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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 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai Realway Capital Assets Management Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) for the year ended 31 December 2021 (the “**Year**”, the “**Reporting Period**”), together with comparative figures for the year ended 31 December 2020.

HIGHLIGHTS

- The Group recognised revenue of approximately RMB54.2 million for the Year, representing a year-on-year decrease of approximately 21.5% as compared to the revenue of approximately RMB69.1 million recognised in the previous year.
- The Group recognised a loss of approximately RMB39.4 million during the Year as compared to the profit of approximately RMB7.8 million for the corresponding period last year; loss attributable to equity holders of the Company was approximately RMB39.2 million for the Year as compared to the profit attributable to equity holders of the Company of approximately RMB4.4 million for the corresponding period last year.
- The Group’s loss per Share for the Year was approximately RMB25.58 cents.
- The Board does not recommend the distribution of final dividend for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

		2021	2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	<u>54,200</u>	<u>69,074</u>
Other income and gains	5	3,987	21,211
Administrative expenses		(51,286)	(58,071)
Impairment losses on trade receivables	9	(30,062)	(1,567)
Decrease in fair value of investments in associates or joint ventures at fair value through profit or loss	11	(8,093)	(17,117)
Other expenses		(979)	(1,313)
Finance costs		(269)	(145)
Share of losses of:			
Joint ventures		(8,029)	(1,211)
An associate		(897)	(2,141)
(LOSS)/PROFIT BEFORE TAX		<u>(41,428)</u>	<u>8,720</u>
Income tax credit/(expense)	6	<u>2,046</u>	<u>(956)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(39,382)</u>	<u>7,764</u>
Attributable to:			
Owners of the parent		<u>(39,227)</u>	<u>4,426</u>
Non-controlling interests		<u>(155)</u>	<u>3,338</u>
		<u>(39,382)</u>	<u>7,764</u>
LOSS/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For (loss)/profit for the year (RMB cents)	8	<u>(25.58)</u>	<u>2.89</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(LOSS)/PROFIT FOR THE YEAR	<u>(39,382)</u>	<u>7,764</u>
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(56)</u>	<u>(168)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(56)</u>	<u>(168)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(56)</u>	<u>(168)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(39,438)</u>	<u>7,596</u>
Attributable to:		
Owners of the parent	<u>(39,283)</u>	4,258
Non-controlling interests	<u>(155)</u>	<u>3,338</u>
	<u>(39,438)</u>	<u>7,596</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		823	1,076
Right-of-use assets		4,471	954
Other intangible assets		643	739
Investments in joint ventures		2,814	15,128
Investment in an associate		5,249	6,146
Investments in associates or joint ventures at fair value through profit or loss (“IAFV”)	<i>11</i>	126,789	189,084
Deferred tax assets		13,828	7,719
		<hr/>	<hr/>
Total non-current assets		154,617	220,846
CURRENT ASSETS			
Trade receivables	<i>9</i>	87,452	89,239
Prepayments, deposits and other receivables	<i>10</i>	7,340	38,795
Loan receivables		–	6,873
Investments in associates or joint ventures at fair value through profit or loss (“IAFV”)	<i>11</i>	112,370	29,736
Dividend receivables		2,931	2,931
Cash and cash equivalents		26,846	55,162
		<hr/>	<hr/>
Total current assets		236,939	222,736
CURRENT LIABILITIES			
Trade payables		–	300
Other payables and accruals	<i>12</i>	15,858	30,691
Advances from funds managed		–	668
Lease liabilities		2,303	830
Tax payable		4,504	5,154
		<hr/>	<hr/>
Total current liabilities		22,665	37,643
		<hr/>	<hr/>
NET CURRENT ASSETS		214,274	185,093
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		368,891	405,939
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		<u>2,527</u>	<u>137</u>
Total non-current liabilities		<u>2,527</u>	<u>137</u>
NET ASSETS		<u>366,364</u>	<u>405,802</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		153,340	153,340
Reserves		<u>210,700</u>	<u>249,683</u>
		<u>364,040</u>	<u>403,023</u>
Non-controlling interests		<u>2,324</u>	<u>2,779</u>
TOTAL EQUITY		<u>366,364</u>	<u>405,802</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2021

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 26 G-3, 828-838 Zhang Yang Road, Pilot Free Trade Zone, Shanghai, China.

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

- fund management
- investment management in relation to the establishment and structuring of the relevant funds and the sourcing of investors ("investment management")
- financial consulting services to the fund demanding parties

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 was established in the PRC.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), (which include all standards and interpretations, International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations) issued 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 revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7,
IFRS 4 and IFRS 16
Amendment to IFRS 16

Interest Rate Benchmark Reform — Phase 2

*Covid-19-Related Rent Concessions
beyond 30 June 2021 (early adopted)*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness.

The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any rent concessions arising as a direct consequence of the covid-19 pandemic for the year ended 31 December 2021.

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 invest in the funds managed by the Group.

No revenue from a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year ended 31 December 2021 (2020: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from contracts with customers	<u>54,200</u>	<u>69,074</u>
Revenue from contracts with customers		
Disaggregated revenue information		
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Timing of revenue recognition		
Services transferred over time	<u>54,200</u>	<u>69,074</u>
Types of services		
Rendering of fund management services	44,421	53,941
Rendering of fund establishment services	5,611	12,686
Rendering of consulting services	<u>4,168</u>	<u>2,447</u>
	<u>54,200</u>	<u>69,074</u>

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other income		
Dividend income from IAFV	1,784	17,526
Interest income	179	102
Gain on disposal of a joint venture	15	17
Gain on disposal of distressed assets	–	1,673
Others	–	24
	<hr/>	<hr/>
Subtotal	1,978	19,342
	<hr/>	<hr/>
Gains		
Government grants	1,910	1,862
Gain on disposal of items of property, plant and equipment	99	7
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Subtotal	2,009	1,869
	<hr/>	<hr/>
Total	3,987	21,211
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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 2021. Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax at a rate of 25% for the year, except that small-scale enterprises with minimal profits were qualified to apply income tax rate of 2.5% (2020: 5%).

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current income tax charge for the year — Mainland China	4,063	4,157
Deferred tax	(6,109)	(3,201)
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Total tax (credit)/charge for the year	(2,046)	956
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6. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled to the tax (credit)/expense at the effective tax rate is as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit before tax	(41,428)	8,720
Tax at the statutory tax rate (25%)	(10,357)	2,180
Expenses not deductible for tax	109	127
Lower tax rate for small-scale enterprises with minimal profits	(142)	(995)
Tax losses and deductible temporary differences utilised from previous years	(32)	(1,414)
Unrecognised deductible temporary differences and tax losses	6,144	220
Profits and losses attributable to joint ventures and an associate	2,232	838
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Total tax (credit)/charge for the year at the effective rate	(2,046)	956

Tax payable in the consolidated statement of financial position represents:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
PRC corporate income tax payable	4,504	5,154

7. DIVIDENDS

No dividends have been proposed by the Directors for the year ended 31 December 2021 (2020: Nil).

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

The calculation of the basic loss (2020: earnings) per share amounts is based on the loss (2020: profit) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 153,340,000 (2020: 153,340,000) 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 2021 and 2020.

8. LOSS/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculation of basic loss/earnings per share is based on:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic loss/earnings per share calculation	<u>(39,227)</u>	<u>4,426</u>
	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss/earnings per share calculation	<u>153,340,000</u>	<u>153,340,000</u>

9. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	128,176	99,901
Impairment	<u>(40,724)</u>	<u>(10,662)</u>
	<u>87,452</u>	<u>89,239</u>

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 and the fact that the Group's trade receivables relate to customers with credit risk, there is no significant concentration of credit risk but a general credit risk inherent in the Group's outstanding balance of trade receivables 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 2021, the amount due from joint ventures was RMB716,000 (2020: Nil) and the amount due from associates was RMB21,007,000 (2020: RMB22,697,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

9. TRADE RECEIVABLES (CONTINUED)

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	34,552	44,893
1 to 2 years	23,128	34,233
Over 2 years	29,772	10,113
Total	<u>87,452</u>	<u>89,239</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At beginning of the year	10,662	19,768
Impairment losses	30,062	2,044
Amount reversed	–	(477)
Amount transferred by settlement of certain trade receivables	–	(10,673)
At end of the year	<u>40,724</u>	<u>10,662</u>

An impairment analysis is performed at each reporting period using a function to measure expected credit losses. The key inputs used for the function are probability of default, loss given default and exposure at default which are generally derived from internally developed statistical models and other historical data. At each reporting date, they are adjusted incorporation of forward-looking information to reflect probability-weighted average credit loss. 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.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
A receivable related to the disposal of distressed assets	–	28,000
Prepayments	1,296	3,347
Deposits	1,070	1,861
Due from related parties	131	1
Other receivables	4,843	5,586
	<u>7,340</u>	<u>38,795</u>

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2021 and 2020, loss allowance was assessed to be minimal.

11. INVESTMENTS IN ASSOCIATES OR JOINT VENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS (“IAFV”)

	2021	2020
	RMB'000	RMB'000
Unlisted investments in associates or joint ventures, at fair value	<u>239,159</u>	<u>218,820</u>

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 2021.

The movements in investments in associates or joint ventures at fair value through profit or loss for the year ended 31 December 2021 are as follows:

	Cost	Increase/ (decrease) in fair value of IAFV	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	269,420	9,937	279,357
Movements	–	(17,117)	(17,117)
Derecognition and/or realisation	<u>(43,420)</u>	<u>–</u>	<u>(43,420)</u>
At 31 December 2020	<u>226,000</u>	<u>(7,180)</u>	<u>218,820</u>
Comprising:			
Current portion	28,000	1,736	29,736
Non-current portion	<u>198,000</u>	<u>(8,916)</u>	<u>189,084</u>
At 1 January 2021	226,000	(7,180)	218,820
Movements	–	(8,093)	(8,093)
Addition	60,000	–	60,000
Derecognition and/or realisation	<u>(31,568)</u>	<u>–</u>	<u>(31,568)</u>
At 31 December 2021	<u>254,432</u>	<u>(15,273)</u>	<u>239,159</u>
Comprising:			
Current portion	110,000	2,370	112,370
Non-current portion	<u>144,432</u>	<u>(17,643)</u>	<u>126,789</u>

12. OTHER PAYABLES AND ACCRUALS

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Payroll and welfare payable	4,800	4,903
Taxes and surcharges	1,436	3,890
Accruals	1,280	1,641
Due to related parties	8,059	19,934
Others	283	323
	<u>15,858</u>	<u>30,691</u>

Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of the years 2021 and 2020 approximated to their corresponding carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

China continued its macro-economic recovery in 2021, however, while China remained a global leader in terms of economic development and the prevention and control of the coronavirus disease pandemic (the “**Pandemic**”), the domestic economy still faced downward pressure. 2021 was also a difficult year for China’s real estate industry, as the growth rate of investment in real estate development and sales of commodity housing both declined due to increasing regulatory policies and the crisis of some of the real estate enterprises. According to the data of the National Bureau of Statistics, investment in real estate development in 2021 was approximately RMB14.8 trillion, representing a year-on-year growth of 4.4%, compared to 7.0% in the same period last year. In 2021, the sales area of commodity housing in China was approximately 1.79 billion square metres and the sales volume was approximately RMB18.2 trillion, representing year-on-year increase of 1.9% and 4.8% respectively, while the year-on-year increase were 2.6% and 8.7% respectively last year. With the ongoing promotion of “deleveraging” measures, the “high turnover” and “excessive financialisation” model of the real estate industry has come to an end and the business model of the real estate industry will enter into a stage of high quality growth and refined management.

Meanwhile, 2021 is also the last year of the transition period under the Guiding Opinions on Regulating the Assets Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》) (the “**New Regulation on Assets Management**”). Since the issuance of the New Regulation on Assets Management in April 2018, the asset management industry has undergone a “correction period” and “adjustment period” for more than three years, with the New Regulation on Assets Management continuously guiding the standardised and healthy development of the industry, and many of the chaotic situation existed in the early stage of the industry have been fundamentally solved. Against the backdrop of the change in PRC residents’ investment preference to financial assets, the asset management industry has entered into a new stage of development. However, as the market size continues to expand, various asset management institutions have been exploring and changing in tandem with changes in regulatory guidance, product development and diversification of user needs.

BUSINESS REVIEW

The Group is an asset management company, mainly engaging in fund management, investment management in relation to the establishment and structuring of the relevant funds and the sourcing of investors (“**investment management**”) and investment consultation services specialising in the management of real estate and distressed asset 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 and distressed asset project (“**Project Fund(s)**”); and (ii) flexible 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.

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 2021		As at 31 December 2020	
	Number of funds	AUM <i>RMB million</i>	Number of funds	AUM <i>RMB million</i>
Project Funds	16	4,170.0	16	4,703.0
FOFs	8	787.9	9	823.0
Less: FOFs investments in Project Funds	–	(660.6)	–	(687.5)
Total	24	4,297.3	25	4,838.5

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 2021			As at 31 December 2020		
	Number of projects	AUM <i>RMB million</i>	Proportion %	Number of projects	AUM <i>RMB million</i>	Proportion %
Commercial real estate projects	8	2,177.8	51.2%	7	2,067.0	43.2%
Urbanisation and redevelopment projects	5	1,173.2	27.6%	6	1,782.9	37.2%
Distressed assets projects	4	899.4	21.2%	4	936.4	19.6%
Total	17	4,250.4	100.0%	17	4,786.3	100.0%

Note: The amount which FOFs had invested in Project Funds was eliminated from the breakdown of the AUM by fund to avoid double counting. The distressed asset project, namely the Yundu Project* (雲都項目), invested by our FOF is included in the breakdown of project fund AUM by portfolio asset type although the Project Fund investment specified has not been established.

During the Year, the Group commenced and implemented the following major tasks:

- (i) the Group completed the distribution and exit of three urbanisation and redevelopment projects, namely the CIFI Changzhou Project* (旭輝常州項目), CIFI Wenzhou Project* (旭輝溫州項目) and CIFI Beijing Project* (旭輝北京項目) on schedule.
- (ii) the Group completed the distribution and exit of FOF X (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)) on schedule.
- (iii) the Group acquired two urbanisation and redevelopment projects and one commercial real estate project. The urbanisation and redevelopment projects are the Zhongnan Foshan Project* (中南佛山項目) and Kangqiao Wenzhou Project* (康橋溫州項目). Zhongnan Foshan Project* (中南佛山項目) has total gross floor area of over 120,000 sq.m. jointly constructed and operated by the Group and Shanghai Zhongnan Jinshi Real Estate Co., Ltd.* (上海中南錦時置業有限責任公司), a subsidiary of Jiangsu Zhongnan Construction Group Co.,Ltd.* (江蘇中南建設集團股份有限公司) (“**Zhongnan Construction**”, a company with its A shares listed on the main board of the Shenzhen Stock Exchange, Stock Code: 000961.SZ). The Kangqiao Wenzhou Project* (康橋溫州項目) is jointly constructed by the Group and Wenzhou Kangqiao Real Estate Development Co., Ltd.* (溫州康橋房地產開發有限責任公司) (the “**Kangqiao Group**”, one of the top 100 real estate enterprises of the PRC) in Wenzhou, Zhejiang. The commercial real estate project is Dalian Project* (大連項目) and its underlying asset is a underground commercial complex located in Dalian.
- (iv) The Group continued to focus on identifying high-net-worth and ultra-high-net-worth clients and establish an elite and professional marketing team. As at 31 December 2021, the Group provided wealth management services to 305 high-net-worth clients and institutional investors.
- (v) the Group continued to strictly follow various laws and regulations, abide by the professional ethics of fund managers, perfect the results of fund operation management, optimize the management system of fund business, strengthen the post-investment management of invested projects and accelerate the exiting of existing projects.
- (vi) for organizational structure, based on market changes, business development and the need to improve the efficiency of the Company’s internal operation management, the Group proactively optimized the Company’s internal organizational structure, further encouraged a flat management structure, reduced levels of authorization, and improved overall operation management capacity and decision-making efficiency to ensure the effective execution and full implementation of the Company’s strategy.

FUTURE OUTLOOK

It was stated in the Central Economic Work Conference that China's economic development in 2022 should place stability in the first place and seek progress in a stable manner. In this regard, the stable and healthy development of the real estate industry is crucial. After the industry restructuring, market clearing and policy guidance, the risks in the real estate industry were resolved in an orderly manner, and the expectation of market rebound is becoming clearer. Real estate will remain the pillar industry of the Chinese economy.

In the area of asset management, China's economic development has reached a new level and the wealth of people is growing steadily. The wealth management industry is moving from the bank wealth management era to the equity investment era, and people need to rely on professional asset management institutions to find quality assets in the volatile market in order to protect the level of return of their products.

As a professional asset management company, the Group will focus on three strategic segments in the future, namely fund management, wealth management and investment consultation.

(i) Fund management: the Group will continue to strengthen its investment in urban construction and distressed assets projects and develop private equity fund management.

- Urban construction

At the current stage, the Group places more focus on the realisation ability of assets and the ability to enhance the cash flow of assets, and pays attention to the following two types of markets: (1) in the area of development and investment in first hand properties, focus is placed on the sales-oriented property market represented by residential properties; (2) in the area of enhancement, redevelopment and investment of second hand properties, focus is placed on the commercial property market represented by shopping centres, the urban renewal market represented by primary land consolidation and second hand property renovation, as well as the long-term rental apartment market. The Group will continue to conduct in-depth research and practice in its investment in the urban construction sector, strengthen equity investment cooperation with real estate development enterprises with sound operating quality in the development sector, and at the same time actively identify investment opportunities in the commercial second hand property acquisition, operation enhancement and urban renewal tracks.

- Distressed assets

Under the current situation of strict regulation, deleveraging and tightened refinancing channels, defaults in corporate debt are continuously occurring. At the same time, it also brings a large number of investment opportunities for distressed assets, and the demand for the distressed assets disposal market is becoming increasingly strong. The Group will continue to conduct risk restructuring of distressed assets for financial institution, and through issuing relief funds, we will effectively revitalise assets with all participating entities and promote the integration and allocation of industry resources to achieve a win-win situation for creditors, debtors, financial institutions, local governments and the society.

- Private securities investment

In recent years, China has been focusing on reforming and building the capital market. With the improvement in the development of the system, the securities market has entered into a stage of healthy operation and a number of enterprises with long-term investment value emerged. While the domestic secondary market has undergone a series of adjustment, along with a series of reforms such as the pilot registration system of the Science and Technology Innovation Board, the implementation of the new securities law and the establishment of the Beijing Stock Exchange, the secondary market has ushered in significant development opportunities. The Group will also provide investors with diversified wealth management products through formulating strategies in developing the private securities investment sector with new partners by grasping the trends and setting up investment teams and investment research systems.

- (ii) Wealth management: In addition to continuing to develop the area of private equity fund sales, the Group is building a public equity fund sales system to provide mid-to-high-end clients with a wide range of products for sourcing fund investment. On the one hand, we will meet the needs of our clients for wealth enhancement and preservation through our professional asset management capabilities, and select various asset management products from the perspective of wealth management to match their risk-return limit. On the other hand, we will meet the personal needs of our clients in addition to wealth preservation and enhancement, and provide professional financial asset management services to our high-net-worth clients in areas such as legal, tax planning, wealth enhancement, education and retirement.
- (iii) Investment advisory: leverage on its assets management capabilities in the professional field of more than ten years, the Group will help large enterprises and financial institutions in their new development and construction projects and distressed asset projects by acting as an investment advisor and providing pre-investment advisory and post-investment management services.

The Group will continue to improve its professional investment standard and post-investment management capabilities, continue to provide quality fund products and services, and rely on the three major areas of fund management, wealth management and investment consultation to become an outstanding professional asset management company, providing assistance to China’s economic transformation and deliver satisfactory performance to our investors, partners, all staff and shareholders of the Company (the “Shareholders”).

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 comprise of regular management fees, performance fees, and one-off fund establishment fees and advisory fees. During the Year, we recognised revenue of approximately RMB54.2 million, representing a decrease of approximately RMB14.9 million or a drop of approximately 21.5% as compared to the corresponding period last year, which was mainly due to the decrease in regular management fees, performance fees, and one-off fund establishment fees from Project Funds.

Set out below is a breakdown of the revenue by income sources during the periods indicated:

	2021 (RMB'000)	2020 (RMB'000)	Change (RMB'000)	Rate of Change (%)
Project Funds				
— regular management fees	34,443	37,039	(2,596)	(7.0%)
— performance fees	1,101	6,105	(5,004)	(82.0%)
— one-off fund establishment fees	5,611	12,686	(7,075)	(55.8%)
Sub-total	41,155	55,830	(14,675)	(26.3%)
FOFs				
— regular management fees	9,212	11,172	(1,960)	(17.5%)
— performance fees	—	—	—	—
— one-off fund establishment fees	—	—	—	—
Sub-total	9,212	11,172	(1,960)	(17.5%)
Advisory fees	4,168	2,447	1,721	70.3%
Less: sales-related taxes	(335)	(375)	40	(10.7%)
Total	54,200	69,074	(14,874)	(21.5%)

REGULAR MANAGEMENT FEES

Our revenue from regular management fees for the Year was approximately RMB43.7 million, accounting for approximately 80.5% of our total revenue for the Year and representing a decrease of RMB4.6 million as compared to the year ended 31 December 2020. On one hand, affected by the continuous tightening of real estate market adjustment and control, the implementation of new investment projects and the progress of new fund raising have slowed down during the Year. The regular management fee of new funds saw a downward adjustment as the profit margin of the real estate industry, which is the underlying investment of the fund, decreased. On the other hand, under the continuous impact of the Pandemic, the disposal pace of the existing projects invested by the funds managed by the Group was slower than expected, and the Group has terminated the collection of regular management fees as some of the funds entered the liquidation period. This, to a certain extent, affected the revenue from the regular management fees.

PERFORMANCE FEES

Revenue from performance fees for the Year amounted to approximately RMB1.1 million, accounting for approximately 2.0% of the total revenue of the Group for the Year. Due to the impact of the overall downturn in the real estate market on the profitability of fund-related investments, the performance fees recorded from the funds managed by the Group from exiting investment projects for the Year decreased by approximately RMB5.0 million compared to that of last year.

ONE-OFF FUND ESTABLISHMENT FEES

One-off fund establishment fees represent the fees charged by the Group in relation to the establishment of funds and seeking investors. Revenue of the Group generated from one-off fund establishment fees for the Year was approximately RMB5.6 million, representing a decrease of approximately 55.8% compared to that of last year, mainly due to the decrease in the size of funds raised this year as compared to that of last year.

ADVISORY FEES

Advisory fees represent the relevant fees charged for the specific investment advisory services for particular projects offered by the Group as a professional service provider. During the Year, the Group's revenue from advisory fees was approximately RMB4.2 million, representing an increase of approximately RMB1.7 million as compared to that of the corresponding period last year, mainly attributable to income generated from the provision of investment advisory services by Shanghai Ruichu Business Advisory Co., Ltd.* (上海芮楚商務諮詢有限公司), a wholly-owned subsidiary of the Group, which launched a new business during the Year.

OTHER INCOME AND GAINS

Other income and gains of the Group decreased approximately 81.2% from approximately RMB21.2 million for the year ended 31 December 2020 to approximately RMB4.0 million for the Year, which was mainly due to the significant decrease of dividend income from IAFV at fair value through profit or loss.

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

	For the year ended 31 December			Rate of Change
	2021	2020	Change	
	<i>(RMB'000, except for the percentages)</i>			
Government grants	1,910	1,862	48	2.6%
Dividend income from IAFV at fair value through profit or loss	1,784	17,526	(15,742)	(89.8%)
Interest income	179	102	77	75.5%
Gain on disposal of items of property, plant and equipment	99	7	92	1,314.3%
Gain on disposal of joint ventures	15	17	(2)	(11.8%)
Gain on disposal of distressed assets	–	1,673	(1,673)	(100.0%)
Others	–	24	(24)	(100.0%)
Total	<u>3,987</u>	<u>21,211</u>	<u>(17,224)</u>	<u>(81.2%)</u>

DIVIDEND INCOME FROM IAFV AT FAIR VALUE THROUGH PROFIT OR LOSS

Dividend income from IAFV at fair value through profit or loss decreased from approximately RMB17.5 million for the year ended 31 December 2020 to approximately RMB1.8 million for the Year, representing a year-on-year decrease of approximately 89.8%, which was mainly due to the dividend income of approximately RMB8.5 million from the investment of equity interest in FOF IV (Shanghai Weiyi Investment Limited Partnership* (上海威弋投資合夥企業(有限合夥))), and the dividend income of approximately RMB6.5 million from the investment of equity interest in Ningbo Meishan Bonded Harbor Yujin Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區裕瑾投資管理合夥企業(有限合夥)) which was received by the Group for the year ended 31 December 2020, and no such dividend income was received during the Year. During the Year, the dividends income recorded

by the Group were mainly the dividend of approximately RMB1.8 million received from the capital investment of equity interest in FOF X (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))).

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the Year were approximately RMB51.3 million, representing a decrease of approximately RMB6.8 million or approximately 11.7% year-on-year as compared to approximately RMB58.1 million recognised in the previous year. Such decrease was mainly due to: (i) the continuous outbreak of the Pandemic and under current market sentiment, the Group was more prudent on its business expansion, resulting in a decrease in business consultation as well as a decrease in frequency of business trips of employees, hence, a decrease of approximately RMB3.9 million in aggregated advisory fees and travel expenses for the Year as compared to those of the corresponding period last year; (ii) the lease expenses and amortisation and depreciation expenses for the Year decreased by approximately RMB1.8 million as compared to those of the corresponding period last year, mainly due to the decline in lease expenses and amortisation and depreciation expenses as a result of adjustments made to the leasing of the office premises based on our deployment of employees for the Year; and (iii) in view of the declining operation performance of the Group, we reduced our headcount accordingly, which resulted in a decrease of average monthly number of employees as compared to that of last year, therefore, our cost of staff decreased approximately RMB1.4 million as compared to that of last year.

IMPAIRMENT LOSS ON TRADE RECEIVABLES

During the Year, the Group early applied the simplified approach under IFRS 9 to provide for expected credit loss (“ECL”). Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Since the second half of 2021, the outbreak of debt defaults by a number of real estate companies affected the confidence of overseas bond investors. The regulatory policies of the real estate industry have tightened rapidly, and the market situation has turned drastically downward. Real estates companies experienced low sales, difficulty in raising financing and debt repayment pressure continued to increase, coupled with the peak in debt maturity, the liquidity risk and credit risk faced by real estate companies became more fierce. Meanwhile, in the second half of 2021, the local development of the Pandemic was yet to settle, and prevention and control policies were strengthened in many places, which had put the domestic economy under considerable downward pressure. The underlying assets invested by the funds managed by the Group mainly included real estates in the form of residential properties, commercial complexes, and

long-term rental apartments. Due to the overlapping effects of negative factors such as the increased regulatory control in the real estate industry, the enhanced financial supervision, and the Pandemic, which slowed down the disposal progress of underlying assets and realisation of the related funds, the cash flow available for distribution remained at a low level. This, to a certain extent, extended the collection cycle of the Group's receivable management fees due from Project Funds and FOFs. During the Year, receivables of approximately RMB37.2 million was recovered by the Group, representing a decrease of approximately 60.9% as compared to the previous year.

Based on the above factors, at the end of the Reporting Period, the Group conducted a comprehensive assessment on factors such as the debtor's past repayment, age, financial condition and macroeconomic environment for each receivable. Management assesses that there is an overall increase in the credit risk for all debtors and an overall decrease of credit rating in relation to the receivables of the Group. A provision for ECL has been made for all receivables during the Year using the ECL model. The key input parameters used in the calculation of this model include Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and Discount Factor ("DF"), and the calculation formula is $ECL = PD * LGD * EAD * DF$. These parameters are derived from internal statistical models and other historical data, and are adjusted to reflect the probability-weighted outcome, the time value of currency and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that are available at the reporting date. Of which, PD is an estimate at a point in time, which is calculated based on statistical rating models and assessed using rating tools customized for different classes of counterparties and exposures. PD estimates take into account the contractual maturity of the exposure. LGD is an estimate of the loss from default and is derived based on the difference between the contractual cash flows due and the cash flows that the Group expects to receive. The Group made reference to the "Commercial Bank Capital Management Measures", taking the LGD of 75% of commercial banks for non-retail risk exposure to subordinated debts with no eligible collateral as our key input parameter of LGD. EAD is an estimate of exposure to future default dates, taking into account expected changes in exposure after the reporting date, including repayments of principal and interest by debtors. For the discount factor, the risk-free rate corresponding to the remaining lifetime of the EAD has been adopted.

Based on the provision model, the Group recognized a provision for impairment loss on trade receivables of approximately RMB30.1 million in the Year, of which provision for impairment loss on trade receivables of the Project Funds amounted to approximately RMB19.4 million, provision for impairment loss on trade receivables of FOFs amounted to approximately RMB8.9 million and provision for impairment loss on trade receivables of other customers amounted to approximately RMB1.8 million.

The Group made provision for ECL using the simplified method in both the Year and the year ended 31 December 2020. Only the trade receivables from the Project Funds investing in Dongfang Baorui Project* (東方保瑞項目) and the Huaqiao Cheng Project* (華僑城項目) experienced a delay in collection and increased credit risk in the year 2020 and the credit risk of the debtors of the remaining receivables was manageable. Therefore, the provision for ECL for the year 2020 was calculated by: (i) using the aging analysis method to provide for collectively impaired receivables, using aging as the credit risk characteristic to determine the receivables portfolio, and make adjustment for specific receivables subject to forward-looking factors of the economic environment; and (ii) provision for individual impairment receivables for the recoverability of receivables and the financial position of the debtors for the Dongfang Baorui Project and the Huaqiao Cheng Project. For the current year, particularly from the second half of the Year onward, the credit risk of all debtors of receivables increased significantly due to the combination of negative factors in the macro environment, the condition of the property industry and the Pandemic, which resulted in a significant increase in the provision for impairment loss on trade receivables recognised in the Year as compared to the previous year. The Board considers that the significant assumptions, models and parameters used in the calculation of the ECL provision for the Year are on a fair and reasonable basis. The Group will continue to make reasonable and prudent assessment on the recoverability of trade receivables based on the economic situation and the impact of the Pandemic on the projects.

DECREASE IN IAFV AT FAIR VALUE THROUGH PROFIT OR LOSS

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 itself. Such investments were recognised as IAFV at fair value through profit or loss in the Group's financial statements and such accounting treatment will be continued to use 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 apply level 3 hierarchy of fair value measurement, 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, and 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.

The IAFV at fair value through profit or loss for the Year decreased by approximately RMB8.1 million as compared with last year, which was mainly attributable to the pressure of the overall decline of the real estate industry and the negative effects brought by the Pandemic to the value of the underlying assets of fund investments, resulting in no increase in the value of distressed assets projects such as the Yuhang Xinhua Garden Project* (余杭馨華園項目), Dongfang Baorui Project* (東方保瑞項目) etc. and commercial real estate projects such as the Huaqiao Cheng Project* (華僑城項目), the Shaoxing Keqiao Project* (紹興柯橋項目) whereas the operating costs increased due to the Project Funds investing in these projects gradually became closer to maturity.

SHARE OF LOSSES OF JOINT VENTURES

The Group's share of losses of joint ventures for the Year was approximately RMB8.0 million, representing an increase of approximately RMB6.8 million as compared to that of the year ended 31 December 2020, and was mainly due to the recognition of losses of 8.0 million for Guangzhou Zhongshunyi Management Consultancy Co., Ltd.* (廣州中順易管理諮詢有限公司) (“**Guangzhou Zhongshunyi**”), in which the Group holds 35% equity investment, on a pro-rata basis according to the equity method of accounting during the Year. Guangzhou Zhongshunyi is a venture invested by the Group in 2019 for the purpose of expanding the financial management business. It has a team of professional wealth management talents from major financial institutions. No profit was recorded so far due to the negative impact of tightening regulatory policies in the industry and the Pandemic and its comparatively slow business development. Based on current operating conditions and profit projections, intangible assets arising on acquisition (mainly customer relationships and non-competitive terms) no longer contributed to the Group's revenue as expected. Guangzhou Zhongshunyi recognised impairment losses of the intangible assets for the Year of RMB18.3 million, of which RMB6.4 million was attributable to the Group, causing a significant increase of the share of losses of joint ventures compared to the corresponding period last year.

SHARE OF LOSS OF AN ASSOCIATE

Our share of losses of associates for the Year was approximately RMB0.9 million, representing a decrease of approximately RMB1.2 million as compared to that of the year ended 31 December 2020, and was mainly due to a decrease in the amount of loss recognised on a pro-rata basis according to the equity method of accounting during the Year for the Group's equity investment in Guangrui Juyao (Qingdao) Wealth Asset Management Co., Ltd.* (光瑞聚耀(青島)財富資產管理有限公司) (“**Guangrui Juyao**”) as Guangrui Juyao adjusted its business strategy and reduced its manpower in second half of 2020 which resulted in a decrease in cost.

INCOME TAX CREDIT

Income tax credit of the Group for the Year was approximately RMB2.0 million, as compared to approximately RMB1.0 million of income tax expenses of the corresponding period last year, which was mainly due to that a loss before tax was recorded. The income tax rate applicable to the Company's entities ranged from 2.5% to 25% during the Year.

LOSS FOR THE YEAR

Our loss for the Year was approximately RMB39.4 million, representing a decrease of approximately RMB47.1 million of the profit as compared to the profit for the year of approximately RMB7.8 million for the year ended 31 December 2020, which was mainly due to the combined effect of the decrease in regular management fees, performance fees, one-off fund establishment fees, and other income and gains as well as the increase in impairment loss on trade receivables, which was partly off set by the decline of administrative expenses and the decrease in IAFV at fair value through profit or loss.

LIQUIDITY AND FINANCIAL RESOURCES

The Group regularly reviews the liquidity status and actively manages liquidity and financial resources in light of changes in the economic environment and business development needs. As at 31 December 2021, the cash and cash equivalents of the Group was approximately RMB26.8 million (31 December 2020: RMB55.2 million), which are mainly held in RMB.

GEARING RATIO

The gearing ratio of the Group as at 31 December 2021 was nil (31 December 2020: Nil) as the Group had no outstanding loans, borrowings or bank overdrafts as at 31 December 2021.

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 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.

PLEDGE OF ASSETS

As at 31 December 2021, 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 its listing on 13 November 2018.

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 (2020: Nil).

COMMITMENTS

The Group did not have any significant commitments as at 31 December 2021 (31 December 2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

CAPITAL EXPENDITURES

As at 31 December 2021, the Group did not have any significant capital expenditures.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group employed a total of 105 employees (31 December 2020: 103 employees). The Group has adopted an employee compensation 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 2021, IAFV of the Group was approximately RMB239.2 million, representing an increase of approximately RMB20.4 million as compared to approximately RMB218.8 million as at 31 December 2020. Details are as follows:

Name of fund	Type of investment project	Cost of investment (RMB'000)	Percentage of fund equity	Dividends received for the Year (RMB'000)	Fair value as at 31 December 2021 (RMB'000)	Percentage of the total asset value as at 31 December 2021	Unrealised gains/(losses) related to changes in fair value during the Year (RMB'000)	Fair value as at 31 December 2020 (RMB'000)	Source of funds
1 FOF IV <i>(Note 1)</i>	Distressed assets projects	96,432	50.0%	-	86,148	22.0%	(10,284)	97,449	Internal resources
2 Hangzhou Fuyang Huiyun Investment Management Partnership (Limited Partnership)* (杭州富陽匯真投資管理合夥企業(有限合夥))	Commercial real estate projects	60,000	19.9%	-	69,864	17.8%	9,864	-	Internal resources
3 FOF IX <i>(Note 2)</i>	Commercial real estate projects	48,000	8.0%	-	40,641	10.4%	(7,359)	40,739	Proceeds from the Share Offer <i>(Note 6)</i>
4 FOF III <i>(Note 3)</i>	Commercial real estate projects, urbanization and redevelopment projects and distressed assets projects	30,000	10.0%	-	21,191	5.4%	(8,809)	28,012	Internal resources
5 FOF VIII <i>(Note 4)</i>	Urbanisation and redevelopment projects and commercial real estate projects	20,000	11.0%	-	21,315	5.4%	1,315	22,884	Proceeds from the Share Offer <i>(Note 6)</i>
6 FOF X <i>(Note 5)</i>	Commercial real estate projects	-	-	1,766	-	-	-	29,736	Proceeds from the Share Offer <i>(Note 6)</i>
		<u>254,432</u>		<u>1,766</u>	<u>239,159</u>		<u>(15,273)</u>	<u>218,820</u>	

Notes:

- FOF IV refers to Shanghai Weiyi Investment Limited Partnership* (上海威弋投資合夥企業(有限合夥)), a FOF established and jointly managed by the Group in the form of limited partnership in September 2016.
- FOF IX refers to 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)), a FOF established and jointly managed by the Group in the form of limited partnership in January 2019.
- FOF III refers to Realway Development No. 3 Unit Trust Fund* (瑞威發展三號契約型私募基金), a FOF established by the Group in the form of trust fund in August 2016.
- FOF VIII refers to Realway Development No. 5 Unit Trust Fund* (瑞威發展五號契約型私募基金), a FOF established by the Group in the form of trust fund in December 2017.

5. FOF X refers to 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 established and managed by the Group in the form of limited partnership in August 2019.
6. Share offer refers to the share offer conducted by the Company in connection with its listing on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2018.

We shall continue to operate a diversified investment portfolio and closely monitor the investment performance and market trends to adjust our investment strategy in FOFs and Project Funds.

ARBITRATION RELATING TO OUR SIGNIFICANT INVESTMENTS HELD

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) (“**SIETAC**”) 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 third installment of the equity transfer consideration, late payment penalty and related legal costs. The total amount sought in this arbitration tentatively amounts to approximately RMB38,063,000. On 17 March 2020 and 22 May 2020, Shenzhen Xinqiaowei Project* (深圳新喬圍項目) received RMB5,000,000 and RMB2,000,000 respectively, in settlement of the third installment of the equity transfer consideration from Hai Shi Urban Renew. On 12 January 2021, the case was heard in SIETAC. The Fuyang Huiguan Fund submitted an amended application for arbitration to the SIETAC according to the arbitration hearing on the same day, requesting Hai Shi Urban Renew to pay the outstanding third and fourth installments of the equity transfer consideration, damages for overdue payments, legal fees and other fees payable to the Fuyang Huiguan Fund, and the total amount related to the arbitration claim is temporarily approximately RMB82,644,514.

On 2 April 2021, SIETAC made a final arbitral award on this case, that Hai Shi Urban Renew should pay the outstanding third and fourth installments of the equity transfer consideration, damages for overdue payments, legal fees and other fees payable to the Fuyang Huiguan Fund, and the total amount is temporarily approximately RMB69,722,494 (of which the damages for overdue payments shall be accrued up to the actual payment date). Subsequently, Hai Shi Urban Renew has not complied with the final arbitral award and the fund manager, Shanghai Ruixiang continued to negotiate with Hai Shi Urban Renew. On 22 December 2021, Fuyang Huiguan Fund and Hai Shi Urban Renew entered into a settlement execution agreement (the “**Settlement Execution**”).

Agreement”) and agreed that (i) Hai Shi Urban Renew shall pay RMB20,000,000 to Fuyang Huiguan Fund for the partial settlement of the third installment of the equity transfer consideration by 31 March 2022; (ii) Hai Shi Urban Renew shall pay RMB43,000,000 to Fuyang Huiguan Fund for the settlement of the remaining third and fourth installment of the equity transfer consideration by 30 May 2022 and RMB25,000,000 as the liquidated damages and other expenses as set out in the arbitral award; and (iii) Hai Shi Urban Renew shall pay compensation in an amount of RMB8,875,000 to Fuyang Huiguan Fund by 30 May 2022.

As of the date of this announcement, Fuyang Huiguan Fund has not received the amount involved in the Settlement Execution Agreement from Hai Shi Urban Renew. Shanghai Ruixiang, the fund manager, has frozen the bank account and part of the property of Hai Shi Urban Renew through judicial preservation procedures, and will continue to negotiate and communicate with Hai Shi Urban Renew and urge it to settle the payments as soon as possible. At the same time, Shanghai Ruixiang will actively assist Hai Shi Urban Renew in fulfilling its payment obligations by sourcing and referring investors to jointly acquire the equity interests in Shenzhen Xinqiaowei Project* (深圳新喬園項目).

The investment size of FOF VIII, for which Shanghai Ruixiang, a wholly-owned subsidiary of the Company, acted as a fund manager in Fuyang Huiguan Fund as at 31 December 2021 was approximately RMB40.5 million.

Currently the businesses of the Company are in normal operation, and the Company will take all appropriate steps to safeguard its rights and interests. Further announcement will be made in due course.

ADVISING ON SECURITIES AND ASSET MANAGEMENT BUSINESS IN HONG KONG

On 22 March 2021, Realway (Hong Kong) Assets Management Limited (瑞威(香港)資產管理有限公司) (“**Hong Kong Realway**”), a wholly-owned subsidiary of the Company licensed by the Securities and Futures Commission (the “**SFC**”) to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities, was notified by the SFC that due to Hong Kong Realway having insufficient number of responsible officers for Type 4 and Type 9 regulated activities, Hong Kong Realway shall not carry on such regulated activities from 16 March 2021 until sufficient number of responsible officers are approved by the SFC as responsible officers of Hong Kong Realway.

On 29 December 2021, Hong Kong Realway was approved by the SFC to carry on Type 4 and Type 9 regulated activities as it had appointed sufficient number of responsible officers.

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. During the Year, the Company had adopted and complied with the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), save and except for the deviation from Code Provision C.2.1 of the CG Code.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Year, the roles of chairman (the "**Chairman**") and chief executive officer (the "**Chief Executive Officer**") of the Company were performed by Mr. Zhu Ping.

As Mr. Zhu Ping now serves as both the Chairman and the Chief Executive Officer, such practice deviates from Code Provision C.2.1 of the CG Code. The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Zhu Ping 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 Ping'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 C.2.1 of the CG Code 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.

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 on terms no less exacting than the Model Code. No incident of non-compliance with the Employees Written Guidelines by our employees was noted by the Company during the Year.

SHARE OPTION SCHEME

As at 31 December 2021, the Company has no share option scheme in place.

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, 27 May 2022. 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 Wednesday, 27 April 2022 to Friday, 27 May 2022, both days inclusive, during which period no transfer of the shares of the Company (“**Shares**”) 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 Unit 706-707, 7th Floor, Century Link Tower 1, No. 1198 Century Avenue, Pudong New Area, Shanghai (for domestic Shareholders), no later than 4:30 p.m. on Tuesday, 26 April 2022 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 in 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.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event occurring after the Reporting Period.

SCOPE OF WORK OF AUDITOR

The figures in respect of our consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been verified by Ernst & Young (“EY”), our auditor, against the amounts set out in our preliminary consolidated financial statements for the Year. The work performed by EY in this respect does not constitute any assurance engagement in accordance with the Hong Kong Standards on Auditing, the Hong Kong Standards on Review Engagements or the Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on the preliminary announcement.

AUDIT COMMITTEE

The Board has established an audit committee which comprises three independent non-executive Directors. The audit committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed the audit, internal controls 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 in due course.

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 2022

As at the date of this announcement, the Board of the Company comprises Mr. Zhu Ping, Mr. Duan Kejian and Ms. Chen Min 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*