income tax		(8,138)	198
Income tax expense	8	(8)	(44)
(Loss)/Profit for the period		(8,146)	154
Total comprehensive (loss)/income for the period		(8,146)	154
Earnings per share attributable to owners of the Company			Restated
— Basic (losses)/earnings per share (in RMB cents)	9	-6.79	0.13

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		1,092	1,906
Right-of-use assets		7,524	9,204
Other non-current assets		6,226	546
Total non-current assets		14,842	11,656
Current assets			
Trade and other receivables	10	21,962	53,390
Contract assets		70,916	54,807
Other current assets		28,672	22,393
Cash and cash equivalents		5,788	6,614
Total current assets		127,338	137,204
Total assets		142,180	148,860
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	1,531	1,277
Share premium	11	84,813	76,152
Other reserves		(3,862)	(3,599)
Retained earnings		(31,750)	(23,868)
Total equity		50,732	49,962
LIABILITIES			
Current liabilities			
Trade and other payables	12	51,550	64,003
Contract liabilities		19,354	12,774
Current income tax liabilities		3,823	3,822
Credit loan from bank		9,000	9,000
Lease liabilities		2,203	2,794
Total current liabilities		85,930	92,393
Non-current liability			
Lease liability		5,518	6,505
Total liabilities		91,448	98,898
Total equity and liabilities		142,180	148,860

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at 1 January 2021	1,277	76,152	(4,793)	(16,217)	56,419
Total comprehensive loss for the Period	–	–	–	(7,651)	(7,651)
Share-based payments	–	–	1,194	–	1,194
Balance at 31 December 2021 and 1 January 2022	1,277	76,152	(3,599)	(23,868)	49,962
(Unaudited)					
Total comprehensive loss for the Period	–	–	–	(8,146)	(8,146)
Lapse of share option	–	–	(263)	263	–
Net proceeds from placing ordinary shares	254	8,661	–	–	8,915
Balance at 30 June 2022	1,531	84,813	(3,862)	(31,750)*	50,732*

* Round off difference

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	(9,720)	(5,899)
Income tax paid	(8)	(44)
Net cash used in operating activities	(9,728)	(5,944)
Cash flows from investing activities		
— Purchases of property, plant and equipment	(5)	(266)
— Interest received	11	11
Net cash generated from/(used in) investing activities	6	(255)
Cash flows from financing activities		
— Proceeds from placing ordinary shares	9,124	—
— Borrowing received	5,000	5,000
— Borrowings returned	(5,000)	(5,000)
— Government subsidy for interest of loan	70	90
— Interest paid	(174)	(168)
Net cash generated from/(used in) financing activities	9,020	(78)
Net cash (decrease) in cash and cash equivalents	(702)	(6,277)
Cash and cash equivalents at beginning of period	6,614	15,312
Exchange (loss) on cash and cash equivalents	(124)	(122)
Cash and cash equivalents at the end of period	5,788	8,913

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

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

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of GEM Listing Rules.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the Group for the year ended 31 December 2021 (the “**Annual Report 2021**”) issued on 22 March 2022, which has been prepared in accordance with the Hong Kong Financial Reporting Standards issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

The accounting policies adopted are consistent with those of financial statement for the year ended 31 December 2021, as described in the Accountant’s report.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

In the Period, the Group has applied the Amendments to References to Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”) for the first time for their annual reporting period commencing 1 January 2022:

Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments 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 — Costs of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvement to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the Period has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKFRS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in preparation of the Accountant's Report as contained in the Annual Report 2021.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosure required in the annual financial statements, and should be read in conjunction with audited financial statements for the year ended 31 December 2021 as contained in the Annual Report 2021 of the Group.

There have been no changes in the risk management policies since the year ended 31 December 2021.

5.2 Liquidity risk

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

6 REVENUE INFORMATION

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Automobile related exhibition and event related services	24,996	27,396
Non-automobile related exhibition and event related services	–	7,543
Exhibition showroom related services	3,496	15,111
Advertisement related services	26,408	10,920
	54,900	60,970

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 OTHER GAINS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Foreign exchange gains/(loss)	81	(118)
Additional deduction of input VAT	219*	213*
Government Subsidy	70	121
Others	(1)	(20)
	369	196

* On 20 March 2019, the Chinese government issued "Announcement No. 39 2019 about further improvement of VAT system". It states that from 1 April 2019 to 31 December 2021, the tax-payer who is a productive and daily life services provider is allowed to apply an additional 10% to offset output VAT from input VAT (i.e. additional deduction of input VAT policy). This policy was continued to be effective in 2022. Benefit from this policy, the Group has other gains of approximate RMB213,000 for the six months ended 30 June 2021.

8 INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax on profits for the period	8	44
Income tax expenses	8	44

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 (LOSSES)/EARNINGS PER SHARE

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Total (losses)/earnings attributable to shareholders (<i>in RMB</i>)	(8,146,000)	154,000
Weighted average number of ordinary shares in issue (<i>thousand</i>) <i>Note</i>	120,000	120,000
Basic (losses)/earnings per share (<i>in RMB cents</i>)	(6.79)	0.13

Note: The weighted average number of ordinary shares for the period ended 30 June 2022 and 2021 has been adjusted for the twenty-to-one share consolidation and the newly issuance of the Company which become effective on 20 August 2021 and 8 April 2022 respectively.

(a) Basic (loss)/earnings per share is calculated by dividing the loss/earnings attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the Period.

(b) **Diluted (loss)/earnings per shares**

No diluted (loss)/earnings per share is presented as the Group has no dilutive potential ordinary shares during the Period.

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
	Trade receivables	24,504
Less: allowance for impairment of trade receivables	(7,222)	(7,222)
Trade receivables-net	17,282	47,718
Deposits	1,488	3,748
Loans to staff	263	263
Staff advances	3,475	2,207
Less: non-current portion	(546)	(546)
Trade and other receivables	21,962	53,390

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 TRADE AND OTHER RECEIVABLES *(Continued)*

As at 31 December 2021 and 30 June 2022, the aging analysis of trade receivables based on invoice date are as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Up to 90 days	15,398	24,645
91 days to 180 days	1,290	22,087
Over 180 days	594	986
	17,282	47,718

11 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares

	Number of shares	Value of ordinary shares US\$
Authorised:		
Ordinary shares of US\$0.002 each as at 30 June 2022	1,000,000,000	2,000,000

	Number of shares	Nominal value of ordinary shares US\$	Equivalent value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Issued and paid:					
As at 31 December 2021, and 1 January 2022	100,000,000	200,000	1,277	76,152	77,429
As at 30 June 2022	120,000,000	240,000	1,531	84,813	86,344

- (a) On 24 August 2021, the Company consolidated every twenty (20) issued and unissued shares of the Company of US\$0.0001 each into one (1) 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 Placees. The Placing Price is HK\$0.55 per Placing Share and the net proceeds from the Placing are approximately HK\$10,559,000.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE AND OTHER PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables	42,945	57,201
Employee benefit payables	712	622
Other tax payables	6,706	5,024
Others	1,187	1,156
	51,550	64,003

As at 31 December 2021 and 30 June 2022, the aging analysis of the trade payables based on invoice date are as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
0- 90 days	14,107	39,292
91-180 days	2,610	14,260
181-365 days	22,712	2,377
Over 365 days	3,516	1,272
	42,945	57,201

13 DIVIDENDS

No dividend has been paid or declared by the Group during each of periods ended 30 June 2021 and 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 RELATED-PARTY TRANSACTIONS

(a) During each of periods ended 30 June 2021 and 2022, the Group has no significant transactions with any related party.

(b) **Key management compensation**

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

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Wages and salaries	719	755
Pension scheme and other social security costs	148	197
Housing benefits	67	61
Other costs and benefits	28	19
	962	1,032

15 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no subsequent events that require additional disclosure after the reporting period.