



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 2023

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

CONTENTS

CORPORATE INFORMATION	3
CHAIRMAN'S STATEMENT	4-5
MANAGEMENT DISCUSSION AND ANALYSIS	6-17
OTHER INFORMATION	18-21
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	22
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET	23
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	24
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	25
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	26-32

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Mr. Huang Xiaodi
(Chairman of the Board and Chief Executive Officer)
Mr. Yan Jinghui
Mr. Dong Kejia
Mr. Shum Ngok Wa

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. Shum Ngok Wa

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Leung Gavin, L. (HKICPA)
(resigned on 27 July 2023)
Ms. Tang So Him (ACG, HKACG)
(appointed on 27 July 2023)

COMPLIANCE OFFICER

Mr. Huang Xiaodi

AUTHORISED REPRESENTATIVES

Mr. Huang Xiaodi
Mr. Leung Gavin, L. (HKICPA)
(resigned on 27 July 2023)
Ms. Tang So Him (ACG, HKACG)
(appointed on 27 July 2023)

STOCK CODE

8403

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Bank of Communications
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COMPANY'S WEBSITE

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CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the board of directors (the “**Board**”) 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 2023 (the “**Reporting 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 for facilitating 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 and a solid and loyal customer base.

In the first half of 2023, faced with complex and grave international environment as well as arduous tasks to advance reform, development and ensure stability, in order to accelerate the efforts to foster a new development pattern, the Chinese government focused on promoting high-quality development, striking a better balance between domestic and international imperatives, coordinating the work of COVID-19 prevention and control with economic and social development, ensuring both development and security, and prioritizing stable growth, employment and prices. As a result, the market demand gradually recovered, production supply continued to rise, employment and price were generally stable, while residents’ income steadily increased. The national economy showed a good momentum of recovery.

According to preliminary estimates, the gross domestic product (the “**GDP**”) in the first half year reached 59,303.4 billion yuan, up by 5.5% year on year at constant price, or 1.0 percentage point faster than that in the first quarter of 2023. By industry, the value added of the primary industry was 3,041.6 billion yuan, up by 3.7% year on year; that of the secondary industry was 23,068.2 billion yuan, up by 4.3%; and that of the tertiary industry was 33,193.7 billion yuan, up by 6.4%. By quarter, the GDP grew by 4.5% year on year in the first quarter and 6.3% in the second quarter. The GDP in the second quarter was up by 0.8% quarter on quarter.

In the first half year, the value added of services went up by 6.4% year on year, 1.0 percentage point faster than that in the first quarter. In June, the Index of Services Production increased by 6.8% year on year. In the first five months, the business revenue of service enterprises above the designated size grew by 8.5% year on year. In June, the Business Activity Index for Services stood at 52.8 percent, and the Business Activity Expectation Index was 60.3%. Generally speaking, in the first half year, as the economic and social development has fully returned to normal and macro policies have manifested effects, the national economy showed a good momentum of recovery with high-quality development advancing steadily.

During the Reporting Period, the Group has managed and coordinated 65 exhibition and event projects, 20 exhibition showroom projects and 3 advertisement projects, among which 50 projects had been completed, which collectively generated a revenue of approximately RMB51.87 million, representing a period-on-period decrease of RMB3.03 million or approximately 5.51%. The Group recorded a gross profit of approximately RMB1.02 million, increased approximately RMB0.79 million period-on-period, which was mainly due to the decline of the revenue from advertisement related services which had lower margin. The Board does not recommend the payment of dividend for the Period.

CHAIRMAN'S STATEMENT

Looking ahead, we should be aware that the international political and economic circumstance is intricate and complicated, and the foundation for sustained economy recovery at China mainland is not solid yet. At the next stage, China's government will adhere to the general principle of pursuing progress while maintaining stability, fully and faithfully apply the new development philosophy on all fronts, focus on the top task of high-quality development and strategic task of creating a new pattern of development, deepen reform and opening up comprehensively, accelerate the modernization of the industrial system, promote smooth economic flow, and make more efforts to change growth model, improve economic structure and gather new growth momentum, so as to achieve effective enhancement of quality and reasonable growth of quantity of economy. 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.

Huang Xiaodi

Chairman, Chief Executive Officer and Executive Director

Beijing, China, 11 August 2023

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2022, China succeeded in balancing economic growth and social development with an annual GDP of RMB121,020.7 billion, representing an increase of 3% over the previous year at constant prices, despite facing multiple challenges. The tertiary industry, particularly the service sector, faced pressure but demonstrated a continued recovery trend overall with a positive development momentum.

Under this background, over 1,500 economic and trade exhibitions were held in China in 2022 (《中國博覽會和展覽會2022》). The automobile exhibition sector continues to hold a prominent position in exhibition and curatorial industry, characterized by its quantity, scale, location and frequency. What is more, the data on the output and growth rate of main industrial products released by National Bureau of Statistics, Chinese automobile production reached 27.476 million vehicles, with a year-over-year growth of 3.4%, in 2022. These data can be rendered as the epitome of the rapid recovery of the Chinese auto exhibition and vehicle market despite the challenging environments.

During the first half of 2023, China's economic development showed good momentum of recovery, with the GDP reaching 59,303.4 billion yuan, up by 5.5% year on year at constant price, or 1.0 percentage point faster than that in the first quarter of 2023. China's government will further pursue high-quality development, and implement macro policies in a scientific and targeted manner to achieve stable growth in the new phase after COVID-19 pandemic.

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 in display, promotion 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 will also accept 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 Reporting Period, the Group completed 45 exhibition and event projects, 3 exhibition showroom projects and 2 advertisement projects, with aggregate revenue decreasing to approximately RMB51.87 million (approximately 5.51%).

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 2022 and 2023.

	For the six months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Revenue from automobile related exhibitions and events	28,528	55.00%	24,996	45.53%
Revenue from non-automobile related exhibitions and events	18,882	36.40%	–	0%
Revenue from exhibition room related services	2,246	4.33%	3,496	6.37%
Revenue from advertisement	2,217	4.27%	26,408	48.10%
Total	51,873	100%	54,900	100%

Revenue decreased from approximately RMB54.90 million for the six months ended 30 June 2022 to approximately RMB51.87 million for the Reporting Period, representing a period-on-period decrease of approximately 5.51% or approximately RMB3.03 million. The decrease was primarily because that the decrease of revenue from advertisement related services compared to that of the six months ended 30 June 2022. The Group is trying to shift to exhibition and showroom business from the advertisement related services in the post-COVID-19 pandemic market to focus on higher margin businesses with resources at hand.

During the Reporting Period, revenue from automobile related exhibitions and events related services increased from approximately RMB25.00 million for the six months ended 30 June 2022 to approximately RMB28.53 million for the Reporting Period, representing a period-on-period increase of approximately 14.13% or approximately RMB3.53 million and accounting for 55.00% of the total revenue for the Reporting Period.

Revenue from non-automobile related exhibitions and events related services for the Reporting Period was approximately RMB18.88 million, accounting for 36.40% of the total revenue for the Reporting Period.

Revenue from exhibition room related services decreased from approximately RMB3.50 million for the six months ended 30 June 2022 to approximately RMB2.25 million for the Reporting Period, representing a period-on-period decrease of approximately 35.76% or approximately RMB1.25 million and accounting for 4.33% of the total revenue for the Reporting Period.

Revenue from advertisement related services decreased from approximately RMB26.41 million for the six months ended 30 June 2022 to approximately RMB2.22 million for the Reporting Period, representing a period-on-period decrease of approximately 91.60% or approximately RMB24.19 million and accounting for 4.27% of the total revenue for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of service

The Group's cost of service mainly comprise (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) ("**Cost of Services provided by suppliers**"); (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 2022 and 2023.

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of services provided by suppliers	43,779	47,832
Staff costs	5,253	4,118
Depreciation of property, plant and equipment	15	494
Office supplies	44	65
Subsidies paid to our staff	119	157
Travelling and entertainment expenses	708	102
Transportation and logistics expenses	457	1,319
Operating lease rentals in respect of buildings and related expenses	470	578
Total	50,845	54,665

Cost of service decreased from approximately RMB54.67 million for the six months ended 30 June 2022 to approximately RMB50.85 million for the Reporting Period, representing a period-on-period decrease of approximately 6.99% or approximately RMB3.82 million.

The cost of exhibition and event related services provided by suppliers decreased from approximately RMB47.83 million for the six months ended 30 June 2022 to approximately RMB43.78 million for the Reporting Period, representing a period-on-period decrease of approximately 8.47% or approximately RMB4.05 million, accounted for 86.10% of the total cost of service for the Reporting Period.

Gross Profit and Gross Profit Margin

For the Reporting Period, the Group recorded a gross profit of approximately RMB1.03 million, representing a period-on-period increase of approximately RMB0.80 million as compared to gross profit of approximately RMB0.23 million for the six months ended 30 June 2022. The increase in gross profit was mainly due to the percentage decrease of revenue is lower than that of the cost of service compared to that of the six months ended 30 June 2022.

For the Reporting Period, the Group's gross profit margin was approximately 1.98%.

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 2022 and 2023.

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Staff costs	388	209
Travelling expenses	230	61
Office supplies	2	3
Entertainment expenses	466	758
Advertising and marketing expenses	1,000	1,047
Other	1,828	1,624
Total	3,914	3,702

Selling expenses for the Reporting Period were approximately RMB3.91 million, representing a period-on-period increase of approximately 5.73% or approximately RMB0.21 million as compared to selling expenses of approximately RMB3.70 million for the six months ended 30 June 2022. The increase in selling expenses was primarily due to (i) an increase in the staff cost from approximately RMB0.21 million for the six months ended 30 June 2022 to approximately RMB0.39 million for the Reporting 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 RMB1.62 million for the six months ended 30 June 2022 to approximately RMB1.83 million for the Reporting Period.

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 2022 and 2023.

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs	2,898	1,762
Travelling expenses	43	3
Office supplies	241	212
Entertainment expenses	13	–
Conference and training expenses	11	9
Management consulting and other services expenses	3,082	2,106
Auditor's remuneration	291	128
Subsidies paid to staff	45	89
Operating lease rentals in respect of buildings and related expenses	394	300
Depreciation of property, plant and equipment	22	47
Business taxes and surcharges	6	23
Other	28	9
Total	7,074	4,688

Administrative expenses for the Reporting Period were approximately RMB7.07 million, representing a period-on-period increase of approximately 50.90% or approximately RMB2.39 million as compared to administrative expenses of approximately RMB4.68 million for the six months ended 30 June 2022. The increase in administrative expenses was mainly due to (i) an increase in the staff cost from approximately RMB1.76 million for the six months ended 30 June 2022 to approximately RMB2.90 million for the Reporting Period; (ii) an increase in management consulting and other services expenses from approximately RMB2.11 million for the six months ended 30 June 2022 to approximately RMB3.08 million for the Reporting Period; and (iii) an increase in operating lease rentals in respect of buildings and related expense from approximately RMB0.30 million for the six months ended 30 June 2022 to approximately RMB0.39 million for the Reporting Period.

Other gains — net

Other net gains for the Reporting Period was approximately RMB1.05 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 RMB0.68 million compared to that of approximately RMB0.37 million for the six months ended 30 June 2022.

Finance income

Finance income represented interest income on bank balances and deposits. The Group's finance income for the Reporting Period was approximately RMB7,000 (30 June 2022: RMB11,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Finance expenses

Finance expenses mainly represented interest expenses on bank borrowings and interest expense of lease liabilities. For the Reporting Period, the Group's finance expenses were approximately RMB282,000 (30 June 2022: RMB363,000).

Loss before income tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB9.20 million for the Reporting Period, representing a period-on-period increase of approximately RMB1.06 million as compared with a loss before income tax of approximately RMB8.14 million for the six months ended 30 June 2022, which was mainly due to (i) the decline of the Group's revenue; (ii) the increase of the staff cost; and (iii) the increase of the management consulting and other service expenses.

Income tax expense

Income tax expense increased from approximately RMB8,000 for the six months ended 30 June 2022 to approximately RMB13,000 for the Reporting Period.

Loss for the Reporting Period

As a cumulative effect of the factors cited above, the Group recorded loss for the Reporting Period of approximately RMB9.20 million, while for the six months ended 30 June 2022, the Group recorded a loss of approximately RMB8.15 million. The period-on period increase was approximately RMB1.05 million.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There was no material change in the capital structure of the Group during the Reporting Period.

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 2022 and 2023.

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	1,468	(9,728)
Net cash (used in)/generated from investing activities	(1)	6
Net cash (used in)/generated from financing activities	(1,128)	9,020
Net increase/(decrease) in cash and cash equivalents	549	(826)
Cash and cash equivalents at the end of the Period	4,800	5,788

At 30 June 2023, the cash and cash equivalents of the Group were approximately RMB4.80 million (as at 30 June 2022: approximately RMB5.79 million), which mainly denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

As at 30 June 2023, save that the Group had bank borrowings of RMB9.00 million under a credit agreement (as at 30 June 2022: 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 2022: 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 Reporting Period.

Pledge of assets

As at 30 June 2023, none of the Group's assets were pledged (30 June 2022: Nil).

Gearing ratio

The Group's gearing ratio at 30 June 2023 and 31 December 2022 were as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Total interest-bearing borrowings	9,000	10,000
Total Equity	12,916	22,117
Gearing ratio	69.68%	45.21%

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period (30 June 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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 2023 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 2023 <i>HK\$'000</i>	Percentage of net proceeds	Unutilized net proceeds as at 30 June 2023 <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 COVID-19 epidemic, China's economic development has been slowed down and the exhibition industry has been recovering step by step. 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.

Reference is made to supplemental announcement in relation to the Annual Report 2022 of the Company dated 7 August 2023, 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 31 December 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. Uses of net proceeds as at 30 June 2023 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 2023 <i>HK\$'000</i>	Percentage of net proceeds	Unutilized net proceeds as at 30 June 2023 <i>HK\$'000</i>	Percentage of net proceeds
Enhance the advertisement related services segment	5,279.5	50%	5201.5	49.3%	78.0	0.7%
Enhance exhibition showroom related services segment	3,167.7	30%	3167.7	30.0%	0.0	0.0%
Working capital and other general corporate purpose	2,111.8	20%	1,971.0	18.6%	140.8	1.4%
Total	10,559	100%	10,340.2	97.9%	218.8	2.1%

All unutilized balances of approximately HK\$0.22 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 on its own should these suppliers deliver substandard services.
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 epidemic around the world are still challenging and risky and may continue to influence on the recovery of exhibition industry in the PRC, 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, 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.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as otherwise disclosed, there were neither significant investments held as at 30 June 2023 nor material acquisitions and disposals of subsidiaries during the Reporting Period.

Save as otherwise disclosed, the Group does not have any future plan for material investments during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities (30 June 2022: Nil).

EMPLOYEE AND SALARIES POLICY

As at 30 June 2023, the Group employed a total of 76 employees, among which 9 of them were at management level, all stationed in the PRC. For the Reporting Period, the staff costs (including Directors' emoluments) were approximately RMB8.54 million (30 June 2022: approximately RMB6.09 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 Reporting Period, the total amount contributed by the Group was approximately RMB1.92 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 Reporting 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 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 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 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 2023, China's government applied a series of policies to solidly stabilize the economy achieving notable results, the national economy has demonstrated the momentum of a stable recovery, facing complex and grave international environment as well as arduous tasks to advance reform and development. The second quarter, in particular, witnessed a positive economic growth and the stable macroeconomic performance was maintained with the GDP up by 6.3% year on year. The services sector grew fast and services involving contacts and gatherings improved significantly.

It should be aware that the international political and economic circumstance is intricate and complicated, and the foundation for sustained economy recovery at China mainland is not solid yet. At the next stage, the general principle of pursuing progress while maintaining stability will be followed by the government, new development philosophy on all fronts will be applied to promote smooth economic flow, and make more efforts to change growth model, improve economic structure and gather new growth momentum, to achieve effective enhancement of quality and reasonable growth of quantity of economy for the full year 2023.

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 Reporting 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, save 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 should be separate and should not be performed by the same individual. During the Reporting Period, 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 11 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.

COMPETING INTERESTS

During the Reporting 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 Reporting 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.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS’ AND THE CHIEF EXECUTIVES’ IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the “Shares”), underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (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:

OTHER INFORMATION

Long positions/Short positions in the Shares

Director's Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
Mr. Huang Xiaodi ("Mr. Huang")	Interest of controlled corporation	43,645,000 (L)	(Note 1) 36.37%
		12,000,000 (S)	(Note 3) 10.00%
Mr. Dong Kejia ("Mr. Dong")	Interest of controlled corporation	23,987,500 (L)	(Notes 2&3) 19.99%

L: Long Positions

S: Short Positions

Note 1: These 43,645,000 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: These 23,987,500 Shares are held by Wing Ka Yuen Company Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Dong, the Executive Director of the Company. Therefore, Mr. Dong is deemed to be interested in all the Shares held by Wing Ka Yuen Company Limited for the purpose of the SFO.

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

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%
Mr. Dong	Wing Ka Yuen Company Limited	Beneficial Owner	10,000	100%

Save as disclosed above and so far as is known to the Directors, as at 30 June 2023, 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.

OTHER INFORMATION

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 2023 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

Shareholder's Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
A&B Development Holding Limited	Beneficial Owner	43,645,000 (L)	(Note 1) 36.37%
		12,000,000 (S)	(Note 4) 10.00%
Mr. Huang	Interest of controlled corporation	43,645,000 (L)	(Note 1) 36.37%
		12,000,000 (S)	(Note 4) 10.00%
Ms. Lin Yuting	Interest of spouse	43,645,000 (L)	(Note 2) 36.37%
		12,000,000 (S)	(Note 4) 10.00%
Wing Ka Yuen Company Limited	Beneficial Owner	23,987,500 (L)	(Notes 3&4) 19.99%
Mr. Dong	Interest of controlled corporation	23,987,500 (L)	(Notes 3&4) 19.99%

L: Long Positions

S: Short Positions

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

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

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

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

Save as disclosed above, as at 30 June 2023, 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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Reporting 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 a 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 2022.

During the Reporting Period no share option was granted, exercised or cancelled and there is no outstanding share option.

REQUIRED STANDARD OF DEALING 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 (the "Required Standard of Dealings") as the code of conduct regarding securities transactions by the Directors in respect of the Shares (the "Code of Conduct"). All Directors have confirmed, following specific enquiry made by the Company, that they have complied with the Required Standard of Dealings as set out in the Code of Conduct and there was no event of non-compliance during the Reporting Period up to the date of this report.

AUDIT COMMITTEE

The Group has established an 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 paragraph 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 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 unaudited condensed consolidated financial statements for the six months ended 30 June 2023, which was of the opinion that the preparation of interim results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

By Order of the Board
Dowway Holdings Limited
Huang Xiaodi

Chairman, Chief Executive Officer and Executive Director

Beijing, China, 11 August 2023

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

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 2023, together with the unaudited comparative figures for the respective corresponding period in 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	51,873	54,900
Cost of service		(50,845)	(54,665)
Gross Profit		1,028	235
Selling expenses		(3,914)	(3,702)
Administrative expenses		(7,074)	(4,688)
Other gains	7	1,047	369
Operating loss		(8,913)	(7,786)
Finance income		7	11
Finance expenses		(282)	(363)
Finance expenses — net		(275)	(352)
Loss before income tax		(9,188)	(8,138)
Income tax expense	8	(13)	(8)
Loss for the period		(9,201)	(8,146)
Total comprehensive loss for the period		(9,201)	(8,146)
Earnings per share attributable to owners of the Company			Restated
— Basic loss per share (in RMB cents)	9	(7.67)	(7.46)

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		794	832
Right-of-use assets		5,472	6,498
Other non-current assets	11	546	546
Total non-current assets		6,812	7,876
Current assets			
Trade receivables	10	9,522	49,157
Contract assets		79,352	63,931
Deposits, prepayments and other receivables	11	23,098	11,856
Cash and cash equivalents		4,800	4,251
Total current assets		116,772	129,195
Total assets		123,584	137,071
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	1,531	1,531
Share premium	12	84,813	84,813
Other reserves		(6,389)	(6,389)
Retained earnings		(67,039)	(57,838)
Total equity		12,916	22,117
LIABILITIES			
Current liabilities			
Trade and other payables	13	90,340	90,017
Contract liabilities		2,027	4,631
Current income tax liabilities		3,783	3,801
Credit loan from bank		9,000	10,000
Lease liabilities		2,097	2,031
Total current liabilities		107,247	110,480
Non-current liability			
Lease liability		3,421	4,474
Total liabilities		110,668	114,954
Total equity and liabilities		123,584	137,071

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2022	1,277	76,152	(3,599)	(23,868)	49,962
Total comprehensive loss for the year	–	–	–	(36,967)	(36,967)
Share Placing	254	8,661	–	–	8,915
Lapse of share options	–	–	(301)	301	–
Share-based payments expenses	–	–	207	–	207
Cancellation of share options	–	–	(2,696)	2,696	–
Balance at 31 December 2022 and 1 January 2023	1,531	84,813	(6,389)	(57,838)	22,117
(Unaudited)					
Total comprehensive income for the period	–	–	–	(9,201)	(9,201)
Balance at 30 June 2023	1,531	84,813	(6,389)	(67,039)	12,916

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	1,485	(9,720)
Income tax paid	(17)	(8)
Net cash generated from/(used in) operating activities	1,468	(9,728)
Cash flows from investing activities		
— Purchases of property, plant and equipment	(8)	(5)
— Interest received	7	11
Net cash (used in)/generated from investing activities	(1)	6
Cash flows from financing activities		
— Proceeds from placing ordinary shares	—	9,124
— Repayment of bank borrowings	(1,000)	—
— Government subsidy for interest of loan	—	70
— Interest paid	(128)	(174)
Net cash (used)/generated from financing activities	(1,128)	9,020
Net cash increase/(decrease) in cash and cash equivalents	339	(702)
Cash and cash equivalents at beginning of period	4,251	6,614
Exchange gain/(loss) on cash and cash equivalents	210	(124)
Cash and cash equivalents at the end of period	4,800	5,788

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 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 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 2023 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 2022 (the “**Annual Report 2022**”) issued on 27 March 2023, 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 2022, 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 2023:

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKFRS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
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 Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

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.

4 ESTIMATES

The preparation of the interim financial information requires management to make judgements, 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 first quarterly financial information, the significant judgements 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 2022 of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 condensed consolidated interim 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 the Accountant's Report as contained in the Annual Report 2022 of the Group.

There have been no changes in the risk management policies since the year end.

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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Automobile related exhibition and event related services	28,528	24,996
Non-automobile related exhibition and event related services	18,882	–
Exhibition showroom related services	2,246	3,496
Advertisement related services	2,217	26,408
	51,873	54,900

7 OTHER GAINS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Foreign exchange gains	982	81
Additional deduction of input VAT	62*	219*
Government Subsidy	–	70
Others	3	(1)
	1,047	369

* On 20 March 2019, 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 10% of input VAT additionally in offsetting output VAT (i.e. additional deduction of input VAT policy). This policy was extended one year to be valid until 31 December 2022. Benefit from this policy, the Group has other gains of approximate RMB 62,000 for the Period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 INCOME TAX EXPENSES

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax on profits for the period	13	8
Income tax expenses	13	8

- (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.

9 LOSSES PER SHARE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	Restated (Unaudited)
Total loss attributable to shareholders (<i>in RMB</i>)	(9,201,000)	(8,146,000)
Weighted average number of ordinary shares in issue (<i>thousand</i>) Note	120,000	109,222
Basic loss per share (<i>in RMB cents</i>)	(7.67)	(7.46)

Note: The weighted average number of ordinary shares for the period ended 30 June 2023 and 2022 has been adjusted for the twenty-to-one share consolidation of the Company which become effective on 20 August 2021 and the placing agreement with an aggregate of 20,000,000 ordinary shares which become effective on 8 April 2022.

- (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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 TRADE RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	25,278	64,912
Less: allowance for impairment of trade receivables	(15,756)	(15,755)
Trade receivables — net	9,522	49,157

As at 31 December 2022 and 30 June 2023, the aging analysis of trade receivables based on invoice date are as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Up to 90 days	8,294	48,640
91 days to 180 days	1,228	43
Over 180 days	—	474
	9,522	49,157

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current portion		
Deposits	546	546
Deposits	2,101	1,473
Loans to staff	687	687
	2,788	2,160
Prepayment	20,310	9,696
Total deposits, prepayments and other receivables	23,098	11,856

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 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 2023	120,000,000	240,000

	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 2022, and 1 January 2023	120,000,000	240,000	1,531	84,813	86,344
As at 30 June 2023	120,000,000	240,000	1,531	84,813	86,344

Notes:

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

13 TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables	71,790	77,191
Employee benefit payables	2,118	1,311
Other tax payables	9,124	9,640
Others	7,308	1,875
	90,340	90,017

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 TRADE AND OTHER PAYABLES *(Continued)*

As at 31 December 2022 and 30 June 2023, the aging analysis of the trade payables based on invoice date are as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0-90 days	34,902	51,837
91-180 days	25,392	20,883
181-365 days	8,675	2,497
Over 365 days	2,821	1,974
	71,790	77,191

14 DIVIDENDS

No dividend has been paid or declared by the Group during each of periods ended 30 June 2022 and 2023.

15 RELATED-PARTY TRANSACTIONS

(a) During each of periods ended 30 June 2022 and 2023, 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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Wages and salaries	1,738	719
Pension scheme and other social security costs	148	148
Housing benefits	52	67
Other costs and benefits	20	28
	1,958	962

16 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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