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瑞威资本
REALWAY CAPITAL

上海瑞威資產管理股份有限公司
Shanghai Realway Capital Assets Management Co., Ltd.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1835)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Shanghai Realway Capital Assets Management Co., Ltd. (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 (the "**Year**"), together with comparative figures for the year ended 31 December 2018.

HIGHLIGHTS

— The Group recognised revenue of approximately RMB125.2 million for the Year, representing a year-on-year decrease of approximately 20.4% as compared to the revenue of approximately RMB157.4 million recognised in the previous year.

— The Group recognised a net profit of approximately RMB6.8 million during the Year, representing a decrease of approximately 85.4% as compared to the corresponding period last year; profits attributable to the equity holders of the Company were approximately RMB9.5 million, representing a decrease of approximately 79.3% as compared to the corresponding period last year.

— The Group's earnings per Share for the Year was approximately RMB6.16 cents.

— The Board does not recommend the distribution of final dividend for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
REVENUE	5	**125,234**	157,417
Other income and gains	5	**5,127**	13,203
Administrative expenses		**(81,810)**	(99,673)
Impairment losses on trade receivables		**(19,768)**	–
Decrease in fair value of investments in associates or joint ventures at fair value through profit or loss	10	**(10,365)**	(4,547)
Other expenses		**(3,050)**	(3,169)
Finance costs		**(274)**	–
Share of losses of:			
Joint ventures		**(2,525)**	(362)
An associate		**(713)**	–
PROFIT BEFORE TAX		**11,856**	62,869
Income tax expense	6	**(5,082)**	(16,391)
PROFIT FOR THE YEAR		**6,774**	46,478
Attributable to:			
Owners of the parent		**9,451**	45,735
Non-controlling interests		**(2,677)**	743
		6,774	46,478
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the year (RMB cents)	8	**6.16**	38.41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**6,774**	46,478
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**208**	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**208**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**208**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**6,982**	46,478
Attributable to:		
Owners of the parent	**9,659**	45,735
Non-controlling interests	**(2,677)**	743
	6,982	46,478

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,395**	4,565
Right-of-use assets		**3,342**	–
Other intangible assets		**766**	697
Investments in joint ventures		**16,339**	6,114
Investment in an associate		**8,287**	9,000
Investments in associates or joint ventures at fair value through profit or loss ("**IAFV**")	*10*	**274,161**	149,318
Loan receivables		**–**	9,311
Deferred tax assets		**4,518**	1,665
Total non-current assets		**309,808**	180,670
CURRENT ASSETS			
Trade receivables	*9*	**76,393**	69,387
Prepayments, deposits and other receivables		**11,213**	13,235
Loan receivables		**9,819**	19,638
Investments in associates or joint venture at fair value through profit or loss ("**IAFV**")	*10*	**5,196**	16,904
Dividend receivable		**101**	2,833
Cash and cash equivalents		**22,296**	167,177
Total current assets		**125,018**	289,174
CURRENT LIABILITIES			
Other payables and accruals	*11*	**14,097**	33,046
Advances from funds managed		**3,791**	17,942
Lease liabilities		**2,057**	–
Tax payable		**13,729**	12,280
Total current liabilities		**33,674**	63,268
NET CURRENT ASSETS		**91,344**	225,906
TOTAL ASSETS LESS CURRENT LIABILITIES		**401,152**	406,576
NON-CURRENT LIABILITIES			
Lease liabilities		**1,195**	–
Deferred tax liabilities		**–**	5,076
Total non-current liabilities		**1,195**	5,076
NET ASSETS		**399,957**	401,500
EQUITY			
Equity attributable to owners of the parent			
Share capital		**153,340**	153,340
Reserves		**245,425**	245,766
		398,765	399,106
Non-controlling interests		**1,192**	2,394
TOTAL EQUITY		**399,957**	401,500

NOTES TO FINANCIAL STATEMENTS

31 December 2019

1. CORPORATE AND GROUP INFORMATION

Shanghai Realway Capital Assets Management Co., Ltd. is a limited liability company established in the People's Republic of China (the "**PRC**"). The registered office of the Company is located at Room 1601, Ge Zhou Ba Tower, 1088 Yuan Shen Road, Pilot Free Trade Zone, Shanghai, China.

During the year, the Group was involved in the following principal activities:

- funds management
- investment management in relation to the establishment and structuring of the relevant funds and the sourcing of investors ("**investment management**")

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Shanghai Weimian Investments Partnership (Limited Partnership), which is established in the PRC.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investments in associates or joint ventures at fair value through profit or loss ("**IAFV**") which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9 and IAS 19, and Annual Improvements to IFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

(a) IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases — Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of office buildings and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the internal rate of return at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Using a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relying on its assessment of whether leases are onerous immediately before the date of initial application
- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months at the date of initial application
- Excluding the initial direct costs from the measurement of the right-of-use assets at the date of initial application

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

	RMB'000
Assets	
Increase in right-of-use assets	6,607
Increase in total assets	6,607
Liabilities	
Increase in lease liabilities	(6,607)
Increase in total liabilities	(6,607)
Decrease in retained profits	–
Decrease in non-controlling interests	–

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	**8,669**
Less: Commitments relating to short-term leases	(202)
	8,467
Weighted average internal rate of return as at 1 January 2019	5%
Discounted operating lease commitments as at 1 January 2019	6,607
Lease liabilities as at 1 January 2019	**6,607**

(b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "**uncertain tax positions**"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business, which include management fee and consulting income, by project for the purpose of making decisions about resource allocation and performance assessment. As all projects have similar economic characteristics and the nature of management services and consulting services, the nature of the aforementioned business processes, the type or class of fund for the aforementioned business and the methods used to distribute the properties or to provide the services are similar for all projects, all projects have been aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no significant non-current assets of the Group are located outside Mainland China.

Information about a major customer

Customers are the investors who invested in the funds managed by the Group.

Revenue from a major customer contributing to 10% or more of the Group's revenue for the years ended 31 December 2019 and 2018 is set out below:

	2019	2018
	RMB'000	*RMB'000*
Customer A	**24,057**	24,057

No additional revenue from a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue at the end of the reporting period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers	**125,234**	157,417

Revenue from contracts with customers

Disaggregated revenue information

	2019	2018
	RMB'000	*RMB'000*
Timing of revenue recognition		
Services transferred over time	**125,234**	157,417
Type of services		
Rendering of funds management services	**111,669**	152,053
Rendering of fund establishment services	**12,625**	5,364
Rendering of consulting services	**940**	–
	125,234	157,417

An analysis of other income and gains is as follows:

	2019	2018
	RMB'000	*RMB'000*
Other income		
Dividend income from IAFV	**808**	8,456
Interest income	**331**	86
	1,139	8,542
Gains		
Government grants	**3,977**	4,307
Waiver of liabilities payable to a non-related party	**–**	325
Gain on disposal of items of property, plant and equipment	**11**	–
Gain on disposal of a subsidiary	**–**	29
	3,988	4,661
	5,127	13,203

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2019. Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax at a rate of 25% for the year.

	2019	2018
	RMB'000	*RMB'000*
Current income tax charge for the year — Mainland China	**13,011**	18,997
Deferred tax	**(7,929)**	(2,606)
Total tax charge for the year	**5,082**	16,391

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2019	2018
	RMB'000	*RMB'000*
Profit before tax	**11,856**	62,869
Tax at the statutory tax rate (25%)	**2,964**	15,717
Expenses not deductible for tax	**366**	1,484
Tax losses and deductible temporary differences utilised from previous years	**(622)**	(1,291)
Profits and losses attributable to joint ventures and an associate	**497**	91
Tax losses not recognised	**1,877**	390
Total tax charge for the year	**5,082**	16,391

Tax payable in the consolidated statement of financial position represents:

	2019	2018
	RMB'000	*RMB'000*
PRC corporate income tax payable	**13,729**	12,280

7. DIVIDENDS

The final dividends of RMB45,000,000 for the year 2017 was approved by the Company's shareholders at a meeting in January 2018, which was fully settled by the Company in late August 2018.

The final dividends of RMB0.0652 per share, totaling RMB10,000,000 for the year of 2018 have been approved by the Company's shareholders at the Annual General Meeting on 24 May 2019 and have been fully settled by the Company in 2019.

No dividends have been proposed by the Directors for the year 2019.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 153,340,000 (2018: 119,078,521) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

The calculations of basic and diluted earnings per share are based on:

	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**9,451**	45,735

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**153,340,000**	119,078,521

9. TRADE RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**96,161**	69,387
Impairment	**(19,768)**	–
	76,393	69,387

The Group's contractual terms with its funds are mainly on credit. Trade receivables are settled based on the progress payment schedule stipulated in the contracts. The Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, except for the individual provision made during the year, there is no significant concentration of credit risk based on the management's best estimation at the reporting date. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2019, included in the Group's trade receivables are amounts due from a joint venture and associates of RMB1,998,000 (2018: Nil) and RMB15,013,000 (2018: RMB8,201,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**64,604**	66,422
1 to 2 years	**11,786**	2,965
2 to 3 years	**3**	–
Total	**76,393**	69,387

The movements in the loss allowance for impairment of trade receivables for the year ended 31 December 2019 are as follows:

	Individually impaired	**Collectively impaired**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	–	–	–
Impairment losses	19,330	438	19,768
At end of the year	19,330	438	19,768

The increase in the loss allowance was mainly due to the directors of the Company has made individual impairment to certain commercial real estate project and distressed assets project amounting to RMB19,330,000 adjusted for forward-looking factors specific to the debtors and the economic environment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

	Aging			
	Less than 1 year	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**17.6%**	**27.0%**	**99.8%**	**20.6%**
Gross carrying amount	**78,433**	**16,136**	**1,592**	**96,161**
Expected credit losses	**13,829**	**4,350**	**1,589**	**19,768**

As at 31 December 2018

	Aging			
	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%
Gross carrying amount	66,422	2,965	–	69,387
Expected credit losses	–	–	–	–

10. INVESTMENTS IN ASSOCIATES OR JOINT VENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS ("IAFV")

	2019	2018
	RMB'000	*RMB'000*
Unlisted investments in associates or joint ventures, at fair value	**279,357**	166,222

The Group, as an investment fund manager, measured the above investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 at 31 December 2019.

The movements in investments in associates or joint ventures at fair value through profit or loss for the year ended 31 December 2019 are as follows:

	Cost	**Increase/ (decrease) in fair value of IAFV**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2018	59,000	24,849	83,849
Additions	86,920	(4,547)	82,373
At 31 December 2018	145,920	20,302	166,222
Comprising:			
Current portion	15,920	984	16,904
Non-current portion	130,000	19,318	149,318
At 1 January 2019	145,920	20,302	166,222
Movements	133,500	(10,365)	123,135
Exit and/or realisation	(10,000)	–	(10,000)
At 31 December 2019	269,420	9,937	279,357
Comprising:			
Current portion	5,000	196	5,196
Non-current portion	264,420	9,741	274,161

11. OTHER PAYABLES AND ACCRUALS

	2019	2018
	RMB'000	*RMB'000*
Payroll and welfare payable	**5,985**	9,527
Taxes and surcharges	**2,930**	1,082
Accruals	**1,684**	3,408
Due to related parties	**2,577**	8,718
Others	**921**	10,311
	14,097	33,046

Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of the years 2019 and 2018 approximated to their corresponding carrying amounts.

12. EVENTS AFTER THE REPORTING PERIOD

Since early 2020, the epidemic of Coronavirus Disease 2019 (the "**COVID-19 outbreak**") has spread across China and other countries and affected the business and economic activities of the Group to some extent. The overall financial effect from the above cannot be reliably estimated as of the date of these consolidated financial statements. The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the investments, financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry review

Since 2019, the global macro economy has been sluggish. The economies of major developed regions such as the United States, Europe and Japan further slowed down, and the economic growth for most emerging economies have also shown signs of slowing down. The International Monetary Fund has repeatedly highlighted the huge downward pressure faced by the global economy caused by the rising tariff barrier conflicts, uncertainties in trade and geopolitical risks, and structural factors for advanced economies. Against the backdrop of slowing global economic growth and rising protectionism, the downward pressure on China's economy in 2019 continued to increase, and competition in the private fund management industry further intensified.

According to statistics from Zero2IPO Research Center, 2,710 new funds were launched in China's equity investment market in 2019, raising an aggregate of approximately RMB1,244.4 billion, a year-on-year decrease of approximately 6.6%. The investment sentiment of the market continued to cool down. Enterprises were generally cautious with investments. Investment amount of approximately RMB763.1 billion was recorded, representing a year-on-year decrease of approximately 29.3%, involving 8,234 investments, representing a year-on-year decrease of approximately 17.8%.

Affected by the shifting of China's economic growth and the Chinese government's policies of dual control over the real estate industry and the private fund management industry, China's private fund management industry entered an adjustment period in 2019. The market as a whole has entered into a "new norm" moving in low position, and real estate investment is facing difficult challenges:

(i) increasing difficulty in raising funds. The downward pressure on the Chinese economy increased, which worsened the overall investment sentiment of private equity investors and made it more difficult to raise funds;

(ii) tighter industry supervision. Relevant Chinese regulatory authorities imposed tighter requirements to regulate real estate private equity funds. The registration of private equity fund products, fundraising activities, and supervision on the appropriateness of investors are more stringent, requiring a longer period for the fund managers to commence investment projects;

(iii) deterioration of project cash flow. Influenced by the downtrend of the physical industries such as retail and catering, the operating cash flow of commercial real estate projects of investment fund is tight. Property sales slowed down, resulting in a decrease in value of assets and a decline in asset realisation;

(iv) exit of fund is difficult, and the pressure for payment has increased. Common ways of exit generally adopted by China's real estate funds include individual sale of property, bulk asset transactions (general asset transfers or equity transfers). Due to the decline of the investment desire by the general public, the pressure on cash flow and the decrease in demand for real estate, the time and value of realisation for different projects of real estate fund investment was unable to meet the expectation, imposing even more difficulties for the exit of funds, hence the positive exit-reinvest cycle could not be formed.

BUSINESS PERFORMANCE

The Group is a private fund manager specialising in the management of real estate investment funds in the PRC. The Group manages two broad types of funds, namely (i) fund(s) structured and managed for the purpose of directly investing in a specific real estate investment project ("**Project Fund(s)**"); and (ii) flexible fund(s) of funds structured and managed, or co-managed, by the Group which may invest in designated types of funds under the Group's portfolio instead of making direct investment into investment projects and are permitted to invest in multiple investment projects indirectly through a number of funds at the same time ("**FOF (s)**"). The Group's managed funds invest in three main categories of portfolio assets, namely commercial real estate projects, distressed assets projects, and urbanisation and redevelopment projects.

1. Business Expansion

Despite the challenging market environment, the Group's assets under management managed to record growth in the Year. As at 31 December 2019, the Group's assets under management amounted to RMB4,894.1 million, which is higher than RMB4,514.0 million as at 31 December of 2018.

Set out below is a breakdown of the assets under management ("**AUM**") by fund as at the end of relevant years:

	As at 31 December 2019		As at 31 December 2018	
	Number of funds	**AUM**	Number of funds	AUM
		RMB million		*RMB million*
Project Funds	**14**	**4,819.3**	10	4,460.0
FOFs	**9**	**823.0**	6	694.0
Less: FOFs investments in Project Funds	**–**	**(748.2)**	–	(640.0)
Total	**23**	**4,894.1**	16	4,514.0

Set out below is a breakdown of project fund assets under management by portfolio asset type as at the end of relevant years:

	As at 31 December 2019			As at 31 December 2018		
	Number of projects	**AUM**	**Proportion**	Number of projects	AUM	Proportion
		RMB million	*%*		*RMB million*	*%*
Commercial real estate projects	**6**	**1,666.3**	**34.6%**	3	959.6	21.5%
Distressed assets projects	**3**	**1,965.3**	**40.8%**	3	2,593.8	58.2%
Urbanisation and redevelopment projects	**5**	**1,187.7**	**24.6%**	4	906.6	20.3%
Total	**14**	**4,819.3**	**100.0%**	10	4,460.0	100.0%

Note: The amount which FOFs had invested in Project Funds was eliminated to avoid double counting.

Under the increasingly complicated and difficult local and international economic situation and the intensifying competition in the industry, the Group tackled new opportunities and challenges in a proactive manner in 2019. The Group commenced and implemented the following major tasks:

(i) for the year ended 31 December 2019, the Group had acquired three commercial real estate projects, and one urbanisation and redevelopment projects. Commercial real estate projects include Xintian Impression Project* (新田印象項目), Yan'an Project* (延安項目) and Fuzhou Project* (福州項目) (further details of the above 3 projects are set out in the section head "MANAGEMENT DISCUSSION AND ANALYSIS —BUSINESS PERFORMANCE —Business Expansion" in the 2019 interim report of the Company). The urbanisation and redevelopment project is CIFI Project* (旭輝項目). CIFI Project* (旭輝項目) is a construction and operation project cooperated by the Group and CIFI Holdings (Group) Co. Ltd.* (旭輝集團股份有限公司) (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, Stock Code: 884) (Top 20 real estate enterprise in the PRC) in Changzhou with over 130,000 square meter saleable area.

(ii) for the year ended 31 December 2019, the Group had set up three FOFs , namely, Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership)* (杭州富陽匯嶸投資管理合夥企業(有限合夥)), Hangzhou Fuyang Huizhen Investment Management Partnership (Limited Partnership)* (杭州富陽匯臻投資管理合夥企業(有限合夥)) (further details of the above 2 FOFs are set out in the section head "MANAGEMENT DISCUSSION AND ANALYSIS —BUSINESS PERFORMANCE —Business Expansion" in the 2019 interim report of the Company) and Hangzhou Fuyang Huiqin Investment Management Partnership (Limited Partnership)* (杭州富陽匯欽投資管理合夥企業(有限合夥)). Hangzhou Fuyang Huiqin Investment Management Partnership (Limited Partnership), established in August 2019, is a FOF invested and managed by the Group and registered with the Asset Management Association of China.

(iii) in addition to the development of new projects and FOFs, the Company established Chongqing Realway Equity Investment Fund Management Co., Ltd.* (重慶瑞威股權投資基金管理有限公司) as its wholly-owned subsidiary in Chongqing on 20 May 2019 and established Chengdu Realway Asset Management Co., Ltd.* (成都瑞威資產管理有限公司) as its non-wholly-owned subsidiary in Chengdu on 18 September 2019. This was part of the Group's strategy to expand its geographical presence in the western parts of China, to enhance the connection between resources from the eastern city and the industries in the western parts of China. The Group will grasp the development opportunities in Chongqing and Chengdu proactively and strategically extend both its longitudinal and latitudinal industrial chains once again. Moreover, in 2019, the Group established strategic partnership relationship with assets management companies and investment institutions in different regions, so as to explore investment opportunities in the properties of major cities in the PRC and south-east Asia regions as well as cooperation opportunities at the Company's equity level.

(iv) on 30 July 2019, Realway (Hong Kong) Assets Management Limited* (瑞威(香港)資產管理有限公司), a wholly-owned subsidiary of the Company applied to the Securities and Futures Commission (the "**SFC**") for the licences permitting it to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities. The SFC had granted the approval on 16 January 2020.

2. Internal Management

(i) organisation structure adjustment: In order to better respond to and implement the Group's development strategy, enhance the corporate governance structure, and improve operational efficiency and management effectiveness, the management of the Company rationalised the Company's organisational structure in 2019 and established the Operation Management Department to give professional advice on important matters at every stage of the Group's investment projects, conduct overall control and report to the Group's chief executive officer. At the same time, in order to enhance management empowerment, the Company continued to implement reforms, such as optimising personnel management and employees structure, clarifying powers and responsibilities, and bifurcating functional indicators and operational indicators. The Directors believe that such fine tune on organisational structure will improve the Company's management efficiency, ensure that the Company's strategy can be effectively and fully implemented, and further optimise corporate governance.

(ii) investment project management and control: Under the new economic landscape and industry environment, the Group carried out focused post-investment management on its investment projects, conducted analysis and research on the possible investment risks comprehensively, and improved the alignment and effectiveness of project management to maximise control of project investment risk.

(iii) internal control: The Group strictly complied with regulatory requirements, continuously strengthened internal control and risk management. It has established a comprehensive and effective internal control and compliance working mechanism with clear allocation of duties, and executed the fundamental processes of risk management in all aspects of management and operation to cultivate a sound risk management culture. In 2019, the Group continued its internal control which emphasised on optimising the internal control and defining internal control responsibilities. We will continue to optimise our internal control design, persistently improve the internal control evaluation mechanism, and effectively prevent management operation risks according to the need for development.

FUTURE OUTLOOK

At the beginning of 2020, the COVID-19 outbreak in China posed significant impact on various industries in China, and the real estate industry invested by funds under management of the Group was adversely affected by the COVID-19 outbreak. Investment projects, including the collection and disposal of distressed assets or the operation and management of commercial real estate and the construction and sales of residential real estate etc., are temporarily suspended due to the COVID-19 outbreak, causing huge pressure on the project schedule in the short term. As for the commencement of new projects, due to the inability to perform tasks such as on-site due diligence, the implementation of new projects has also been greatly affected. The influence of the COVID-19 outbreak will eventually spread to investment products that provide financial services for real estate such as bank wealth management, trust or private fund. The Group expects that liquidity would be the most important risk faced by the industry in 2020. As a private fund manager focusing on real estate investment, the Group has also been affected to a certain extent on the fund raising, investment, management and exit from the investment.

However, with various policies introduced by the government to ease the impact of the COVID-19 outbreak, the economic development will maintain its positive momentum in the long run. At present, there are still structural and regional opportunities in the real estate market. The companies and projects manage to withstand the impact of the COVID-19 outbreak will certainly enjoy greater investment value in the future.

To cope with the impact of the COVID-19 outbreak, the Group initiated comprehensive risk study and contingency plan, and communicated with the investors of each project on the progress of the projects in a timely manner. The Group will actively deal with the possible adverse impact of the COVID-19 outbreak on our business operations. We will also continue to adhere to our professionalism and stick to the bottom line of every investment to protect the funds of our investors and strive to minimise the impact of the COVID-19 outbreak.

Looking ahead, the Group will focus on the following development strategies:

(i) as for fundraising, while striving to retain its existing customers, the Group will put more efforts in exploring institutional investors, identifying new financial products and channels, and obtaining the fundraising for key clients;

(ii) as for investment, the Group will continue to focus on the real estate investment, enhance industry research capabilities, seize investment opportunities, explore cooperation modes with large and medium-sized real estate enterprises, as well as exploit and enhance the asset value of our investment projects. Meanwhile, the Group will consolidate its advantageous resources to focus on further developing the business of merger and acquisition and reconstruction of distressed assets;

(iii) as for exit from the investment, the Group is finalising the exit of certain investment projects and continues to identify and invest cautiously into new projects with great potential. Such cautious but aggressive strategy will continue to support the future performance of the Group; and

(iv) as for overseas business, as Realway (Hong Kong) Assets Management Limited* (瑞威(香港)資產管理有限公司), a wholly-owned subsidiary of the Company, has obtained the licenses granted by SFC to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities. The Group will be devoted to paving the way for connection between cross-border assets and capital, absorbing international capital for its real estate projects, so as to improve its existing investment portfolio, enhance the diversity of its product design.

In 2020, while celebrating the tenth anniversary of our establishment, the Group will continue to identify opportunities to exert our asset management skills, risk management expertise and execution capabilities, so as to enhance the value of different types of our real estate projects through the removal of existing stock in the real estate market, disposal of distressed products or enhance the value of different real estate products with other resources, promoting the healthy growth of the Chinese economy as whole, and in turn bringing sustainable returns to shareholders and investors.

Financial Review

Revenue

The Group derived its revenue mainly from the fees charged on the Project Funds and FOFs established and managed by it. Such fees comprised of regular management fees, performance fees and one-off fund establishment fees. During the Year, the Group recognised a revenue of approximately RMB125.2 million, representing a decrease of approximately RMB32.2 million or 20.4% compared to the previous year, which was mainly attributable to the absence of exist of management fund from any projects and no significant performance fee was recorded.

Set out below is a breakdown of the revenue by income source during the indicated period:

	For the year ended 31 December			
	2019	2018	Change	Rate of change
	(RMB'000, except percentages)			
Project Funds				
— regular management fees	**102,054**	99,000	3,054	3.1%
— performance fees	**95**	43,873	(43,778)	(99.8%)
— one-off fund establishment fees	**11,616**	5,076	6,540	128.8%
Sub-total	**113,765**	147,949	(34,184)	(23.1%)
FOFs				
— regular management fees	**11,065**	9,991	1,074	10.7%
— performance fees	**–**	–	–	–
— one-off fund establishment fees	**–**	339	(339)	(100.0%)
Sub-total	**11,065**	10,330	735	7.1%
Advisory fees	**943**	–	943	–
Less: sales-related taxes	**(539)**	(862)	323	(37.5%)
Total	**125,234**	157,417	(32,183)	(20.4%)

Regular management fees

Revenue of the Group generated from regular management fees during the Year was approximately RMB113.1 million, which accounted for approximately 90.3% of the Group's total revenue for the Year, representing an increase of approximately RMB4.1 million or 3.8% as compared to the corresponding period last year, which was mainly due to the increasing size of AUM for the Year as compared to that of 2018.

Performance fees

As no managed funds of the Group exited from the investment projects, the Group did not record significant performance fees during the Year. In contrast, performance fees of RMB43.9 million was earned for the year 2018 due to the exits of managed funds from sizeable projects such as Fuzhou Wanbaocheng Project* (福州萬寶城項目), Dianshanhu Project* (澱山湖項目) and Ningbo Zhenhai Project* (寧波鎮海項目).

One-off fund establishment fees

One-off fund establishment fees represent the fees charged by the Group in relation to the establishment of the funds and investors sourcing. Revenue of the Group generated from one-off fund establishment fees for the Year was approximately RMB11.6 million, representing a year-on-year increase of approximately RMB6.2 million or 114.5% as compared to the corresponding period last year, which was mainly due to the increase of the rate of establishment fees for the Group's fund in the year 2019 and size of AUM for the Year as compared to that of 2018.

Advisory fees

Advisory fees are the relevant fees charged for the specific investment advisory services for particular projects offered by the Group with its professional advantage. New advisory fees for the Year were approximately RMB0.9 million for provision of advisory services by the Company on Huaqiao Cheng Resident Villa Project* (華僑城旅居小鎮項目), and no such revenue was recorded in the corresponding period last year.

Other income and gains

Other income and gains decreased from approximately RMB13.2 million in 2018 to approximately RMB5.1 million for the Year, representing a decrease of approximately 61.2%. The decrease was mainly due to the decrease of dividend income derived from investments in associates or a joint venture at fair value through profit or loss.

Set out below is a breakdown of other income and gains during the indicated period:

	For the year ended 31 December			
	2019	2018	Change	Rate of change
	(RMB'000, except percentages)			
Dividend income from investments in associates or a joint venture at fair value through profit or loss ("**IAFV**")	**808**	8,456	(7,648)	(90.4%)
Government grants	**3,977**	4,307	(330)	(7.7%)
Waiver of liabilities payable to a non-related party	**–**	325	(325)	(100.0%)
Interest income	**331**	86	245	284.9%
Gain on disposal of items of property, plant and equipment	**11**	–	11	100%
Gain on disposal of a subsidiary	**–**	29	(29)	(100%)
Total	**5,127**	13,203	(8,076)	(61.2%)

Dividend income from investments in associates or a joint venture at fair value through profit or loss ("IAFV")

The Group's dividend income from IAFV decreased from approximately RMB8.5 million in 2018 to approximately RMB0.8 million for the Year, a year-on-year decrease of approximately 90.4% which was mainly attributable to (i) the Group invested in Zhongheng Project* (眾恒項目) in phrases with its own fund in 2018, and no relevant income was recorded in 2019. Therefore, the dividend income from Zhongheng Project* (眾恒項目) by the Group's own fund for the Year decreased by RMB4.7 million compared with last year; (ii) in 2018, dividend from investment in FOF III (Realway Development No. 3 Unit Trust Fund) by the Group's own fund for 2018 was RMB3.1 million, which was mainly attributable to the final dividend for exiting from Fuzhou Wanbaocheng Project* (福州萬寶城項目). Only a dividend of RMB0.5 million was received from FOF III for the Year, which was the periodic dividend of FOF III.

Administrative expenses

Administrative expenses of the Group for the Year were approximately RMB81.8 million, representing a decrease of approximately 17.9% as compared to approximately RMB99.7 million recorded in the previous year. Such decrease was mainly due to:

(i) in 2019, cost in relation to the Company's successful listing in 2018 i.e. fees paid to professionals including audit fees, compliance advisory fees, legal advisory fees and printing fees, was accounted for in advisory fees, while in 2018, such cost was accounted for in listing expenses. According to the analysis after the combination of advisory fees and listing expenses, the advisory fees and listing expenses for 2019 decreased by approximately RMB13.6 million or 46.7% compared with the same period of 2018, which was mainly due to the decrease of approximately RMB13.6 million in fees paid to professionals for the year 2019 compared with the same period of 2018;

(ii) for the year 2018, employee incentive expenses were approximately RMB4.8 million, while there was no such expenses for the year 2019.

Impairment loss on trade receivables

The Group recognised provision for impairment loss of receivables of approximately RMB19.8 million in the Year, of which provision for individually impaired trade receivables amounted to RMB 19.3 million and provision for collectively impaired trade receivables amounted to RMB 0.5 million.

The Group applies the IFRS 9 simplified approach to measure the provision for expected credit loss ("**ECL**"). According to the policy, the Group: (i) determined the receivable group by using aging as a credit risk characteristic, and made provision for collectively impaired trade receivables using aging analysis; and (ii) made individually impaired trade receivables provision for ECL based on the recoverability of individual receivables and financial position of the debtor.

During the Year, the Group conducted a comprehensive assessment of receivables, and made an integrated consideration on the management fees receivables in terms of the repayment history of the funds, aging, financial status and macro-economic environment. In early 2020, the COVID-19 outbreak in China has adversely affected the general economic trend. For the sake of prudence, the Group uses the aging analysis to account for general loss provisions for the balance of all receivables. Moreover, the Group also made detailed evaluation of different impacts of the COVID-19 outbreak on individual project and identified that (i) the disposal and collection for distressed asset projects and (ii) the operation and management of commercial real estate projects were affected by the COVID-19 outbreak to a larger extent. The progress of disposal and collection for the Group's Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目) was particularly affected by the COVID-19 outbreak as the majority of the base assets of the investment subject are traded in or located in the market of Jiangsu and Zhejiang provinces in the PRC and the size of the investment subject was relatively large. As for the Group's Huaqiao Cheng Commercial Real Estate Project* (華僑城商業不動產項目), the underlying assets of the investment subject are commercial complexes. Under the influence of the COVID-19 outbreak, the merchandising operations and large scale transactions were stagnant. Therefore, for the sake of prudence, in addition to making general loss provision, the Group made special loss provisions of RMB15.4 million and RMB3.9 million for the 30% balance of management fees in respect of the amount due from Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目) and Huaqiao Cheng Project* (華僑城項目), respectively. The Group will carry out reasonable and cautious evaluation on the recoverability of receivables based on the development of the COVID-19 outbreak and its impact on our projects.

Increase/(decrease) in fair value of IAFV

As part of the Group's ordinary and usual course of business, the Group has been making investments in the funds structured and managed by it. Such investments were consistently recognised as IAFV in the Group's financial statements and will continue such accounting treatment in the future.

The Group, as an investment fund manager, measures the above investments in associate(s) or joint venture(s) at fair value through profit or loss in accordance with IFRS 9. Financial assets of distressed asset projects are applying level 3 hierarchy of fair value assessment, which is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The valuation techniques and key inputs under such accounting policy are: discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level. It indicates the following relationship to fair value:

- the higher the recoverable amounts the higher the fair value;
- the earlier the recovery date the higher the fair value;
- the lower the discount rates, the higher the fair value.

Fair value of IAFV for the Year decreased RMB10.4 million as compared with last year, which was mainly attributable to (i) the valuation of Huaqiao Cheng Project* (華僑城項目) did not increase significantly, but there was (a) an increase in operating costs due to the improvement and adjustment made based on the business layout, and the renovation works; and (b) an increase in fund operating costs due to the fund's term extension, resulting in a decrease of RMB8.0 million of the fair value of IAFV; and (ii) the effect of real estate regulatory policies, making the recoverable amount of Yuhang Xinhuayuan Project* (余杭馨華園項目) falling below expectations and the actual progress of withdrawal lagged behind schedule, resulting in a decrease of RMB3.7 million of the fair value of IAFV as compared with the same period last year.

Finance cost

The finance cost of the Group incurred for the Year was RMB0.3 million, mainly due to the inclusion of interest expenses related to leases since 2019 by the Group after the adoption of the new standard, IFRS 16-Lease.

Share of losses of joint ventures

Share of losses of joint ventures of the Group for the Year increased by approximately RMB2.2 million as compared to the same period in 2018, mainly due to the losses of RMB2.5 million incurred on the investments in Guangzhou Zhongshunyi Management Consultancy Co., Ltd. * (廣州中順易管理諮詢有限公司) (formerly known as 廣州中順易財富管理有限公司) ("**Guangzhou Zhongshunyi**"), Shanghai Ruifu Investment Management Co., Ltd. * (上海芮富投資管理有限公司) and Shanghai Ruidan Business Advisory Co., Ltd.* (上海芮旦商務諮詢有限公司) during the Year. The above three joint ventures were established for the purpose of enhancing the Group's marketing capabilities to attract high-net-worth investors and expanding the wealth management operation.

Share of loss of an associate

Guangrui Juyao (Qingdao) Wealth Asset Management Company Limited* (光瑞聚耀(青島)財富資產管理有限公司) (the "**Guangrui Juyao**"), an associate jointly established by the Company with Northern International Trust Limited* (北方國際信託股份有限公司) and Everbright Financial Management (Qingdao) Limited* (光大金控(青島)有限公司), commenced its wealth management business in 2019, providing safe, convenient and efficient services for fund investors by leveraging on its professional operating advantage. The Group's share of loss of an associate for the Year increased by RMB0.7 million as compared to the same period in 2018, mainly due to the loss of RMB0.7 million recognised in proportion using equity method incurred on the investments in Guangrui Juyao during the Year.

Income tax expense

Income tax expense of the Group for the Year was approximately RMB5.1 million, representing a decrease of approximately 69.0% as compared to approximately RMB16.4 million for 2018, mainly due to the decrease in profit before tax.

Total comprehensive income for the Year

Profit for the year of the Group decreased from approximately RMB46.5 million in 2018 to RMB6.8 million for the Year, and net profit margin decreased from approximately 29.5% in 2018 to approximately 5.4% for the Year, mainly due to:

(i) as there was no exit plan for investments during the Year, the performance fees received by the Group in respect of funds under its management for the Year decreased as compared to approximately RMB43.9 million for the year ended 31 December 2018;

(ii) fair value of IAFV for the Year decreased RMB10.4 million as compared with last year; and

(iii) a year-on-year decrease of approximately RMB17.9 million in administrative expenses was recorded, which was mainly attributable to (a) advisory fees and listing expenses for 2019 decreased by approximately RMB13.6 million as compared to the same period in 2018 subsequent to the successful listing of the Company in 2018; (b)employee incentive expenses decreased by approximately RMB4.8 million as compared to the same period in 2018.

Liquidity and financial resources

The Group regularly reviews its liquidity position and actively manages liquidity and financial resources in light of changes in the economic environment and business development needs. As at 31 December 2019, the cash and cash equivalents of the Group were approximately RMB22.3 million, representing a decrease of approximately RMB144.9 million as compared to the amount recorded as at the end of the previous year, mainly due to the net proceeds from the issue of new shares in initial public offering (the "**Share Offer**") in 2018. After deducting the underwriting fees and related expenses, the net proceeds from the Share Offer amounted to approximately HK$183.7 million (approximately RMB161.0 million). There was no such cash inflow from fund-raising during the Year.

Gearing ratio

The gearing ratio of the Group as at 31 December 2019 was nil (31 December 2018: nil) as the Group had no outstanding loans and borrowings or bank overdrafts as at 31 December 2019.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position during the Year. The Group always strives to minimise exposure to credit risk by strictly controlling outstanding receivables and setting up a credit control team. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Proceeds from the Share Offer

The Company issued 38,340,000 H Shares pursuant to the Share Offer, all of which were listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 November 2018 (the "**Listing Date**"). After deducting the underwriting fees and other related expenses, the net proceeds from the Share Offer amount to approximately HK$183.7 million, which was allocated and utilised in accordance with the purposes set forth in the prospectus of the Company dated 31 October 2018.

Below is a breakdown of the application of net proceeds from the Share Offer as at 31 December 2019:

Total net proceeds of approximately HK$183.7 million (equivalent to approximately RMB161.0 million) raised as at 31 December 2018	Allocated net proceeds from the Share Offer as at 31 December 2018 *(RMB'000)*	**Utilised net proceeds from the Share Offer up to 31 December 2019** ***(RMB'000)***	Utilisation rate
— Setting up new FOFs	96,565	**96,565**	100%
(i) FOF IX *(note 1)*		**48,000**	
(ii) FOF X *(note 2)*		**28,000**	
(iii) FOF VIII *(note 3)*		**20,000**	
(iv) Exchange loss		**565** *(note 4)*	
— Geographical expansion of the Group's business in the PRC	48,283	**48,283**	100%
(i) Contribution to Realway Capital Assets Management (Beijing) Co., Ltd.* (北京瑞威資產管理有限公司)		**13,000**	
(ii) Contribution to Realway Capital Asset Management (Xi'an) Co., Ltd.* (西安瑞威資產管理有限公司)		**10,000**	
(iii) Contribution to Realway Capital Assets Management (Guangzhou) Co., Ltd.* (廣州瑞威資產管理有限公司)		**6,300**	
(iv) Contribution to Realway Capital Business Consultancy (Hangzhou) Co., Ltd.* (杭州瑞威商務諮詢有限公司)		**6,300**	
(v) Contribution to Chongqing Realway Equity Investment Fund Management Co., Ltd.* (重慶瑞威股權投資基金管理有限公司)		**8,000**	
(vi) Contribution to Realway (Hong Kong) Assets Management Limited* (瑞威(香港)資產管理有限公司)		**4,272** *(note 5)*	
(vii) Exchange loss		**411** *(note 4)*	
— Funding for working capital and other general corporate purposes	16,094	**16,094** *(note 6)*	100%

Notes:

1. FOF IX represents Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership)* (杭州富陽匯嵘投資管理合夥企業(有限合夥)), a FOF set up in January 2019 and co-managed by the Group in the form of limited partnership.

2. FOF X represents Hangzhou Fuyang Huiqin Investment Management Partnership (Limited Partnership)* (杭州富陽匯欽投資管理合夥企業(有限合夥)), a FOF set up in August 2019 and managed by the Group in the form of limited partnership.

3. FOF VIII represents Realway Development No. 5 Unit Trust Fund* (瑞威發展五號契約型私募基金), a FOF structured by the Group in the form of contract based fund in December 2017.

4. The Group incurred exchange loss mainly due to the appreciation of RMB during the period from January to April in 2019 which did not occur during the year ended 31 December 2018.

5. Approximation based on the actual amount of HK$5.0 million.

6. The Group incurred exchange loss of approximately RMB0.1 million in respect of working capital requirements during the period from January to March in 2019.

PLEDGE OF ASSETS

As at 31 December 2019, the Group did not have any pledge on its assets.

FOREIGN EXCHANGE RISK

The Group principally operates in the PRC with most of its businesses being denominated in RMB. The Group only bears the risk of fluctuations in the exchange rate of RMB against HKD. The Group currently has no hedging of foreign exchange risk and we believe that the Group's foreign exchange risk is manageable and will closely monitor the relevant risks from time to time.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Company since the Listing Date.

FINAL DIVIDEND

In order to reserve resources for the business development of the Group, the Board did not recommend the declaration of a final dividend for the year ended 31 December 2019 (2018: RMB0.0652 (inclusive of tax) per ordinary share).

COMMITMENTS

The Group did not have any significant commitments as at 31 December 2019 (31 December 2018: operating lease commitments amounted to RMB8.7 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 5 March 2019, the Company invested RMB14 million to acquire 35% equity interests in Guangzhou Zhongshunyi, the original shareholder of which was Shenzhen Zhongshunyi Asset Management Co., Ltd.* (深圳中順易資產管理有限公司) ("**Shenzhen Zhongshunyi**"). Shenzhen Zhongshunyi was jointly established by CITIC Trust Co., Ltd.* (中信信托有限責任公司), S.F. Express (Group) Co., Ltd.* (順豐速運(集團)有限公司) and Hangzhou Netease Investment Co., Ltd.* (杭州網易投資有限公司), Guangzhou Zhongshunyi has a team of wealth management professionals who worked at major financial institutions and is committed to building an elite and professional marketing team to solidify the business linkage between asset management and wealth management. As all of the applicable percentage ratios as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") in respect of such acquisition were less than 5%, the acquisition did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. For more information, please refer to the section headed "CHAIRMAN'S STATEMENT — FUTURE PROSPECTS — Expansion of the Group's marketing capabilities to attract high-net-worth investors" in the 2018 annual report of the Company.

Save as disclosed above and in this announcement, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2019.

CAPITAL EXPENDITURES AND CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any material capital expenditures and contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group employed a total of 127 employees (31 December 2018: 193 employees). The Group has adopted an employee remuneration policy which takes into account factors such as external market competitiveness and internal fairness, and provides diversified training and individual development plans for its employees. The Group has a clear promotion policy that gives eligible employees career progression opportunities.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2018, IAFV of the Group was approximately RMB166.2 million. Total actual investment amount (i.e. investment cost) of these investments was approximately RMB145.9 million. Fair value of IAFV increased RMB20.3 million as compared with 1 January 2018. Out of the investment cost of approximately RMB145.9 million, approximately RMB130.0 million was invested in 2 FOFs (including investment of approximately RMB100.0 million in FOF IV, which is made in distressed assets project and investment of approximately RMB30.0 million in FOF III, which is made in commercial real estate project and distressed assets project) and approximately RMB15.9 million was invested in 2 Project Funds.

As at 31 December 2019, IAFV of the Group was approximately RMB279.4 million, representing an increase of approximately RMB113.2 million as compared to 31 December 2018. Total investment cost increased approximately RMB123.5 million, and fair value of IAFV decreased approximately RMB10.4 million as compared to 31 December 2018. Additional investment cost of approximately RMB123.5 million was invested in 3 FOFs and 1 Project Fund, details of which are as follows:

Type of fund	Investment amount	Source of fund	Type of project invested
FOF	RMB48 million	Proceeds from the Share Offer	Commercial real estate projects
FOF	RMB20 million	Proceeds from the Share Offer	Urbanisation and redevelopment projects
FOF	RMB28 million	Proceeds from the Share Offer	Commercial real estate projects
Project Fund	RMB27.5 million	Internal resources	Commercial real estate projects

Save as disclosed in this announcement, the Group did not hold any significant investments during the year ended 31 December 2019.

ARBITRATION

On 10 February 2020, Hangzhou Fuyang Huiguan Investment Management Partnership (Limited Partnership)* (杭州富陽匯冠投資管理合夥企業(有限合夥)) ("**Fuyang Huiguan Fund**"), for which Shanghai Ruixiang Investment Management Co., Ltd* (上海瑞襄投資管理有限公司) ("**Shanghai Ruixiang**"), a wholly-owned subsidiary of the Company, acts as a fund manager, filed an application to Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) for arbitration against Shenzhen City Hai Shi Urban Renew Co. Ltd* (深圳市海石城市更新有限公司) ("**Hai Shi Urban Renew**") in respect of its default in payment of consideration for the transfer of equity interests in the Shenzhen Xinqiaowei Project* (深圳新喬圍項目), demanding Hai Shi Urban Renew pay to Fuyang Huiguan Fund the outstanding transfer consideration, late payment penalty and related legal costs. The total amount sought in this arbitration tentatively amounts to RMB38,063,000. As at 17 March 2020, Shenzhen Xinqiaowei Project* (深圳新喬圍項目) received the outstanding equity transfer amount payable of RMB5,000,000 from Hai Shi Urban Renew.

The investment size of FOF VIII, for which Shanghai Ruixiang, acts as a fund manager, in Fuyang Huiguan Fund as at 31 December 2019 was RMB46.8 million while that of the Company in FOF VIII with its own fund as at 31 December 2019 was RMB20.0 million, accounting for 14.4% of the total assets of FOF VIII as at 31 December 2019.

Given the arbitration has not yet commenced, it is not possible to determine its impact on the current or subsequent profitability of the Company at this stage . Currently the businesses of the Group are in normal operation. The Company will take all appropriate steps to safeguard its rights and interests.

OTHER INFORMATION

Corporate Governance Practices

It is always one of the Group's top priorities to adhere to and comply with the generally accepted standards laid down by the principles and practices of corporate governance. The Board believes that good corporate governance is one of the factors leading to the Company's success and balancing the interests among our shareholders, clients and employees and is committed to its ongoing efforts to enhance the efficiency and effectiveness of such principles and practices. For the year ended 31 December 2019, the Company had adopted and complied with the code provisions (the "**Code Provisions**") set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules, save and except for the deviation from Code Provision A.2.1.

Pursuant to Code Provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Year, Mr. Cheng Jun acted as the chairman of the Company for the period from 1 January to 17 January 2019. Effective from 18 January 2019, Mr. Zhu Ping ("**Mr. Zhu**") has taken over as the chairman. For the year ended 31 December 2019, Mr. Zhu also acted as the chief executive officer of the Company.

As Mr. Zhu now serves as both the Chairman and the Chief Executive Officer, such practice deviates from Code Provision A.2.1. The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Zhu to hold both positions as it would contribute to the continuity of the policies and the stability of the operations of the Group having taken into account Mr. Zhu's familiarity with every aspect of the Group's operations owing to his capacity as the Group's principal founder and heavy involvement in the day-to-day operations of the Group. The Board therefore considers that the deviation from the Code Provision A.2.1 is appropriate in such circumstance and is of the view that this management structure is effective for the Group's operations. Having taken into account the Group's established risk management and internal control measures as more particularly set out in the prospectus of the Company dated 31 October 2018, the Directors believe that the Board is appropriately structured with balance of power to provide sufficient check and balance for the protection of the interests of the Group and its shareholders.

During the Year, Mr. Chan Yat Lui resigned as the company secretary of the Company and an authorised representative of the Company with effect from 13 October 2019. Ms. Lau Wai Yee has been appointed as the company secretary and authorised representative of the Company in place of Mr. Chan Yat Lui with effect from 13 October 2019. For details, please refer to the announcement of the Company dated 11 October 2019.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted a code for securities transactions by Directors and a code for securities transactions by supervisors of the Company (the "**Supervisors**") as its own codes of conduct governing Directors' and Supervisors' dealings in the Company's securities (the "**Securities Dealing Code**") on terms no less exacting than the standards required by the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and Supervisors and they have confirmed that they have complied with the relevant Securities Dealing Code throughout the Year.

The Company has also established written guidelines (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Group which are no less exacting than the Model Code. No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There had been no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company during the Year.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 22 May 2020. Shareholders should refer to the circular of the Company, the notice of AGM and the enclosed form of proxy to be dispatched by the Company for details regarding the AGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility to attend and vote at the AGM, the register of members of the Company ("**Register of Members**") will be closed from Tuesday, 21 April 2020 to Friday, 22 May 2020, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's H Share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for H shareholders) or to the Company's principal place of office in the PRC at 5/F, Block A, Yuehong Plaza, 88 Hongcao Road, Xuhui District, Shanghai (for domestic shareholders), no later than 4:30 p.m. on Monday, 20 April 2020 for registration.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined under the Listing Rules) that compete or may compete with the business of the Group, or any other conflicts of interest which any such person has or may have with the Group during the Year.

AUDIT COMMITTEE

In order to comply with the Listing Rules, the Board has established an audit committee which comprises three independent non-executive Directors. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed the audit, internal control and financial reporting matters including a review of the annual results of the Group for the Year.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.realwaycapital.com). The annual report for the Year, containing all information required under the Listing Rules, will be dispatched to Shareholders and posted on the websites of the Stock Exchange and the Company.

By order of the Board
Shanghai Realway Capital Assets Management Co., Ltd.
Mr. Zhu Ping
Chairman, Chief Executive Officer and Executive Director

Shanghai, the PRC, 30 March 2020

As at the date of this announcement, the Board comprises Mr. Zhu Ping, Mr. Duan Kejian and Ms. Su Yi as executive Directors; Mr. Wang Xuyang and Mr. Cheng Jun as non-executive Directors; and Ms. Yang Huifang, Mr. Shang Jian and Mr. Liu Yunsheng as independent non-executive Directors.

* *for identification purpose only*