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DOWWAY HOLDINGS LIMITED

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8403

INTERIM REPORT 2024

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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
Mr. Chen Xicheng
(appointed on 24 April 2024)

Non-executive Director:

Mr. Lian Mingcheng
(appointed on 24 April 2024)

Independent non-executive Directors:

Ms. Xu Shuang
Mr. Tsoi Ka Shing
Mr. Gao Hongqi
(resigned on 7 June 2024)

AUDIT COMMITTEE

Mr. Tsoi Ka Shing (Chairman)
Ms. Xu Shuang
Mr. Gao Hongqi
(resigned on 7 June 2024)

REMUNERATION COMMITTEE

Mr. Tsoi Ka Shing
Mr. Shum Ngok Wa
Mr. Gao Hongqi
(resigned on 7 June 2024)

NOMINATION COMMITTEE

Ms. Xu Shuang (Chairman)
Mr. Yan Jinghui
Mr. Gao Hongqi
(resigned on 7 June 2024)

COMPANY SECRETARY

Ms. Tang So Him (ACG, HKACG)
(resigned on 28 June 2024)
Mr. Leung Gavin, L. (HKICPA)
(appointed on 28 June 2024)

COMPLIANCE OFFICER

Mr. Huang Xiaodi

AUTHORISED REPRESENTATIVES

Mr. Huang Xiaodi
Ms. Tang So Him (ACG, HKACG)
(resigned on 28 June 2024)
Mr. Leung Gavin, L. (HKICPA)
(appointed on 28 June 2024)

STOCK CODE

8403

AUDITOR

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as "Moore Stephens CPA Limited")
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BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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PRINCIPAL BANKER

Bank of Communications
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COMPANY'S WEBSITE

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

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Dowway Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the Group’s unaudited interim results for the six months ended 30 June 2024 (the “**Reporting Period**”).

As an integrated exhibition and event management service providers in the People’s Republic of China (“**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 2024, the PRC’s government adhered to the general principle of pursuing progress while ensuring stability, promoting stability through progress and establishing the new before abolishing the old, and effectively implemented the macro policies and regulations. As a result, the national economy was generally stable with steady progress, featuring steady increase of production, sustained recovery of demand, generally stable employment and prices, continued increase of household income, accelerating growth of new driving forces and new achievements of the high-quality development.

According to preliminary estimates, the gross domestic product (“**GDP**”) in the first half of 2024 reached RMB61,683.6 billion, up by 5.0% year-on-year at constant price. By industry, the value added of the primary industry was RMB3,066.0 billion, up by 3.5% year-on-year; that of the secondary industry was RMB23,653.0 billion, up by 5.8%; and that of the tertiary industry was RMB34,964.6 billion, up by 4.6%. By quarter, the GDP for the first quarter and the second quarter increased by 5.3% and 4.7% year-on-year respectively. The GDP for the second quarter increased by 0.7% quarter-on-quarter.

In the first half year of 2024, the value added of services went up by 4.6% year-on-year. In June 2024, the Index of Services Production increased by 4.7% 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 2024, the Business Activity Index for Services stood at 50.2%. The Business Activity Expectation Index for Services was 57.6%, 0.6% points higher than that of last month. Generally speaking, in the first half year of 2024, the national economic performance maintained stable with steady progress made in the transformation and upgrading. However, it should be aware that the external environment is intertwined and complex, the domestic effective demand remains insufficient and the foundation for sound economic recovery and growth still needs to be strengthened.

CHAIRMAN'S STATEMENT

Strategic Expansion into the Credit Leasing Market

In 2020, the size of China's credit leasing market was RMB162.2 billion, and it is expected to reach RMB714.7 billion by 2025, with a compound annual growth rate of 34.3%. The Gross Merchandise Value of China's new leasing industry is expected to reach RMB340 billion by 2028, with the majority of this driven by the new leasing of 3C digital products and consumer-oriented leasing.

As part of the Company's continuous development strategy to maintain sustainable growth and profitability, the Company has been actively exploring new business opportunities suitable for the Group's expansion into the consumer market and service industry.

During the Reporting Period, the Group implemented an organizational upgrade, bringing in a new management team equipped with advanced ideas and innovative technologies. This restructuring has laid a solid foundation for our ongoing digital transformation, positioning us to capitalize on emerging opportunities in the market. Recognizing these market dynamics, our Company has made a strategic entry into the new leasing field, a move that not only aligns with prevailing market trends but also underscores our commitment to sustainable development.

During the Reporting Period, the Company established a non wholly-owned subsidiary in Wuhan, PRC, to launch a new business segment focused on the credit leasing industry. This new initiative involves developing a Software as a Service ("**SaaS**") platform specifically for merchants engaged in leasing 3C (Computer, Communication, and Consumer Electronics) products in the PRC. During the Reporting Period, the Company successfully completed the first phase of development, which established a credit leasing SaaS platform capable of supporting key leasing operations including order management, contract management, procurement payments, and sales collections. As of the date of this report, the Company is advancing to the second phase of upgrades, which will introduce value-added services such as biometric identification and electronic contract leasing services.

During the Reporting Period, the Group managed and coordinated 50 exhibition and event projects and 22 exhibition showroom projects among which 34 projects had been completed, which collectively generated a revenue of approximately RMB50.24 million, representing a period-on-period decrease of RMB1.62 million or approximately 3.14%. For the new business segment of selling consumer products to customers, the Group has generated revenue of RMB8.14 million during the Reporting Period. For the new business segment of SaaS platform service, the Group has generated revenue of RMB28,000 during the Reporting Period. The Group recorded a gross profit of approximately RMB6.84 million, increased by approximately RMB5.81 million period-on-period, which was mainly due to the effective cost control of the Group. The Board does not recommend the payment of dividend for the Reporting Period.

CHAIRMAN'S STATEMENT

Looking ahead, the PRC's government will adhere to the general principle of pursuing progress while ensuring stability, fully and faithfully apply the new development philosophy on all fronts, accelerate the efforts to create a new pattern of development, and strive to promote high-quality development. More efforts will be dedicated to invigorate the market and stimulate the internal impetus, and consolidate and enhance the momentum for economic recovery and growth, so as to ensure the sustained and sound development of the 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 exhibitions, promotion businesses, selling consumer products and provides digital platform services to improve their business layout. As we embark on our new business ventures in the leasing sector, the Group is committed to integrating its advanced Leasing SaaS platform and blockchain technology, as well as developing a robust risk control system. Our goal is to create a comprehensive business ecosystem SaaS platform that includes supply chain management, big data risk control, smart contracts, and judicial dispute resolution. This initiative will empower us to expand our capabilities, streamline our operations, and deliver more value-added services to our clients. In parallel, we will horizontally develop our advertising and other exhibition and promotion businesses to further enhance our business layout, fully leveraging the emerging opportunities in the new leasing market. This strategic expansion will not only solidify our position as a leader in the exhibition and event management industry but will also create synergies that drive long-term growth across all our business lines. As part of the Company's ongoing development strategy to ensure sustainable growth and deliver higher returns to shareholders, the Board is actively exploring new business opportunities suitable for the Company's expansion into the consumer industry. The Board believes that these new business initiatives present a valuable opportunity for the Company to transform and upgrade its business model, diversify its revenue streams, and strengthen the Group's leading position in the industry. This approach will enable the Company to 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, 30 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2023, the PRC 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. As a result, consumption once again emerged as the primary propeller of economic expansion, with the nation's GDP reaching RMB126,058.2 billion, reflecting a substantial 5.2% increase at constant prices compared to the previous year.

Under this background, over 1,370 economic and trade exhibitions were held in the PRC in 2023 (《中國博覽會和展覽會2023》). The automobile exhibition sector continues to hold a prominent position in exhibition and curatorial industry, characterized by its quantity, scale, location and frequency. 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.

During the first half of 2024, the PRC's economic development showed good momentum of progress with stability, with the GDP reaching RMB61,683.6 billion, up by 5.0% year-on-year at constant price. The PRC's government will further pursue progress while ensuring stability by dedicating more efforts to invigorate the market and stimulated the internal impetus, and create new pattern of high-quality development.

BUSINESS REVIEW

The business operations of the Group consist of three major segments, (i) provision of integrated exhibition and event management services in the PRC; (ii) provision of one-stop value chain service in the PRC; and (iii) provision of SaaS platform service.

(i) Integrated exhibition and event management services

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 is engaged principally in offering assistance to 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 34 exhibition and event projects, with aggregate revenue decreasing to approximately RMB50.24 million by approximately 3.14%.

(ii) **New business — One-stop value chain service**

During the Reporting Period, the Group has established a new subsidiary to supply consumer products in the PRC. The subsidiary commenced business in April 2024. The market is mainly in Wuhan, PRC. The subsidiary supplies consumer products to customer by instalments. The subsidiary company cooperates with well-known consumer goods suppliers in the PRC, evaluates merchants based on its own risk control system, and provides merchants with supplies within the scope of credit in installment mode.

The revenue of this segment was RMB8.14 million during the Reporting Period.

(iii) **New Business — SaaS platform service**

In order to enhance the Group's digital service capability to target clients, the Group aims to develop an enterprise resource planning SaaS technology solution, integrating supply chain management, risk control management, blockchain application and customer relationship management function specifically for enterprise clients in the industry based on the characteristics and development trends of the business.

During the Reporting Period, the Company successfully completed the first phase of development, which established a credit leasing SaaS platform capable of supporting key leasing operations including order management, contract management, procurement payments, and sales collections.

The Group has been providing SaaS platform service to a merchant in 3C leasing industry enabling the management of their supply chain operations. The SaaS service fee was charged on an installment and ongoing basis. The revenue of this segment was RMB28,000 during the Reporting Period.

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, and selling consumer products and provides digital platform service in the PRC. The following table sets forth the breakdown of revenue for the six months ended 30 June 2023 and 2024.

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Revenue from automobile related exhibitions and events	24,837	42.52%	28,528	55.00%
Revenue from non-automobile related exhibitions and events	23,864	40.85%	18,882	36.40%
Revenue from exhibition room related services	1,544	2.64%	2,246	4.33%
Revenue from advertisement	–	0%	2,217	4.27%
Revenue from selling consumer products	8,143	13.94%	–	0%
Revenue from SaaS platform service	28	0.05%	–	0%
Total	58,416	100%	51,873	100%

Revenue increased from approximately RMB51.87 million for the six months ended 30 June 2023 to approximately RMB58.42 million for the Reporting Period, representing a period-on-period increase of approximately 12.63% or approximately RMB6.55 million. The increase in revenue was primarily due to the increase in revenue from new business of selling consumer products and related SaaS platform service fee compared to that of the six months ended 30 June 2023. Besides, 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 on hand.

During the Reporting Period, revenue from automobile related exhibitions and events related services decreased from approximately RMB28.53 million for the six months ended 30 June 2023 to approximately RMB24.84 million for the Reporting Period, representing a period-on-period decrease of approximately 12.94% or approximately RMB3.69 million and accounting for 42.52% of the total revenue for the Reporting Period.

Revenue from non-automobile related exhibitions and events related services for the Reporting Period increased from approximately RMB18.88 million for the six months ended 30 June 2023 to approximately RMB23.86 million for the Reporting Period, representing a period-on-period increase of approximately 26.38% or approximately RMB4.98 million and accounting for 40.85% of the total revenue for the Reporting Period.

Revenue from exhibition room related services decreased from approximately RMB2.25 million for the six months ended 30 June 2023 to approximately RMB1.54 million for the Reporting Period, representing a period-on-period decrease of approximately 31.26% or approximately RMB0.70 million and accounting for 2.64% of the total revenue for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from selling consumer products is the new segment of the Group. This new segment generated revenue of RMB8.14 million (30 June 2023: Nil) and accounting for 13.94% of the total revenue for the Reporting Period.

Revenue from providing SaaS platform services is another new segment of the Group. This new segment generated revenue of RMB28,000 (30 June 2023: Nil) and accounting for 0.05% of the total revenue for the Reporting Period.

Cost of services/products

The Group's cost of services 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); (ii) cost of consumer products from suppliers; (iii) staff costs; (iv) transportation and logistics expenses; (v) travelling expenses; (vi) depreciation of property, plant and equipment; and (vii) 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 2023 and 2024.

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of services provided by suppliers	38,503	43,779
Cost of consumer products	8,062	–
Staff costs	3,373	5,253
Depreciation of property, plant and equipment	13	15
Office supplies	4	44
Subsidies paid to our staff	48	119
Travelling and entertainment expenses	492	708
Transportation and logistics expenses	707	457
Operating lease rentals in respect of buildings and related expenses	375	470
Total	51,577	50,845

Cost of service increased from approximately RMB50.85 million for the six months ended 30 June 2023 to approximately RMB51.58 million for the Reporting Period, representing a period-on-period increase of approximately 1.44% or approximately RMB0.73 million.

The cost of exhibition and event related services provided by suppliers decreased from approximately RMB43.78 million for the six months ended 30 June 2023 to approximately RMB38.50 million for the Reporting Period, representing a period-on-period decrease of approximately 12.05% or approximately RMB5.28 million, accounted for 74.65% of the total cost of service for the Reporting Period.

The cost of consumer products provided by suppliers approximately RMB8.06 million (30 June 2023: Nil) and accounted for 15.63% of the total cost of product of the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

For the Reporting Period, the Group recorded a gross profit of approximately RMB6.84 million, representing a period-on-period increase of approximately RMB5.81 million as compared to gross profit of approximately RMB1.03 million for the six months ended 30 June 2023. The increase in gross profit was mainly due to the decrease in cost of services compared to that of the six months ended 30 June 2023.

For the Reporting Period, the Group's gross profit margin was approximately 11.71%.

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 2023 and 2024.

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs	–	388
Travelling expenses	218	230
Office supplies	15	2
Entertainment expenses	207	466
Advertising and marketing expenses	261	1,000
Other	579	1,828
Total	1,280	3,914

Selling expenses for the Reporting Period were approximately RMB1.28 million, representing a period-on-period decrease of approximately 67.30% or approximately RMB2.63 million as compared to selling expenses of approximately RMB3.91 million for the six months ended 30 June 2023. The decrease in selling expenses was primarily due to (i) a decrease in the entertainment expenses from approximately RMB0.47 million for the six months ended 30 June 2023 to approximately RMB0.21 million for the Reporting Period; (ii) a decrease in advertising and marketing expenses from approximately RMB1.00 million for the six months ended 30 June 2023 to approximately RMB0.26 million for the Reporting Period; and (iii) a decrease in other selling expenses incurred during the course of preparing and submitting tenders which the Group subsequently did not win from approximately RMB1.83 million for the six months ended 30 June 2023 to approximately RMB0.58 million for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

The following table sets forth the breakdown of administrative expenses for the six months ended 30 June 2023 and 2024.

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs	3,328	2,898
Travelling expenses	58	43
Office supplies	72	241
Entertainment expenses	245	13
Conference and training expenses	1	11
Management consulting and other services expenses	3,176	3,082
Auditor's remuneration	940	291
Subsidies paid to staff	26	45
Operating lease rentals in respect of buildings and related expenses	266	394
Depreciation of property, plant and equipment	16	22
Business taxes and surcharges	22	6
Other	2	28
Total	8,152	7,074

Administrative expenses for the Reporting Period were approximately RMB8.15 million, representing a period-on-period increase of approximately 15.24% or approximately RMB1.08 million as compared to administrative expenses of approximately RMB7.07 million for the six months ended 30 June 2023. The increase in administrative expenses was mainly due to an increase in staff costs and auditor's remuneration. The staff cost increased from approximately RMB2.90 million for the six months ended 30 June 2023 to approximately RMB3.33 million for the Reporting Period. The auditor's remuneration increased from approximately RMB0.29 million for the six months ended 30 June 2023 to approximately RMB0.94 million for the Reporting Period.

Other gains — net

Other net gains for the Reporting Period were approximately RMB9.58 million, mainly due to the recovery from expected credit loss ("ECL") of trade receivable, the payment of interest for the overdue receivables and governmental grants. Other net gains increased by approximately RMB8.53 million compared to that of approximately RMB1.05 million for the six months ended 30 June 2023.

Finance income

Finance income represented interest income on bank balances and deposits. The Group's finance income for the Reporting Period was approximately RMB15,000 (30 June 2023: RMB7,000).

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 RMB353,000 (30 June 2023: RMB282,000).

Profit before income tax

As a result of the foregoing, the Group recorded a profit before income tax of approximately RMB6.06 million for the Reporting Period, representing a period-on-period increase of approximately RMB15.25 million as compared with a loss before income tax of approximately RMB9.19 million for the six months ended 30 June 2023, which was mainly due to the increase in gross profit margin and recovery from the ECL of trade receivables compared to that of the six months ended 30 June 2023.

Income tax expense

Income tax expense increased from approximately RMB13,000 for the six months ended 30 June 2023 to approximately RMB1,516,000 for the Reporting Period.

Profit for the Reporting Period

As a cumulative effect of the factors cited above, the Group recorded profit for the Reporting Period of approximately RMB6.03 million, while for the six months ended 30 June 2023, the Group recorded a loss of approximately RMB9.20 million. The period-on-period increase was approximately RMB15.26 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 2023 and 2024.

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(9,187)	1,468
Net cash generated from/(used in) investing activities	15	(1)
Net cash generated from/(used in) financing activities	7,867	(1,128)
Net (decrease)/increase in cash and cash equivalents	(1,262)	549
Cash and cash equivalents at the end of the Reporting Period	11,177	4,800

At 30 June 2024, the cash and cash equivalents of the Group were approximately RMB11.18 million (as at 30 June 2023: approximately RMB4.80 million), which mainly denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

As at 30 June 2024, save that the Group had bank borrowings of RMB12.98 million under a credit agreement (as at 30 June 2023: RMB9.00 million), the Group had a new private borrowing of RMB10.0 million under a credit agreement with a third-party company. 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 2023: 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 2024, none of the Group's assets were pledged (30 June 2023: Nil).

Gearing ratio

The Group's gearing ratio at 30 June 2024 and 31 December 2023 were as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Total interest-bearing borrowings	22,976	17,976
Total Equity	11,840	3,575
Gearing ratio	194.05%	502.83%

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period (30 June 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

EQUITY FUND RAISING ACTIVITIES AND USE OF NET PROCEEDS

For the reason of replenishing the working capital of the Group, on 3 June 2024, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Mr. Li Wenjie (the “**Subscriber**”), an individual investor, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 4,000,000 new ordinary shares (the “**Subscription Shares**”) of US\$0.002 each in the share capital of the Company (the “**Share(s)**”) under the general mandate at the subscription price of HK\$1 per Share (the “**Subscription**”), representing a premium of approximately 20.48% over the closing price of HK\$0.83 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement. The aggregate nominal value of the Subscription Shares was US\$8,000. Completion of the Subscription took place on 24 June 2024 in accordance with the Subscription Agreement. The net proceeds of the Subscription amounted to approximately HK\$3.95 million, representing a net subscription price of approximately HK\$0.99 per Subscription Share, which was intended to be used for the general working capital of the Group. Details of the Subscription are set out in the announcements of the Company dated 3 June 2024 and 24 June 2024 respectively.

Set out below is a summary of the allocation and utilization of the net proceeds of the Subscription:

Fund raising activity	Use of proceeds	Planned	Actual use	Unused	Expected
		Use of	of net	net proceeds	timeline for
		Proceeds	proceeds	as at	utilization of
		HK\$'000	as at	as at	unutilized net
			30 June 2024	30 June 2024	proceeds
			HK\$'000	HK\$'000	
Subscription	General working capital	3,950	727	3,273	31 December 2024

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

During the Reporting Period, the Group has established a new subsidiary to sell consumer products in the PRC. The Group held 51% shares of that subsidiary. The subsidiary commenced business in April 2024. The market is in mainly in Wuhan, PRC. The subsidiary purchase consumer products from the suppliers and sell to the customers who repay by instalment.

Furthermore, in order to enhance the Group’s digital service capability to target clients, the Group aims to develop an IT SaaS technology solution, integrating supply chain management, risk control and management, and customer relationship management function specifically for enterprise clients in the ecommerce business based on the characteristics and development trends of the business.

Save as disclosed in this report, the Group did not have other material acquisitions or disposals and the Group did not hold any significant investments during the Reporting Period.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any material capital commitment (30 June 2023: Nil) and contingent liabilities (30 June 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND SALARIES POLICY

As at 30 June 2024, the Group employed a total of 69 employees, among which 11 of them were at management level. For the Reporting Period, the staff costs (including Directors' emoluments) were approximately RMB6.67 million (30 June 2023: approximately RMB8.54 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 RMB1.30 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2024, the PRC'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 5.0% year-on-year. The services sector continued to recover and modern services enjoyed sound development.

It should be aware that the international environment is intertwined and complex, the domestic effective demand remains insufficient and the foundation for sound economic recovery and growth still needs to be strengthened. At the next stage, the general principle of pursuing progress while maintaining stability will be further 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 2024.

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 C1 to the Rules (the “GEM Listing Rules”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), 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 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. Therefore, the Board considers that the deviation from Code Provision C.2.1 of the Code is appropriate in such circumstance.

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.

DIRECTORS’ INTERESTS IN TRANSACTION, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements or contracts of significance, to which the Company, or its holding companies, subsidiaries or fellow subsidiaries was a party and in which the Director or the Director’s connected entity had a material interest, whether directly or indirectly, subsisted at the end or at any time during the six months ended 30 June 2024.

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 2024, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

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	39,645,000 (L)	(Note 1) 31.97%
		12,000,000 (S)	(Note 3) 9.67%
Mr. Dong Kejia (Mr. Dong)	Interest of controlled corporation	11,987,500 (L)	(Note 2) 9.67%
		12,000,000 (L)	(Note 3) 9.67%

L: Long Positions

S: Short Positions

Note 1: These 39,645,000 Shares are held by A&B Development Holding Limited ("**A&B Development**"), 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 for the purpose of the SFO.

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

Note 3: A&B Development and Wing Ka Yuen entered into an option agreement (the "**Option Agreement**") on 2 December 2022, pursuant to which A&B Development granted an option to Wing Ka Yuen which entitling Wing Ka Yuen to purchase from A&B Development 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 and so far as is known to the Directors, as at 30 June 2024, none of the Directors nor the Chief Executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2024 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:

OTHER INFORMATION

Long Positions in the Shares

Shareholders' Name	Capacity/Nature	Number of Shares Held/ Interested	Percentage of Interest
A&B Development	Beneficial Owner	39,645,000 (L)	(Note 1) 31.97%
		12,000,000 (S)	(Note 4) 9.67%
Ms. Lin Yuting	Interest of a spouse	39,645,000 (L)	(Note 2) 31.97%
		12,000,000 (S)	(Note 4) 9.67%
Wing Ka Yuen	Beneficial Owner	11,987,500 (L)	(Note 3) 9.67%
		12,000,000 (L)	(Note 4) 9.67%

L: Long Positions

S: Short Positions

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

Note 2: Ms. Lin Yuting is the spouse of Mr. Huang. 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 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 for the purpose of the SFO.

Note 4: A&B Development and Wing Ka Yuen entered into the Option Agreement on 2 December 2022, pursuant to which A&B Development granted an option to Wing Ka Yuen which entitles it to purchase from the A&B Development 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 2024, 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.

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 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 2023.

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

OTHER INFORMATION

As no share option had been granted during the six months ended 30 June 2024, the number of options available for grant under the share option scheme at the beginning and the end of the six months ended 30 June 2024 is 12,000,000, representing 10% of the issued share capital of the Company as at the listing date and approximately 9.68% of the issued share capital of the Company as of 30 June 2024. The number of shares that may be issued in respect of options during the reporting period divided by the weighted average number of shares in issue is approximately 0.097.

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**”). The Company has made specific enquiry and the Directors have confirmed that they have complied with the Required Standard of Dealings as set out in the Code of Conduct and the Company was not aware of any non-compliance during the Reporting Period.

CHANGE IN DIRECTORS’ BIOGRAPHICAL DETAILS UNDER RULE 17.50(2) OF THE GEM LISTING RULES

With effect from 1 February 2024, Mr. Shum Ngok Wa has been appointed as an independent non-executive director of Chi Kan Holdings Limited, a company the shares of which are listed on the Stock Exchange (stock code: 09913).

Save as disclosed above, during the Reporting Period, there are no material changes in the Directors’ biographical details which are required to be disclosed pursuant to rule 17.50B of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) since the date of the annual report of the Company for the year ended 31 December 2023 and 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 two 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, and Ms. Xu Shuang. The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2024, 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

Chairman, Chief Executive Officer and Executive Director

Beijing, China, 30 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENTS 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 2024, together with the unaudited comparative figures for the respective corresponding period in 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	6	58,416	51,873
Cost of service		(51,577)	(50,845)
Gross Profit		6,839	1,028
Selling expenses		(1,280)	(3,914)
Administrative expenses		(8,152)	(7,074)
Allowance for expected credit loss on contract assets		(583)	–
Other gains	7	9,578	1,047
Operating profit/(loss)		6,402	(8,913)
Finance income		15	7
Finance expenses		(353)	(282)
Finance expenses — net		(338)	(275)
Profit/(Loss) before income tax		6,064	(9,188)
Income tax expense	8	(1,516)	(13)
Profit/(Loss) for the period		4,548	(9,201)
Total comprehensive profit/(loss) for the period		4,548	(9,201)
Profit/(Loss) for the period attributable to:			
Owners of the Company		4,540	(9,201)
Non-controlling interests		8	–
		4,548	(9,201)
Earnings/(Loss) per share attributable to owners of the Company			
— Basic earnings/(loss) per share (in RMB cents)	9	3.67	(7.67)

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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		714	747
Right-of-use assets		1,920	2,495
Other non-current assets	11	336	336
Total non-current assets		2,970	3,578
Current assets			
Trade receivables	10	19,638	37,460
Contract assets		72,383	37,069
Deposits, prepayments and other receivables	11	22,232	17,380
Restricted bank balances		1,000	1,000
Cash and cash equivalents		11,177	12,439
Total current assets		126,430	105,348
Total assets		129,400	108,926
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	1,589	1,531
Share premium	12	88,472	84,813
Other reserves		(78,229)	(82,769)
Equity attributable to owners Of the Company		11,832	3,575
Non-controlling interests		8	–
		11,840	3,575
LIABILITIES			
Current liabilities			
Trade payables	13	69,341	64,253
Contract liabilities		1,204	4,841
Accruals and other payables	13	16,140	11,336
Tax payables		5,308	3,798
Bank borrowings		12,976	17,976
Short-term loan		10,000	–
Lease liabilities		1,285	1,191
Total current liabilities		116,254	103,395
Non-current liability			
Lease liability		682	1,332
Deferred tax liabilities		624	624
Total non-current liability		1,306	1,956
Total liabilities		117,560	105,351
Total equity and liabilities		129,400	108,926

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	Statutory reserves RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023	1,531	84,813	3,211	(9,600)	(59,462)	20,493	–	20,493
Total comprehensive loss for the year	–	–	–	–	(16,918)	(16,918)	–	(16,918)
Balance at 31 December 2023 and 1 January 2024	1,531	84,813	3,211	(9,600)	(76,380)	3,575	–	3,575
(Unaudited)								
Total comprehensive profit for the period	–	–	–	–	4,540	4,540	8	4,548
Share placing	58	3,659	–	–	–	3,717	–	3,717
Balance at 30 June 2024	1,589	88,472	3,211	(9,600)	(71,840)	11,832	8	11,840

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	(9,180)	1,485
Income tax paid	(7)	(17)
Net cash (used in)/generated from operating activities	(9,187)	1,468
Cash flows from investing activities		
— Purchases of property, plant and equipment	—	(8)
— Interest received	15	7
Net cash generated/(used in) from investing activities	15	(1)
Cash flows from financing activities		
— Proceeds from placing ordinary shares	3,717	—
— Proceeds from borrowings	10,000	—
— Repayment of bank borrowings	(5,000)	(1,000)
— Interest paid	(294)	(128)
— lease payments	(556)	
Net cash generated/(used) from financing activities	7,867	(1,128)
Net cash (decrease)/increase in cash and cash equivalents	(1,305)	339
Cash and cash equivalents at beginning of period	12,439	4,251
Exchange gain on cash and cash equivalents	43	210
Cash and cash equivalents at the end of period	11,177	4,800

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 showrooms and media advertising events, selling consumer products and provides digital platform service 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 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) 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 2023 (the “**Annual Report 2023**”) issued on 28 March 2024, 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 2023, 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

During the Reporting 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 2024:

		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 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

The application of the amendments to HKFRSs in the Reporting 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 HKAS 21	Lack of exchangeability ²

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 2025.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 ESTIMATES

The preparation of the interim financial information requires management to make 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 interim 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 2023 of the Group.

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 2023 of the Group.

There have been no changes in the risk management policies since the Reporting Period 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE INFORMATION

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Automobile related exhibition and event related services	24,837	28,528
Non-automobile related exhibition and event related services	23,864	18,882
Exhibition showroom related services	1,544	2,246
Advertisement related services	–	2,217
Selling consumer products	8,143	–
Providing digital platform services	28	–
	58,416	51,873

7 OTHER GAINS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Foreign exchange gains	(43)	982
Additional deduction of input VAT *	–	62
Government Subsidy	16	–
Others	294	3
Recovery from ECL of trade receivable	8,745	–
Recovery from ECL of contract assets	566	–
	9,578	1,047

* On 20 March 2019, PRC 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 RMB62,000 for the six months ended 30 June 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax on profits for the period	1,516	13
Income tax expenses	1,516	13

- (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 HK\$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 Reporting 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 Reporting 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 EARNINGS/(LOSSES) PER SHARE

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Total earnings/(losses) attributable to shareholders (<i>in RMB</i>)	4,548,000	(9,201,000)
Weighted average number of ordinary shares in issue (<i>thousand</i>) <i>Note</i>	124,000	120,000
Basic earnings/(losses) per share (<i>in RMB cents</i>)	3.67	(7.67)

Note: Besides, the Company entered into a subscription agreement with an independent third party as subscriber on 3 June 2024, pursuant to which the subscriber agreed to subscribe for 4,000,000 Shares and completion of which took place on 24 June 2024.

- (a) Basic earnings/(losses) per share is calculated by dividing the earnings/(losses) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the Reporting Period.
- (b) **Diluted earnings/(losses) per shares**
No diluted earnings/(losses) per share is presented as the Group has no dilutive potential ordinary shares during the Reporting Period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	27,016	53,582
Less: allowance for impairment of trade receivables	(7,378)	(16,122)
Trade receivables — net	19,638	37,460

As at 31 December 2023 and 30 June 2024, the aging analysis of trade receivables based on invoice date are as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Up to 90 days	19,087	20,509
91 days to 180 days	551	12,665
Over 180 days	—	4,286
	19,638	37,460

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current portion		
Deposits	336	336
Current portion		
Deposits	1,775	—
Loans to staff	466	466
Prepayment	19,991	16,914
Deposits, prepayments and other receivables, trade and other receivables net	22,232	17,380

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 2024	124,000,000	248,000

	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 2023, and 1 January 2024	120,000,000	240,000	1,531	84,813	86,344
Placing of Ordinary Shares (Note)	4,000,000	8,000	58	3,659	3,717
As at 30 June 2024	124,000,000	248,000	1,589	88,472	90,061

Notes:

- 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.
- On 24 June 2024, the company fulfilled the placing agreement with an aggregate of 4,000,000 ordinary shares were placed to certain placee who is independent third party. The placing price is HK\$1 per placing share and the gross proceeds from the placing are approximately HK\$4,000,000 (approximately RMB3,716,572), and the net proceeds from the share placing are approximately HK\$3,950,000 (approximately RMB3,670,115), after netting of placing expenses of approximately HK\$50,000 (approximately RMB46,457).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 TRADE AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables	69,341	64,253
Employee benefit payables	1,231	2,312
Other tax payables	7,335	7,369
Others	7,574	1,655
	85,481	75,589

As at 31 December 2023 and 30 June 2024, the aging analysis of the trade payables based on invoice date are as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0–90 days	30,483	34,683
91–180 days	15,480	11,076
181–365 days	8,981	8,002
Over 365 days	14,397	10,492
	69,341	64,253

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 DIVIDENDS

No dividend has been paid or declared by the Group during each of periods ended 30 June 2023 and 2024.

15 RELATED-PARTY TRANSACTIONS

(a) During each of periods ended 30 June 2023 and 2024, 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages and salaries	1,105	1,738
Pension scheme and other social security costs	152	148
Housing benefits	28	52
Other costs and benefits	6	20
	1,291	1,958

16 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no subsequent events that require additional disclosure after the Reporting Period.