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Dowway Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8403)

DISCLOSEABLE TRANSACTION IN RELATION TO THE TENANCY AGREEMENT

The Board announces that on 22 December 2020, Beijing Dowway International Exhibition Company Limited* (北京天平道和國際展覽有限公司) (an indirect wholly-owned subsidiary of the Company) as the Tenant entered into the Tenancy Agreement with the Landlord for tenancy in respect of the Premises for a term of five years commencing from the date of delivery (which was on 21 February 2021) of the Premises to the Tenant.

IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Accordingly, the lease transaction under the Tenancy Agreement is regarded as an acquisition of assets by the Tenant (i.e. the lessee) for the purpose of the GEM Listing Rules.

As the relevant applicable percentage ratios (as defined under the GEM Listing Rules) calculated based on the value of the right-of-use assets of the Premises under the Tenancy Agreement to be recognised by the Company according to HKFRS 16 exceed 5% and all applicable percentage ratios are less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction of the Company and is subject to announcement requirement under Chapter 19 of the GEM Listing Rules.

* for identification purpose only

INTRODUCTION

The Board announces that on 22 December 2020, Beijing Dowway International Exhibition Company Limited* (北京天平道和國際展覽有限公司) (an indirect wholly-owned subsidiary of the Company) as the Tenant entered into the Tenancy Agreement with the Landlord for tenancy in respect of the Premises for a term of five years commencing from the date of delivery (which was on 21 February 2021) of the Premises to the Tenant.

THE TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are set out below:

Date:	22 December 2020
Landlord:	Beijing Runcheng Zhiye Co. Limited* (北京潤誠置業有限公司)
Tenant:	Beijing Dowway International Exhibition Company Limited* (北京天平道和國際展覽有限公司)
Premises:	The premises located at Rooms 501A to 509H, 5/F, Runcheng Centre, No. 12 Dong Daqiao Road, Chaoyang District, Beijing, the PRC* (中國北京朝陽區東大橋路12號潤誠中心5層501A至509H室)
Gross floor area:	approximately 1,196.17 square metres
Usage:	Office use
Term:	Five years commencing from the date of delivery (which was on 21 February 2021) of the Premises to the Tenant
The rent payable:	RMB11,360,473.04 (equivalent to approximately HK\$13,386,045.38) in aggregate for the term of five years (including VAT)

The yearly rents are as follows:

The rent for the first year: RMB2,183,010.25, including VAT
The rent for the second year: RMB2,226,670.46, including VAT
The rent for the third year: RMB2,271,203.87, including VAT
The rent for the fourth year: RMB2,316,627.95, including VAT
The rent for the fifth year: RMB2,362,960.51, including VAT

In addition, the Tenant needed to pay the management fee in the amount of RMB86,124.24 during the decoration period between 23 December 2020 to 20 February 2021

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Payable term: The rent is payable on a trimonthly basis and shall be payable in advance in every three months

Deposit: Rental deposit of RMB545,752.56 (equivalent to approximately HK\$643,060.24), representing three months' rent charged by the Landlord in the first year

THE RIGHT-OF-USE ASSET

The value (unaudited) of the right-of-use assets recognised by the Company under the Tenancy Agreement amounted to RMB10,777,000 (equivalent to approximately HK\$12,698,539) which is the present value of total consideration payable throughout the lease term under the Tenancy Agreement and adjustment to fair value at initial recognition of refundable rental deposits in accordance with HKFRS 16. Incremental borrowing rate of 4.4% is applied to compute the present value of total consideration payable under the Tenancy Agreement.

INFORMATION OF THE TENANT, THE COMPANY AND THE GROUP

The Tenant is an indirect wholly-owned subsidiary of the Company and its principal activity is providing exhibition and event management service in the PRC.

The principal activity of the Company is investment holding. The Group is principally engaged in design, planning, coordination and management of exhibitions, events and showrooms in the PRC.

INFORMATION OF THE LANDLORD

Beijing Runcheng Zhiye Co. Limited* (北京潤誠置業有限公司) is the Landlord of the Premises. The Landlord is principally engaged in leasing of properties. The Landlord is 80% owned by Beijing Shangcheng Culture Development Group Co. Ltd.* (北京上誠文化發展集團有限公司) and 20% owned by Zhang Heng, respectively. Beijing Shangcheng Culture Development Group Co. Ltd.* (北京上誠文化發展集團有限公司) is 80% owned by Duan Jiaqi and 20% owned by Qiao Jinli, respectively.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.

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REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

Before relocating to the Premises, the five offices of the Tenant were separately located in different levels of an apartment building, which was inefficient in relation to internal communication and resource allocation. The Board believes that consolidating the offices into one office unit in a commercial building located in the prime commercial area of Beijing could enhance the business development of the Tenant and the work efficiency of the staff of the Tenant.

The terms of the Tenancy Agreement were determined after arm's length negotiations between the Landlord and the Tenant, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises. Therefore, the Directors are of the view that the terms of the Tenancy Agreement are fair and reasonable and entering into the Tenancy Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 "Leases", the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Accordingly, the lease transaction under the Tenancy Agreement is regarded as an acquisition of assets by the Tenant (i.e. the lessee) for the purpose of the GEM Listing Rules.

As the relevant applicable percentage ratios (as defined under the GEM Listing Rules) calculated based on the value of the right-of-use assets of the Premises under the Tenancy Agreement to be recognised by the Company according to HKFRS 16 exceed 5% and all applicable percentage ratios are less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction of the Company and is subject to announcement requirement under Chapter 19 of the GEM Listing Rules.

The Company's failure to issue an announcement at the time when the Tenancy Agreement was entered into constituted non-compliances with the relevant rules under Chapter 19 of the GEM Listing Rules. The Board did not notice the change of HKFRS in relation to lease at the time when the Tenancy Agreement was entered into and considered that the aforesaid non-compliance was the result of the Company's misinterpretation of the GEM Listing Rules and was unintentional.

As soon as the Company came to the knowledge of the aforesaid non-compliances, it immediately consulted its Hong Kong legal adviser and issued this announcement disclosing the details of the Tenancy Agreement in accordance with the relevant provisions of Chapter 19 of the GEM Listing Rules. In order to prevent similar incident from happening again in

the future, the Company will strengthen its internal control process in respect of its disclosure obligations for notifiable transactions and will consult its professional advisers on a regular basis.

DEFINITION

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Board”	Board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Dowway Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8403)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Landlord”	Beijing Runcheng Zhiye Co. Limited* (北京潤誠置業有限公司), a company established in the PRC with limited liability, which is 80% owned by Beijing Shangcheng Culture Development Group Co. Ltd.* (北京上誠文化發展集團有限公司) and 20% owned by Zhang Heng, respectively.
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

* *for identification purpose only*

“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC, unless otherwise specified
“Premises”	The premises located at Rooms 501A to 509H, 5/F, Runcheng Centre, No. 12 Dong Daqiao Road, Chaoyang District, Beijing, the PRC* (中國北京朝陽區東大橋路12號潤誠中心5層501A至509H室)
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Beijing Dowway International Exhibition Company Limited* (北京天平道和國際展覽有限公司), a company established in the PRC with limited liability, which is indirectly wholly-owned by the Company
“Tenancy Agreement”	A tenancy agreement dated 22 December 2020 entered into between the Tenant and the Landlord in relation to the Premises
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“VAT”	Value-added tax imposed by PRC Government
“%”	per cent

Translations of quoted currency values are made on an approximate basis and at the rate of RMB1.00 = HK\$1.1783. Percentages and figures expressed have been rounded.

By Order of the Board
Dowway Holdings Limited
Huang Xiaodi

Chairman, Chief Executive Officer and Executive Director

Beijing, China, 20 August 2021

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

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

This announcement will remain on the “Latest Listed Company Announcements” page of the GEM website of the Stock Exchange at www.hkgem.com for a minimum period of 7 days from the date of publication and on the website of the Company at www.dowway-exh.com.