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DOWWAY
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 RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Dowway Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "**Board**") of Dowway Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") announces the audited consolidated results of the Group for the year ended 31 December 2023 (the "**Year**") together with the comparative audited figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

		Year ended 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
			(as restated)
Revenue	*4*	**117,446**	177,132
Cost of services		**(111,584)**	(171,751)
Gross profit		**5,862**	5,381
Selling expenses		**(8,936)**	(7,843)
Administrative expenses		**(12,635)**	(11,729)
Net allowance for expected credit loss on trade receivables and contract assets		**(1,811)**	(22,376)
Other income and other gains, net	*5*	**192**	311
Operating loss		**(17,328)**	(36,256)
Finance costs — net	*6*	**(577)**	(702)
Loss before income tax	*7*	**(17,905)**	(36,958)
Income tax credit	*8*	**987**	504
Loss and total comprehensive expense for the year attributable to owners of the Company		**(16,918)**	(36,454)
Loss per share attributable to owners of the Company			
Basic and diluted loss per share (in RMB cents)	*9*	**(14.10)**	(31.82)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		As at 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
			(as restated)
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		**747**	832
Right-of-use assets		**2,495**	6,498
Deposits		**336**	546
		3,578	7,876
Current assets			
Trade receivables	*10*	**37,460**	49,157
Contract assets		**37,069**	63,931
Deposits, prepayments and other receivables		**17,380**	11,856
Restricted bank balances		**1,000**	–
Cash and bank balances		**12,439**	4,251
		105,348	129,195
Current liabilities			
Trade payables	*11*	**64,253**	77,191
Contract liabilities		**4,841**	4,631
Accruals and other payables	*11*	**11,336**	12,826
Tax payables		**3,798**	3,801
Bank borrowings		**17,976**	10,000
Lease liabilities		**1,191**	2,031
		103,395	110,480
Net current assets		**1,953**	18,715
Total assets less current liabilities		**5,531**	26,591

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000 (as restated)
Non-current liabilities			
Lease liabilities		**1,332**	4,474
Deferred tax liabilities		**624**	1,624
		1,956	6,098
Net assets		**3,575**	20,493
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**1,531**	1,531
Share premium	*12*	**84,813**	84,813
Reserves		**(82,769)**	(65,851)
Total equity		**3,575**	20,493

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Dowway Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 28 April 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its issued shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the Company's registered office is Windward 3, Regatta Office Park, P.O. Box 1350, 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, 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**") 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

2.1 Status of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements also comply with applicable disclosure 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 2022 except for the adoption of certain new or 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 are set out in Note 4 to the consolidated financial statements.

Adoption of new or amendments to HKFRSs

In the current year, the Group has adopted for the first time the following new or 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 2023.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and the related Amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International tax reform — Pillar Two model rules

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

Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 2 to the consolidated financial statements.

Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 Income Taxes does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 Income Taxes.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to accumulated losses or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and recognised the deferred tax assets and liabilities arising from leases on a net basis. Following the requirements of the amendments, the Group has recognised deferred tax liabilities in relation to its right-of-use assets as at 1 January 2022 and has only recognised deferred tax assets in relation to its lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The impact of the retrospective adjustments of the changes in accounting policies on the items and amounts in the consolidated financial statements for the comparative period, which were prepared by the Company in accordance with HKFRSs, is as follows:

(i) The impact of the changes on financial statements for the current year

The following table summarises the impact of amendments to HKAS 12 on the consolidated financial position as at 31 December 2023.

	Increase/(decrease) to the account captions applying the amendments to HKAS 12 at 31 December 2023
	RMB'000
Deferred tax liabilities	**624**
Reserves	**(624)**

The following table summarises the impact of amendments to HKAS 12 on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

	Increase/(decrease) to the account captions applying the amendments to HKAS 12 for the year ended 31 December 2023
	RMB'000
Income tax credit	**1,000**
Loss and total comprehensive expense for the year	**(1,000)**

(ii) The impact of the changes on financial statements for the comparative year

The following table summarises the impact of amendments to HKAS 12 on the consolidated loss for the year ended 31 December 2022 and the consolidated total equity at 1 January 2022 and 31 December 2022, respectively.

	Loss for the year ended 31 December 2022 *RMB'000*	**Total equity at 31 December 2022** *RMB'000*	**Total equity at 1 January 2022** *RMB'000*
The amount of account captions before adjustment	(36,967)	22,117	49,962
The impact of the deferred tax related to liabilities arising from a single transaction	513	(1,624)	(2,137)
The amount of account captions after adjustment	(36,454)	20,493	47,825

The following table summarises the impact of amendments to HKAS 12 on the consolidated financial position as 31 December 2022 and the beginning of the comparative period (i.e. 1 January 2022).

	The amount before adjustment *RMB'000*	**The effect of the adjustment** *RMB'000*	**The amount after adjustment** *RMB'000*
31 December 2022			
Deferred tax liabilities	–	1,624	1,624
Reserves	(64,227)	(1,624)	(65,851)
1 January 2022			
Deferred tax liabilities	–	2,137	2,137
Reserves	(27,467)	(2,137)	(29,604)

The following table summarises the impact of amendments to HKAS 12 on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022.

	The amount before adjustment *RMB'000*	**The effect of the adjustment** *RMB'000*	**The amount after adjustment** *RMB'000*
Income tax (expense)/credit	(9)	513	504
Loss and total comprehensive expense for the year	(36,967)	513	(36,454)
Basic and diluted loss per share	32.26		31.82

Amendments to HKFRSs and interpretations not yet effective

The following are amendments to HKFRSs or interpretations that have been issued, but are not yet effective for the year ended 31 December 2023 and have not been early adopted by the Group in the consolidated financial statements.

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ("**2020 amendments**")	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants ("**2022 amendments**")	1 January 2024
Amendments to HKAS 7	Supplier finance arrangement	1 January 2024
Amendments to HKAS 21	Lack of exchangeability	1 January 2025
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
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
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3. SEGMENT INFORMATION

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

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

1. Exhibition and event related business

2. Advertising related business

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

Segment revenues and results

Segment results represent the profit or loss by each segment without allocation of finance costs — net, corporate incomes and expenses, which is the measure reported to CODM for the purposes of resource allocation and assessment of segment performance.

Year ended 31 December 2023

	Exhibition and event related services *RMB'000*	Advertisement related services *RMB'000*	Total *RMB'000*
Revenue from external customers	**107,399**	**10,047**	**117,446**
Results of reportable segments	**(7,657)**	**(8,156)**	**(15,813)**
Corporate income			**192**
Corporate expenses			**(1,707)**
Operating loss			**(17,328)**
Finance costs — net			**(577)**
Loss before income tax			**(17,905)**
Income tax credit			**987**
Loss for the year			**(16,918)**
Segment results include:			
Depreciation of rights-of-use assets	**1,465**	**137**	**1,602**
Depreciation of plant and equipment	**75**	**7**	**82**
Written off of plant and equipment	**15**	**–**	**15**
Net loss on modification of lease	**198**	**–**	**198**
Impairment of prepayments	**1,045**	**638**	**1,683**
(Reversal of)/Provision for ECL on trade receivables and contract assets, net	**(6,037)**	**7,848**	**1,811**
Other segment information:			
Addition to plant and equipment *	**12**	**–**	**12**

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 income			311
Corporate expenses			(2,859)
Operating loss			(36,256)
Finance costs — net			(702)
Loss before income tax			(36,958)
Income tax credit			504
Loss for the year			(36,454)
Segment results include:			
Depreciation of rights-of-use assets	1,788	918	2,706
Depreciation of plant and equipment	718	368	1,086
Provision for ECL on trade receivables and contract assets, net	14,671	7,705	22,376
Other segment information:			
Addition to plant and equipment *	12	–	12

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

Segment assets and liabilities

No information of segment assets and liabilities is reviewed regularly by the CODM for resource allocations and the assessment of performance of operating segments. Therefore, only the segment revenue and segment results are presented.

Geographical information

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

Information about major customers

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

	2023	2022
	RMB'000	*RMB'000*
Customer A[(1)]	**25,243**	50,743
Customer B[(1)]	**12,283**	–[(2)]
	37,526	50,743

(1) Revenue from both exhibition and event related services and advertisement related services.

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

4. REVENUE

	2023	2022
	RMB'000	*RMB'000*
Disaggregation of revenue from contracts with customers, recognised on over time basis		
Exhibition and event related services	**101,515**	102,840
Exhibition showroom related services	**5,884**	6,880
Exhibition and event related services *(Note a)*	**107,399**	109,720
Advertisement related services *(Note b)*	**10,047**	67,412
	117,446	177,132

Notes:

(a) The Group provides services in the design, planning, coordination and management of the exhibition and event projects and exhibition showroom events.

(b) The Group provides one-stop online marketing solutions covering from user traffic acquisition, raw data analysis and advertisement campaign optimisation to advertisers.

Substantially all revenue contracts are for one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocate to the unsatisfied contracts as at the end of the reporting period is not disclosed.

5. OTHER INCOME AND OTHER GAINS, NET

	2023	2022
	RMB'000	*RMB'000*
Government grant *(Note)*	**190**	741
Exchange gains/(loss) — net	**211**	(430)
Gain on modification of lease	**11**	–
Surcharges on modification of lease	**(209)**	–
Net (loss) on modification of lease	**(198)**	–
Written off of plant and equipment	**(15)**	–
Others	**4**	–
	192	311

Note: During the year ended 31 December 2023, the Group received government grant of approximately RMB 190,000 (2022: RMB741,000) in accordance with the government tax policy, such amount has been recognised as other income due to the Group has fulfilled conditions and other contingencies attached to the receipts.

6. FINANCE COSTS — NET

	2023	2022
	RMB'000	*RMB'000*
Finance income		
Interest income on bank balances and deposits	**14**	15
Finance costs		
Interest expense on bank borrowings	**(335)**	(345)
Interest on lease liabilities	**(211)**	(325)
Others	**(45)**	(47)
	(591)	(717)
Finance costs — net	**(577)**	(702)

7. LOSS BEFORE INCOME TAX

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

	2023 *RMB'000*	2022 *RMB'000*
Cost of services by revenue streams:		
— Exhibition and event related services	**97,205**	97,437
— Exhibition showroom related services	**4,990**	12,175
— Advertisement related services	**9,389**	62,139
	111,584	171,751
Included in cost of services:		
— Materials and consumables costs	**55,075**	49,775
— Venue and equipment related charges	**16,728**	15,516
— Design and services fee	**15,038**	72,892
— Subcontracting labor fee	**2,550**	–
Employee benefit expenses, including directors' emoluments *(Note iv)*	**13,439**	9,634
Depreciation on plant and equipment *(Note i)*	**82**	1,086
Depreciation on right-of-use assets *(Note ii)*	**1,602**	2,706
Expenses relating to short-term leases *(Note iii)*	**116**	149
Auditors' remuneration		
— Audit services	**882**	791
Professional services and consultancy fees	**3,735**	3,767
Net allowance for expected credit loss on		
— Trade receivables	**367**	8,533
— Contract assets	**1,444**	13,843
	1,811	22,376
Impairment of prepayments	**1,683**	–

Notes:

(i) Total depreciation of plant and equipment of approximately RMB82,000 (2022: RMB1,086,000) has been charged to cost of services and administrative expenses for the year ended 31 December 2023.

(ii) Total depreciation of right-of-use assets of approximately RMB1,602,000 (2022: RMB2,706,000) has been charged to administrative expenses for the year ended 31 December 2023.

(iii) Total operating lease expense in respect of short-term leases of approximately RMB116,000 (2022: RMB149,000) has been charged to cost of services for the year ended 31 December 2023, respectively.

(iv) Total staff costs of approximately RMB7,456,000 and RMB5,983,000 (2022: RMB5,074,000 and RMB4,560,000) has been charged to cost of services and administrative expenses for the year ended 31 December 2023, respectively.

8. INCOME TAX CREDIT

	2023	2022
	RMB'000	*RMB'000*
Current tax — the PRC enterprise income tax ("**EIT**")	**(13)**	(9)
Deferred tax	**1,000**	513
Income tax credit	**987**	504

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% (2022: 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 2023 (2022: Nil).

9. 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.

	2023	2022
Loss attributable to owners of the Company *(in RMB'000)*	**(16,918)**	(36,454)
Weighted average number of ordinary shares in issue *(thousand)*	**120,000**	114,575
Basic loss per share *(in RMB cents)*	**(14.10)**	(31.82)

No adjustment is made in arriving at diluted loss per share as there were no potential ordinary shares outstanding during the year ended 31 December 2023 and the share options outstanding during the year ended 31 December 2022 had anti-dilutive effects.

10. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**53,582**	64,912
Less: allowance for expected credit loss ("**ECL**")	**(16,122)**	(15,755)
Trade receivables — net	**37,460**	49,157
Arising from:		
Exhibition and event related services	**29,621**	31,127
Advertising related services	**7,839**	18,030
	37,460	49,157

The Group provided customers with credit period ranging from 30 to 120 (2022: 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.

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:

	2023	2022
	RMB'000	*RMB'000*
Up to 90 days	**20,509**	48,640
91 to 180 days	**12,665**	43
Over 180 days	**4,286**	474
	37,460	49,157

As at 31 December 2023, the Group had RMB4,286,000 (2022: RMB283,000) trade receivables past due over 300 days but not impaired as the Group did not consider these balances as at 31 December 2022 were defaulted due to long and on-going business relationship, good repayment record and good credit quality from these customers.

11. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**61,253**	77,191
Bills payable	**3,000**	–
	64,253	77,191
Accruals and other payables:		
Employee benefit payables	**2,312**	1,311
Other tax payables	**7,369**	9,640
Other accruals and payables *(Note (b))*	**1,655**	1,875
	11,336	12,826
	75,589	90,017

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 2023, the credit period granted by the suppliers are generally ranging from 90 to 180 (2022: 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:

	2023	2022
	RMB'000	*RMB'000*
Up to 90 days	**34,683**	51,837
91 days to 180 days	**11,076**	20,883
181 days to 365 days	**8,002**	2,497
Over 365 days	**10,492**	1,974
	64,253	77,191

Note (b):

At 31 December 2023, the balances mainly included the accrued expenses and payables related to project tender submission. At 31 December 2022, the balances also include the amount due to a director of the Company of approximately RMB983,000.

12. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares

	Number of shares	**Nominal Value of ordinary shares**
	'000	*US$'000*
Authorised:		
Ordinary shares of US$0.002 each as at 1 January 2022, 31 December 2022, 1 January and 31 December 2023	1,000,000	2,000

	Number of shares	**Nominal value of ordinary shares**	**Equivalent value of ordinary shares**	**Share premium**	**Total**
	'000	*US$'000*	*RMB'000*	*RMB'000*	*RMB'000*
Issued and paid:					
As at 1 January 2022	100,000	200	1,277	76,152	77,429
Placing of ordinary shares *(Note)*	20,000	40	254	8,661	8,915
As at 31 December 2022, 1 January 2023 and 31 December 2023	**120,000**	**240**	**1,531**	**84,813**	**86,344**

Note: 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).

13. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2023, China further returned to normalcy in both its economy and society, showcasing its prowess as a vast and lucrative market. Various sectors, including cultural entertainment, tourism, and sports events, witnessed a significant uptick in consumer demand. Moreover, the integration of urban and rural areas, coupled with advancements in urbanization, provided fertile grounds for consumption growth. As a result, consumption once again emerged as the primary propeller of economic expansion, with the nation's gross domestic product (the "**GDP**") reaching RMB126,058.2 billion, reflecting a substantial 5.2% increase at constant prices compared to the previous year. Furthermore, total retail sales of consumer goods reached a record high of RMB47.1 trillion, while domestic demand contributed 111.4% of economic growth, representing an increase of 25.3% points from the previous year.

The persistent recovery of the macroeconomy has also contributed to the stable growth of the automobile industry. In 2023, automobile production and sales reached 30.161 million units and 30.094 million units respectively, marking a year-on-year increase of 11.6% and 12% and attaining an unprecedented pinnacle. According to data from the Automotive Industry Association, starting from 2019, for every three vehicles sold worldwide, one is purchased by a Chinese consumer. The automobile industry assumes a pivotal role in supporting the stable operation of the national economy and propelling the upward trajectory of the manufacturing and industrial sectors. On a global scale, the automotive industry is currently confronted with an urgent imperative to undergo a profound restructuring of its industrial framework while undertaking comprehensive transformation and modernization. Consequently, the interdependence of related industries, both upstream and downstream, becomes intricately intertwined and susceptible to multifaceted factors such as global energy supply and demand, national economics and environmental policies, import-export trade regulations, supply chain dynamics and human resources. Any alterations in these aspects possess the potency to exert a significant impact on the automobile industry as a cohesive whole.

The **27th Guangdong-Hongkong-Macao Greater Bay Area International Auto Show**, held from 16 to 24 June 2023, was one of the most representative auto shows last year and has attracted participation from over 200 global automotive manufacturers, part suppliers, technology service providers, academic research institutions worldwide. During the nine-day exhibition, the number of visitors reached approximately 702,000, a total of 38,967 vehicles were sold, and the total transaction value exceeded RMB9.5 billion.

According to the “Fairs and Exhibitions in China 2023” (《中國博覽會和展覽會2023》) 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 1,370 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 15 December 2022) in 2023, a decrease from more than 1,500 last year.

Despite the robust economic recovery, the exhibition industry has undergone a profound transformation due to the swift advancement of the digital economy. The COVID-19 pandemic has accelerated the digital transformation process within the exhibition industry, necessitating a deep integration with digital technologies as an inevitable trend for its development. Even as offline exhibitions gradually resume regular operation in 2023, the emergence of dual-line exhibitions, encompassing both online and offline components, will continue to drive innovation in the exhibition industry model. This evolution will inevitably lead to a reduction in the prevalence of physical exhibitions.

Looking forward, China remains steadfast in its commitment to promoting consumption and ensuring stable economic growth, thereby enhancing market vitality and unlocking further untapped consumption potential. As a testament to this commitment, the highly anticipated Auto China 2024 will grace Beijing from 25 April to 4 May 2024, serving as an exemplary showcase. Renowned as a significant biennial exhibition for the global automotive industry in China, Auto China serves as a vital platform for driving industry development and catalyzing automotive consumption. Its resumption, following the pandemic-induced disruptions, signifies the industry’s resilience and anticipated improvements in 2024.

BUSINESS REVIEW

The Group stands as an eminent leader in China’s exhibition and event management landscape, distinguished for its unparalleled provision of integrated services. As a trusted project and event manager, we offer an extensive array of comprehensive solutions that encompass the entire spectrum of exhibition and event execution. Our services span the whole gamut of design, planning, coordination, and management, tailored to meet the unique needs of our esteemed clients. With meticulous attention to detail, we adeptly navigate the intricacies of theme development, stage and site design, feasibility studies, procurement of construction materials and equipment, multi-party coordination with suppliers and personnel, on-site setup supervision, construction of exhibition booths, and installation of state-of-the-art audiovisual and lighting facilities.

With over a decade of experience, the Group has established itself as a trusted facilitator in automotive display, promotion, and sales. Our client portfolio includes globally renowned automobile brands such as Lamborghini, Volkswagen, and other German and Italian car companies. While our expertise lies in the automotive industry, we maintain flexibility and versatility by extending our services to exhibitions and event management projects for a diverse range of non-automotive entities.

Throughout the past year, China's economy continued a gradual yet promising path towards structural recovery, prompting the Group to diligently assess its strategies and make apt adjustments. During the Year, the Group accomplished 117 exhibition and event projects, 3 showroom projects, and 3 advertisement projects, with aggregate revenue amounting to approximately RMB117.45 million, a decrease of approximately 33.70% over 2022.

Guided by a skilled and experienced management team, the Group harnessed its inherent strengths to forge enduring strategic alliances with renowned automobile manufacturers on a global scale. Simultaneously, recognizing the importance of risk mitigation and business diversification, the Group steered into non-automotive sectors, broadening its portfolio and expanding its horizons. Driven by an unwavering commitment to excellence, the Group not only delivered refined services but also pursued the development of horizontally integrated advertising and other exhibition promotion ventures. These strategic initiatives yielded remarkable outcomes, as evidenced by the notable increase in revenue from non-automotive-related exhibitions and events-related services, registering a growth of 293.61%.

Through a judicious blend of strategic partnerships, service refinement, and diversified business expansion, the Group remains poised for sustained growth and profitability, solidifying its position as a versatile industry leader with a broad spectrum of offerings.

FINANCIAL REVIEW

Revenue

The Group primarily generates revenue by providing comprehensive services encompassing exhibition and event design, planning, coordination, and management within the People's Republic of China (the "**PRC**"). To provide a clear breakdown of revenue from business operations, the following table presents the comparative figures for the year ended on 31 December 2023 and 2022, respectively.

	For the year ended 31 December			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Revenue from exhibitions and events related services	**101,515**	**86.44**	102,840	58.06
Revenue from exhibitions showroom related services	**5,884**	**5.01**	6,880	3.88
Revenue from advertisement related services	**10,047**	**8.55**	67,412	38.06
Total	**117,446**	**100**	177,132	100

Revenue dropped from approximately RMB177.13 million for the year ended 31 December 2022 to approximately RMB117.45 million for the Year, representing a year-on-year decrease of approximately 33.70% or approximately RMB59.68 million. The reduction in total revenue can be attributed to several factors influenced by the worldwide macroeconomic landscape following the COVID-19 pandemic. Firstly, the overall economic conditions and consumer behavior significantly changed in 2023, restricting people's consumption ability. This, in turn, resulted in a gradual decline in spending from businesses and individuals for these services, which had a cascading impact on the exhibition and event management sector. Furthermore, the decrease in revenue was primarily driven by a decline in our advertisement-related services during the Year. The diminished demand for advertising services has led companies to adjust their marketing strategies and budgets in response to the challenging economic environment.

To adapt to the post-COVID-19 pandemic market and capitalize on available resources, the Group is proactively shifting its focus from advertisement-related services to the exhibition and showroom business. This strategic shift aims to align the Group's operations with higher-margin business opportunities, leveraging its existing capabilities and expertise.

By transitioning towards exhibition and showroom ventures, the Group seeks to tap into segments that offer more significant profitability potential in the evolving market layout. This shift not only allows the Group to optimize its resource allocation but also positions it to better cater to customers' changing needs and preferences in the post-pandemic era.

During the Year, revenue from exhibitions and events related services decreased from approximately RMB102.84 million for the year ended 31 December 2022 to approximately RMB101.52 million for the Year, representing a year-on-year decrease of approximately 1.29% or approximately RMB1.32 million and accounting for 86.44% of the total revenue for the Year.

Revenue from exhibition showroom-related services during the Year amounted to approximately RMB5.88 million, constituting 5.01% of the total revenue for the Year. It reflects a decrease compared to the previous year, where revenue stood at approximately RMB6.88 million for the year ended 31 December 2022, representing a year-on-year decline of approximately 14.48% or approximately RMB1.00 million.

Revenue from advertisement-related services for the Year recorded approximately RMB10.05 million and decreased from approximately RMB67.41 million for the year ended 31 December 2022, representing a year-on-year decrease of approximately 85.10% or approximately RMB57.36 million and accounting for 8.55% of the total revenue for the Year.

Cost of service

Cost of service decreased from approximately RMB171.75 million for the year ended 31 December 2022 to approximately RMB111.58 million for the Year, representing a year-on-year decrease of approximately 35.03% or approximately RMB60.17 million.

Such a decrease can mainly be attributed to the decline in the cost of services suppliers provide. The cost of these services fell from approximately RMB160.75 million in the year ended 31 December 2022 to around RMB105.98 million for the Year, recording a year-on-year decrease of nearly 34.07% or RMB54.78 million, taking for approximately 94.98% of the total cost of service for the Year.

Gross Profit and Gross Profit Margin

During the Year, the Group recorded a gross profit of approximately RMB5.86 million, representing a year-on-year increase of approximately RMB0.48 million as compared with approximately RMB5.38 million for the year ended 31 December 2022. The increase in gross profit was mainly due to the decline of sales revenue from advertisement-related services for the Year which had lower gross margin.

The gross profit margin was approximately 4.99%. The Group's gross profit margin recorded a decrease primarily due to the decline of the Group's revenue in automobile-related exhibitions, events-related services, and advertisement-related services.

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 RMB8.94 million, representing a year-on-year increase of approximately 13.94% or approximately RMB1.09 million as compared to selling expenses of approximately RMB7.84 million for the year ended 31 December 2022.

Administrative expenses

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

Administrative expenses for the Year were approximately RMB12.64 million, representing a year-on-year increase of approximately 7.72% or approximately RMB0.91 million as compared to administrative expenses of approximately RMB11.73 million for the year ended 31 December 2022.

Other net gains

Other net gains for the Year were approximately RMB0.19 million, mainly due to the governmental grant and exchange gains. Other net gains decreased by approximately RMB0.12 million compared to approximately RMB0.31 million for the year ended 31 December 2022.

Finance income

Finance income included interest income on bank balances and deposits. The Group's finance income for the Year was approximately RMB14,000 (2022: RMB15,000).

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings and interest expenses on lease liabilities. For the Year, the Group's finance expenses were approximately RMB591,000 (2022: RMB717,000).

Loss before income tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB17.91 million for the Year, representing a year-on-year decrease of approximately RMB19.05 million as compared with a loss of roughly RMB36.96 million for the year ended 31 December 2022, which was mainly due to decrease of net allowance for the expected credit loss on trade and other receivables and contract assets.

Income tax credit

Income tax credit increased from approximately RMB504,000 for the year ended 31 December 2022 to approximately RMB987,000 for the Year.

Loss for the Year

As a cumulative effect of the factors cited above, the Group recorded a loss of approximately RMB16.92 million for the Year, while the loss was approximately RMB36.45 million for the year ended 31 December 2022. The year-on-year decrease was approximately RMB19.53 million.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

The capital structure of the Group comprises only ordinary shares. As at 31 December 2023, the Company's total number of issued shares (the "**Shares**") of USD0.002 each was 1,200,000,000 (31 December 2022: 1,200,000,000 Shares). Save as disclosed above, there was no change in the capital structure of the Group during the Year.

Cash position

The following table sets forth the selected cash flow data from the Condensed Consolidated Statements of Cash Flows for the year ended 31 December 2022 and 2023.

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
Net cash generated from/(used) in operating activities	**2,115**	(8,387)
Net cash generated from investing activities	**2**	3
Net cash generated from financing activities	**5,861**	6,451
Net increase/(decrease) in cash and cash equivalents	**7,978**	(1,933)
Cash and cash equivalents at the end of the Year	**12,439**	4,251

As of 31 December 2023, cash and cash equivalents of the Group were approximately RMB12.44 million (31 December 2022: approximately RMB4.25 million), which was mainly denominated in RMB and Hong Kong dollars.

Borrowings

As of 31 December 2023, the Group had bank borrowings of RMB17.98 million which are repayable within one year (as of 31 December 2022: RMB10.00 million). As at 31 December 2023, bank borrowings bear fixed interests ranging from 2.80% to 4.00% (2022: 3.30% to 3.85%) per annum.

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 of 31 December 2023, there were approximately RMB1 million pledge bank balance of the Group was pledged for bills payables (2022: Nil).

Gearing ratio

The Group's gearing ratio as of 31 December 2023 and 31 December 2022 were as follows:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
Total interest-bearing borrowings	**17,976**	10,000
Total Equity	**3,575**	20,493
Gearing ratio	**502.83%**	48.80%

DIVIDEND

The Board did not recommend the payment of any dividend for the Year (for the year ended 31 December 2022: 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 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 31 December 2023 are listed as follows:

	Planned use of proceeds	**Percentage of actual use of proceeds from the Listing Date up to 31 December 2022**	**Actual use of proceeds from the Listing Date up to 31 December 2022**	**Percentage of actual use of proceeds from 1 January 2023 up to 31 December 2023**	**Actual use of proceeds from 1 January 2023 up to 31 December 2023**	**Unutilized net proceeds as at 31 December 2023**
	HK$'000		*HK$'000*		*HK$'000*	*HK$'000*
Expand the Group's exhibition and event management services	12,972	35.7%	12,972	0.0%	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	0.0%	0	0
Expand the Group's workforce to support its business expansion	13,372	36.8%	13,372	0.0%	0	0
Strengthen the Group's marketing efforts	3,343	0.9%	312	8.3%	3,031	0
Working capital and other general corporate purpose	3,634	10.0%	3,634	0.0%	0	0
Total	**36,337**	**91.7%**	**33,306**	**8.3%**	**3,031**	**0**

All the proceeds from initial public offerings has been utilized by 31 December 2023.

USE OF NET PROCEEDS FROM THE PLACING OF NEW SHARES

According to the Company's announcement on 8 April 2022 (the "**Completion Date**"), 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 of 31 December 2023 are listed as follows:

	Planned use of proceeds	**Percentage of actual use of proceeds from the Completion Date up to 31 December 2022**	**Actual use of proceeds from the Completion Date up to 31 December 2022**	**Percentage of actual use of proceeds from 1 January 2023 up to 31 December 2023**	**Actual use of proceeds from 1 January 2023 up to 31 December 2023**	**Unutilized net proceeds as at 31 December 2023**
	HK$'000		*HK$'000*		*HK$'000*	*HK$'000*
Enhance the advertisement related services segment	5,279.5	49.3%	5,201.5	0.7%	78	0.0
Enhance exhibition showroom related services segment	3,167.7	30.0%	3,167.7	0.0%	0	0.0
Working capital and other general corporate purpose	2,111.8	12.2%	1,286	7.8%	825.8	0.0
Total	**10,559**	**91.5%**	**9,655.2**	**8.5%**	**903.8**	**0**

All the proceeds from the placing of new shares has been utilized by 31 December 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.

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 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 the 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 an expansion strategy effectively may lead to higher costs, inefficient operation flow, and a decline in profitability.

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS RELATED TO THE SUBSIDIARIES AND ASSOCIATED COMPANIES

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

Save as disclosed above, the Group had no other material acquisitions or disposals during the reporting period.

CONTINGENT LIABILITIES

As of 31 December 2023, the Group had no significant contingent liabilities (2022: Nil).

HUMAN RESOURCES

As of 31 December 2023, the Group employed a total of 57 employees, among which 6 of them were at the management level, all stationed in the PRC. For the Year, the staff costs (including Directors' emoluments) were approximately RMB13.44 million (2022: approximately RMB9.63 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 2023, the total amount contributed in these areas by the Group was approximately RMB2.89 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 EXPOSURE

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 the 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 a change in the strategic relationships with these major customers that might cause a 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 the 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 of relevant customers' 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 an assessment, various factors including their financial position and other factors about these new customers would be considered.

The Group's other receivables comprise deposits, staff advance, and loans 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 that 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

While the Organisation of Economic Co-operation and Development (OECD) forecasts moderate global economic growth of around 3% in 2024, with Asia continuing to drive a significant portion of this expansion, geopolitical tensions remain the downside risk. In China, consumer spending has emerged as the primary engine of growth, contributing over 80% to the 5.2% GDP increase in 2023. However, the latest data indicates a slight cooling in services sector momentum, with rising costs impacting business activity in early 2024. This mixed economic backdrop, coupled with evolving consumer preferences, poses challenges for the exhibition industry.

According to the latest Caixin China General Services Purchasing Managers' Index (PMI) report released on 5 March 2024, China's service economy continued to grow in the middle of the first quarter of 2024, albeit at a slightly slower pace. Business activity expanded at the softest rate in three months, reflecting a relatively subdued increase in overall new work. In February, Chinese services companies experienced a slightly stronger increase in average input costs, leading to a renewed rise in average selling prices. The seasonally adjusted Caixin China General Services Business Activity Index declined from 52.7 at the beginning of 2024 to 52.5 in February 2024, indicating continued growth in services activity for the fourteenth consecutive month. However, the rate of expansion was the slowest since November 2023 and remained modest overall, falling below the long-run series average.

Considering this, looking ahead, the Group will explore effective cost control measures and carefully plan to optimize the significant portion of operational and personnel costs. It will also focus on strategic planning and restructuring of service offerings, as well as adjusting profit models. To mitigate risk and promote business diversification, the Group will expand its non-automotive sectors, broadening its portfolio and expanding its horizons. Additionally, the Group will actively seek strategic partnerships in relevant markets, promoting resource exchange and driving innovation in product and customer service models, as well as strive for efficient resource utilization.

The Group has meticulously developed strategic initiatives that encompass various aspects, including diversifying our client base across high-growth sectors, accelerating digital transformation through strategic technology investments, pursuing projects with enhanced profit margins to optimize profitability, implementing operational efficiency programs, and exploring strategic partnerships. By fostering a collaborative approach, we strive to craft bespoke themes that resonate with our clients' aspirations, working harmoniously with a diverse network of contractors to deliver a seamless and hassle-free one-stop service experience.

Our commitment is to transcend expectations, ensuring that each exhibition and event is a showcase of excellence. The Group is poised to adapt to evolving domestic and global markets in the post-pandemic era. By doing so, we will maintain our position as a leading provider of exceptional exhibition services, ensuring client satisfaction while consistently delivering sustainable returns for the shareholders.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company will be held on 24 May 2024 (Friday), the transfer books and register of members of the Company will be closed from 17 May 2024 (Friday) to 24 May 2024 (Friday), both days inclusive. During such period, no share transfers will be effected. In order to qualify for attending the aforesaid meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 16 May 2024 (Thursday).

CORPORATE GOVERNANCE PRACTICE

During the Year, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**Code**") set out in Part 2 of Appendix C1 of the GEM Listing Rules, save for the deviation from code provision C.2.1.

Code provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, Mr. Huang Xiaodi ("**Mr. Huang**") is the chairman and the chief executive officer of the Company. The Board considered that Mr. Huang has more than 12 years of professional experience in the exhibition and event management industry, the Board believed that it is in the best interest of the Group to have Mr. Huang taking up both roles for efficient overall strategy and business development.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings during the year ended 31 December 2023.

COMPETING INTERESTS

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) 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the GEM Listing Rules, was held by the public at all times during the Year and as at the latest practicable date prior to the issue of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

CONNECTED TRANSACTIONS

On 28 September 2022, Mr. Huang Xiaodi, who is an executive director and a connected person of the Company, provided a personal guarantee of RMB3,000,000 for a loan agreement entered into between the Company and a financial institution.

On 10 January 2024, the Company entered into a loan agreement with Mr. Shum Ngok Wa ("**Mr. Shum**"), who is an executive director and a connected person of the Company, of which Mr. Shum agreed to lend HKD480,000 to the Company on an interest-free payment basis. The amount will be fully repaid by the Company to Mr. Shum within one year.

On 10 January 2024, the Company entered into a loan agreement with Mr. Dong Kejia ("**Mr. Dong**"), who is an executive director and a connected person of the Company, of which Mr. Dong agreed to lend HKD320,000 to the Company on an interest-free payment basis. The amount will be fully repaid by the Company to Mr. Dong within one year.

The above three transactions, being financial assistance received by the Company from connected persons of the Company, having been conducted on normal commercial terms or better, and not being secured by the assets of the Group. As such, the above three transactions are fully exempt under Rule 20.88 of the GEM Listing Rules.

Saved as disclosed above, none of the connected party transactions constituted a connected transaction or continuing connected transaction (as defined in the GEM Listing Rules) that was required to be disclosed and the Company had not entered into any connected transaction or continuing connected transaction which is subject to the disclosure requirements under the GEM Listing Rules.

IMPORTANT EVENT SINCE THE END OF THE REPORTING YEAR

The Group had no material events for disclosure subsequent to 31 December 2023 and up to the date of this announcement.

AUDIT COMMITTEE

The Group has established the audit committee of the Company (the "**Audit Committee**") on 16 May 2018 in compliance with Rules 5.28 to 5.33 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. Tsoi Ka Shing as the chairman of the Audit Committee, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules, Mr. Gao Hongqi and Ms. Xu Shuang. The Audit Committee has reviewed the audited condensed consolidated financial statements for the Year, which was of the opinion that the preparation of annual results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

SCOPE OF WORK OF MOORE CPA LIMITED (formerly known as "Moore Stephens CPA Limited")

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023 and consolidated statement of profit or loss and other comprehensive income and the related notes thereto as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore CPA Limited on the preliminary announcement.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.dowway-exh.com. The annual report of the Company for the year ended 31 December 2023 containing all information required by the GEM Listing Rules will be despatched to shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 27 March 2024

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

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange at https://www.hkexnews.hk for at least 7 days from the date of its publication and published on the website of the Company at www.dowway-exh.com.