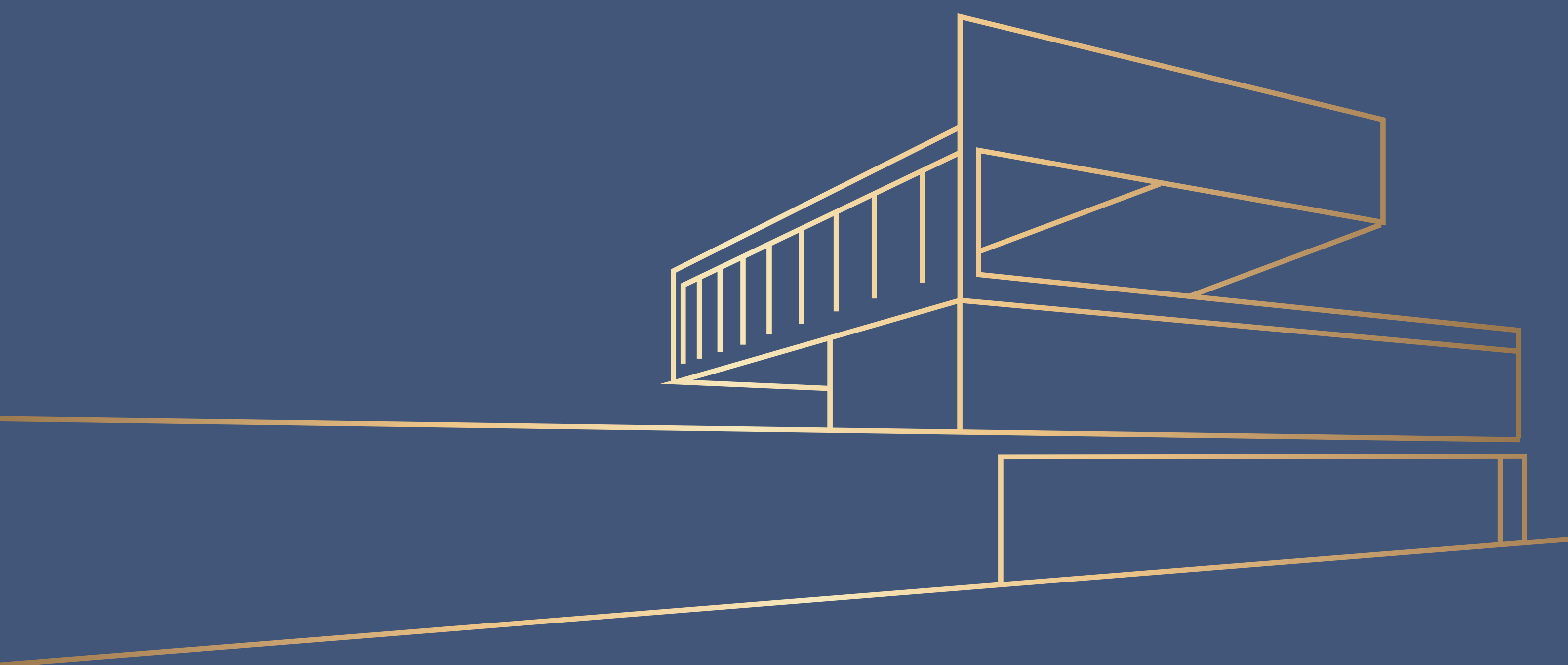
ANNUAL REPORT 2018

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.HK



瑞威资本
REALWAY CAPITAL

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DIRECTORS

Executive Directors

Mr. ZHU Ping (朱平)
Mr. DUAN Kejian (段克儉)
Ms. SU Yi (蘇怡)

Non-executive Directors

Mr. CHENG Jun (成軍)
Mr. WANG Xuyang (王旭陽)

Independent non-executive Directors

Mr. LIU Yunsheng (劉雲生)
Mr. SHANG Jian (尚健)
Ms. YANG Huifang (楊惠芳)

SUPERVISORS

Ms. CAI Luyi (蔡璐懿)
Mr. LU Xili (陸希立)
Ms. WANG Juanping (王娟萍)

AUDIT COMMITTEE

Ms. YANG Huifang (楊惠芳) *(Chairman)*
Mr. SHANG Jian (尚健)
Mr. LIU Yunsheng (劉雲生)

NOMINATION COMMITTEE

Mr. ZHU Ping (朱平) *(Chairman)*
Mr. SHANG Jian (尚健)
Mr. LIU Yunsheng (劉雲生)

REMUNERATION COMMITTEE

Mr. LIU Yunsheng (劉雲生) *(Chairman)*
Ms. SU Yi (蘇怡)
Ms. YANG Huifang (楊惠芳)

COMPANY SECRETARY

Mr. CHAN Yat Lui (陳溢磊) *(CPA)*

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STOCK CODE

1835

COMPANY'S WEBSITE

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the consolidated results of Shanghai Realway Capital Assets Management Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") for the year ended 31 December 2018 (the "**Year**").

The Year of 2018 marks the ninth anniversary of the Group's establishment, and is also an important landmark year for the Group due to the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group was successfully listed after 9 years of hard work on 13 November 2018, which signified the full recognition of the Group by shareholders and various regulatory authorities.

BUSINESS REVIEW

The Year of 2018 was an important turning point and a watershed for the development of private fund management industry which the Group was part of. There had been iterative re-shapings of both market supervision pattern and industry development ecology. On the one hand, with the implementation of new asset management regulation, such as the *Guiding Opinion on Regulating Asset Management Business of Financial Institutions (Exposure Draft),* regulatory oversight of the industry was becoming more and more enhanced, which was conducive to addressing the root cause and removing impurities and retaining essence, and boosting the long-term healthy development of the industry; on the other hand, new capital pattern, incremental changes to the stock market and the transformation of the investment methods were the building and restructuring factors of the new development ecology of the industry.

Given the major changes and adjustments in the industry during the Year, the Group had not only encountered lots of challenges, but also seized unprecedented opportunities. In the second half of 2018, with the improvement and strengthening of industry regulatory oversight, private fund managers with irregular operations, small scale and poor management capabilities which had breaks in the capital chain, products overdue or were unable to raise sufficient funds as they fall due, had brought about extremely adverse influence on the whole industry. Although the Group had slowed down the pace of the project in response to market conditions in the second half of 2018, slightly reducing the scale, the Group, being a professional private fund management company, overcame numerous difficulties and relied on its strong risk control capability, outstanding management team, leading and innovative products and effectively proactive management, had weathered through the adverse market conditions. The Group succeeded in the exit and clearance of three sizeable projects as scheduled in 2018, and achieved a total performance fee of approximately RMB43.9 million as the income. Meanwhile, the Group had undertaken a sizeable project located in Shenzhen, with assets under management of up to RMB228 million raised, and realised regular management fees of approximately RMB3.3 million.

FUTURE PROSPECTS

As the first overseas listed private equity fund management company in China, having been following the concept of continuous innovation, the Group aims at boosting the transformation and upgrading of China's economy with the idea of the serving real economy with financial services.

— ***Enhancement of the Group's product offerings and portfolio assets of its funds***

From 1 January 2019 up to 22 March 2019, two FOFs of the Group have passed the examination and approval of the Group's steering committee. Among them, Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership) has registered with the Asset Management Association of China and commenced investment activities.

Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership) is a FOF jointly established by the Group and Chengjia (Shanghai) Apartment Management Co., Ltd. Chengjia (Shanghai) Apartment Management Co., Ltd. is a company principally engaged in the development and operation of service apartments, and is jointly funded by Huazhu Group Limited and IDG Capital, which focuses on the provision of services relating to luxury hotels, quality apartments and guesthouses.

On 11 February 2019, the Group and Chengjia (Shanghai) Apartment Management Co., Ltd. jointly established a joint venture company, Jiaxing Ruicheng Equity Investment Co., Ltd. with a capital contribution of RMB5.0 million by each party. The two parties will undertake a ten-year partnership in the area of real estate and long-term rental apartment related investments, and the joint venture company will establish and manage one or several private equity funds to invest in long-term rental apartments and their derivative asset securitization projects.

— ***Geographical expansion***

In addition to developing FOFs, the Group plans to conduct businesses in Hong Kong, Xi'an, Hangzhou, Chongqing and other cities in succession, increase access to projects and expand the portfolio of fund assets. As at 31 December 2018, the Group has set up subsidiaries in Hong Kong, Xi'an and Hangzhou using the Group's internal resources:

From 1 January 2019 up to 22 March 2019, five projects (three commercial real estate projects and two urbanisation and redevelopment projects) of the Group have passed the vetting and approval of the Group's steering committee. Among them, Xintian Impression Project (新田印象項目) (a commercial real estate project) has been registered with the Asset Management Association of China and commenced investment activities.

Xintian Impression Project is the first urban complex project in Zhengdong New District, Zhengzhou City, Henan Province, with a total floor area of more than 420,000 square meters. It is also another cooperation between the Group and Henan Xintian Real Estate Group Co., Ltd., following the Xintian 360 Project (新田360項目) and Huaqiao Cheng Project (華僑城項目).

— ***Expansion of the Group's marketing capabilities to attract high-net-worth investors***

On 14 January 2019, Guangrui Juyao (Qingdao) Wealth Asset Management Company Limited (the "**Guangrui Juyao**"), which is a joint venture jointly established by the Company with Northern International Trust Limited ("**Northern Trust**") and Everbright Financial Management (Qingdao) Limited ("**Everbright Financial**"), has held an opening ceremony and the first general meeting and the first meeting of board of directors, which represented the official opening of Guangrui Juyao. The registered capital of Guangrui Juyao to be contributed by the Company is RMB9.0 million. Northern Trust is a non-bank financial institution controlled by Chinese state-owned enterprises, principally engaged in financial trust business with businesses covering Beijing, Shanghai, Shenzhen, Chengdu and Wuhan. As a state-owned enterprise in China, Everbright Financial is principally engaged in investment fund management. Its asset portfolio includes real estate investment funds, venture capital funds, securities investment funds and foreign exchange funds. As at 22 March 2019, the Company, Northern Trust and Everbright Financial hold 18%, 42% and 40% equity interests in Guangrui Juyao, respectively. The core management team of Guangrui Juyao is made up of personnel with rich experience in wealth management and risk control appointed by the Company and the joint venture partners. The Company will leverage on the strong background of the joint venture partners, its professional operating advantages, to commit to providing its fund investors with safe, convenient and efficient services.

On 5 March 2019, the Company invested RMB14 million to acquire 35% equity interests in Guangzhou Zhongshunyi Wealth Management Co., Ltd. ("**Guangzhou Zhongshunyi**"). The original controlling shareholder of Guangzhou Zhongshunyi is Shenzhen Zhongshunyi Asset Management Co., Ltd. ("**Shenzhen Zhongshunyi**"). Established jointly by CITIC Trust Co., Ltd., S.F. Express (Group) Co., Ltd. and Hangzhou Netease Investment Co., Ltd., Shenzhen Zhongshunyi is principally engaged in the asset management and investment management business. As at 22 March 2019, the Company and Shenzhen Zhongshunyi hold 35% and 35% equity interests in Guangzhou Zhongshunyi, respectively, and the remaining 30% is held by the employee shareholding platform of Guangzhou Zhongshunyi. 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. The Board believes that the acquisition plan will have a positive impact on improving the marketing capabilities of the Group. As all of the applicable percentage ratios (as defined under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) 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.

In addition to the above joint venture platform, the Group also continues strengthening the development of its direct marketing team. Since the fourth quarter of 2018, the Group has attracted a large number of excellent wealth managers with its professional, stable and innovative assets management platform.

To sum up, looking forward to the future, in 2019 the Group will, based on its established foundation, promote sustainable business growth and create greater value for shareholders through business development of newly-expanded key cities and indepth cooperation with high-quality partners in both the upstream and downstream of the industry, greater efforts on internal management and development of business teams, and product innovation and the synergistic interaction between asset management and wealth management.

APPRECIATION

I would like to take this opportunity to express my gratitude to my fellow Board members for their valuable insights and guidance that have helped the Group to progress this far. I would also like to thank our shareholders, customers and business partners for their strong support and trust in us over the years. Finally, I would like to acknowledge the contribution and dedication of our management and staff for staying focused and working hard in steering the Group to greater heights in the coming year!

ZHU Ping
Chairman and Chief Executive Officer
Shanghai, 22 March 2019

FINANCIAL SUMMARY

FOUR-YEAR FINANCIAL SUMMARY

	As at/for the year ended 31 December			
	2018	2017	2016	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
OPERATING RESULTS				
Revenue	**157,417**	130,875	83,422	34,869
Net profit for the year	**46,478**	63,346	43,109	10,348
Net profit attributable to:				
Owners of the parent	**45,735**	65,014	43,109	10,348
EARNINGS				
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (Rmb cents)	**38.41**	59.10	42.58	12.17
ASSETS, LIABILITIES AND EQUITY				
Total assets	**469,844**	282,881	177,100	105,613
Total liabilities	**68,344**	59,267	18,583	5,195
Total equity	**401,500**	223,614	158,517	100,418
FINANCIAL RATIO				
Current ratio	**4.6 times**	3.2 times	6.2 times	21.3 times
Return on total assets	**9.9%**	22.4%	24.3%	9.8%
Return on equity	**11.6%**	28.3%	27.2%	10.3%
Net profit margin	**29.5%**	48.4%	51.7%	29.7%

DIRECTORS

Executive Directors

Mr. ZHU Ping (朱平), aged 47, has been the chief executive officer and executive Director since January 2010. Mr. Zhu is involved in the day-to-day management of the Group and is primarily responsible for the Group's development, strategy planning, positioning and overall business management. Mr. Zhu has obtained the PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in April 2016, a qualification which only became a compulsory requirement for the senior management of investment fund managers in February 2016 pursuant to the Announcement of the Asset Management Association of China ("**AMAC**") on Matters Concerning Further Regulating Several Issues for the Registration of Private Fund Managers (中國基金業協會關於進一步規範私募基金管理人登記若干事項的公告) published by the AMAC and is qualified to practice in fund investment and management. Prior to his joining of the Group, Mr. Zhu became a member of All China Lawyers Association (中國律師協會) in 1996 and had been practising law for over 20 years. From August 1993 to February 1995, Mr. Zhu worked as a clerk in Shanghai Railway Transportation Intermediate Court (上海鐵路運輸中級法院) and from March 1995 to November 1998, Mr. Zhu worked as an associate at Zhenghan Law Firm (虹橋正瀚律師事務所) (previously known as Shanghai Hongqiao Law Firm* (上海虹橋律師事務所). In May 1999, Mr. Zhu joined the Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所)), where he has been the managing partner of Boss & Young (formerly known as Shanghai Zhonghui Law Firm) from December 2008 until January 2014, where he ceased to be the managing partner and took up an honorary role at the firm in order to devote more time towards the management of the Group. In addition to his main practice, Mr. Zhu had been engaged in various commitments. From October 2006 to December 2008, Mr. Zhu served as a senior vice president in E-House China (易居中國). From January 2009 to December 2009, Mr. Zhu served at Tianjin Binhai Lianchuang Fund Management Company Limited* (天津濱海聯創投資基金管理有限公司) as a general manager, and accumulated work experience in fund investment and management. Throughout his career as a legal practitioner as well as serving as management personnel of various private companies, Mr. Zhu had handled numerous private equity fund or related transactions including various investments in real estate assets.

Mr. Zhu obtained a bachelor of laws degree from East China University of Political Science and Law (華東政法大學) in June 1993 and executive master of business administration from Cheung Kong Graduate School of Business (長江商學院) in October 2009. In July 2017, Mr. Zhu obtained a doctorate in business administration in Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University (上海交通大學上海高級金融學院).

Mr. DUAN Kejian (段克儉), aged 49, joined the Group in January 2012 as a general manager of one of the Group's project development teams and was appointed as an executive Director in May 2012, and the chief operating officer in January 2014. Mr. Duan is primarily responsible for leading the Group's project development department. Mr. Duan has obtained the PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in September 2015 and is qualified to practice in fund investment and management. Mr. Duan obtained the Qualifications for Constructor* (一級建造師職業資格) in March 2005. Prior to his joining of the Group, he worked as an authorised representative and an executive director of Shanghai Feiding Decoration and Construction Company* (上海飛鼎建築裝飾工程有限公司), a PRC construction company, from June 2002 to October 2005. From January 2009 to December 2009, Mr. Duan worked at Tianjin Binhai Lianchuang Fund Management Company Limited* (天津濱海聯創投資基金管理有限公司), and accumulated substantial experience in fund investment and management. Throughout his career as a professional within the construction industry as well as serving as management personnel of various private companies, Mr. Duan involved in various real estate related private equity fund transactions including acquisitions of real estate assets.

Mr. Duan obtained a bachelor's degree in engineering from Tongji University (同濟大學) in July 1992 and obtained an executive master degree in business administration in Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University (上海交通大學高級金融學院) in December 2018.

Ms. SU Yi (蘇怡), aged 38, joined the Group as financial controller in December 2010 and was appointed as an executive Director in December 2015, and the chief financial officer in January 2016. Ms. Su is mainly responsible for advising the Group on strategic development and corporate governance from financial perspective. Ms. Su has over 10 years of experience in finance and accounting. From September 2003 to May 2010, she worked in Ernst & Young with her last position being manager in the audit department. From May 2010 to January 2011, she worked as a financial supervisor in Greentown China Holdings Limited (綠城房地產集團有限公司). Ms. Su became a member of the Chinese Institute of Certified Public Accountant (中國註冊會計師) in August 2010, and obtained PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in September 2015.

Ms. Su graduated from Fudan University (復旦大學) with a bachelor of information management and information systems in July 2003. In September 2014, she obtained a master of business administration (international) degree from the University of Hong Kong by attending the programme of master of business administration (international) jointly offered by the faculty of business and economics of the University of Hong Kong and the school of management of Fudan University.

Non-executive Directors

Mr. WANG Xuyang (王旭陽), aged 49, joined the Group in June 2015, and was appointed as a non-executive Director in December 2015. Mr. Wang is mainly responsible for advising the Group on strategic development and corporate governance. Prior to his joining of joined the Group, he has over 16 years of experience in the real estate asset management industry. From December 1992 to July 2004, Mr. Wang worked at Shanghai Yangming Real Estate Limited Company* (上海陽明房地產有限公司) and his last position with Shanghai Yangming Real Estate Limited Company was the general manager. From August 2004 to August 2015, Mr. Wang served as a director and the general manager at Shanghai Gezhouba Yangming Zhiye limited Company* (上海葛洲壩陽明置業有限公司). Since August 2015, Mr. Wang has been serving as the chairman of the board of Shanghai Tengjun Investment Company* (上海騰駿投資有限公司). Mr. Wang graduated from Zhejiang University in December 1991 and obtained a bachelor's degree in architecture. He also obtained a master of business administration degree from China Europe International Business School (中歐國際工商學院) in August 2014.

Mr. CHENG Jun (成軍), aged 51, joined the Group in January 2010, and was appointed as a non-executive Director in December 2015. Mr. Cheng is mainly responsible for advising the Group on strategic development and corporate governance. Prior to his joining of the Group, Mr. Cheng had over 17 years of management experience. From September 1989 to February 1993, Mr. Cheng worked as a clerical manager at China Eastern Airlines Company (中國東方航空公司). Mr. Cheng worked as a senior vice president at Ctrip Computer Technology (Shanghai) Co., Ltd.* (携程計算機技術(上海)有限公司) from July 1999 to September 2001. From November 2004 to April 2010, Mr. Cheng served as chief development officer and the chief strategy officer of Huazhu Group Limited, a company whose shares are listed on NASDAQ (stock code: HTHT). From May 2017 to June 2019, Mr. Cheng served as an independent Director of Zhejiang Haiyue Co., Ltd. (浙江海越股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600387).

Mr. Cheng graduated from Shanghai Jiaotong University (上海交通大學) with a bachelor of applied mechanics in July 1989. He also obtained an executive master of business administration degree from the Cheung Kong Graduate School of Business (長江商學院) in October 2009. From September 2013 to the date of this annual report, Mr. Cheng was pursuing his doctorate in political science in East China Normal University (華東師範大學).

Independent Non-executive Directors

Mr. LIU Yunsheng (劉雲生), aged 52, was appointed as an independent non-executive Director on 22 October 2018. From June 2003 to April 2013, he served as the associate dean of the civil and commercial law department of the school of law of Southwest University of Political Science & Law (西南政法大學). From March 2006 to April 2008, Mr. Liu acted as a postdoctoral fellow of law from East China University of Political Science and Law (華東政法大學). Since November 2013, Mr. Liu has been the director of real estate research centre of the Southwest University of Political Science & Law. From March 2014 to March 2018, Mr. Liu acted as a legal consultant of the government office of Nanchuan, Chongqing, the PRC. Since April 2018, Mr. Liu has been the dean of Real Estate Research Institute of Guangzhou University(廣州大學不動產研究院) and the academic leader of civil and commercial law. Mr. Liu was the chief editor of the book "Analysis of the Real Estate in China".

In July 1989, Mr. Liu obtained a bachelor of arts from Wuhan University (武漢大學). Mr. Liu obtained a masters of law degree and a doctorate in civil and commercial law from Southwest University of Political Science & Law in July 2001 and July 2004, respectively.

Mr. SHANG Jian (尚健), aged 51, was appointed as an independent non-executive Director on 22 October 2018. Mr. Shang has over 15 years of work experience related to fund management and securities. From January 2002 to February 2004, Mr. Shang served at Hua'an Fund Management Co., Ltd. (華安基金管理有限公司) in January 2002, and was employed as the deputy general manager in June 2002 and quitted in February 2004. From January 2004 to April 2006, he served as the general manager of Yinhua Fund Management Co., Ltd. (銀華基金管理有限公司). From September 2006 to November 2012, Mr. Shang served as the general manager of UBS SDIC Fund Management Co., Ltd. (國投瑞銀基金管理有限公司). Since September 2013, Mr. Shang has been serving as the general manager of Shanghai HSAM Management Company* (上海弘尚資產管理中心(有限合夥)). Since May 2014, Mr. Shang has also been serving as an independent director of Huazhu Group Limited, a company whose shares are listed on NASDAQ (stock code: HTHT).

Mr. Shang obtained a bachelor of engineering from Shanghai Jiao Tong University (上海交通大學) in July 1989, and a master of economics in December 1994 and a doctorate in philosophy in business administration from the University of Connecticut in December 1997.

Ms. YANG Huifang (楊惠芳), aged 42, was appointed as an independent non-executive Director on 22 October 2018. Ms. Yang is mainly responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group. Prior to her joining of the Group, Ms. Yang has over 17 years of accounting and finance related experiences. From September 2001 to August 2004, Ms. Yang served as an associate director in the department of audit in Zhejiang Zhongzhou Accounting Limited Company* (浙江中州會計師事務所有限公司). From September 2004 to August 2011, Ms. Yang served as a deputy general manager in the financial department of Greentown Real Estate Group Co., Ltd* (綠城房地產集團有限公司). From August 2011 to February 2013, Ms. Yang worked as a finance manager of Zhejiang Jiaotong Real Estate Group Co., Ltd* (浙江省交通地產集團有限公司). From February 2013 to December 2015, Ms. Yang served as a deputy general manager of Shanghai Sunac Greentown Investment Holdings Limited* (上海融創綠城投資控股有限公司). From January 2016 to July 2018, Ms. Yang served as a general manager of the financial department of Greentown Service Group Co., Ltd. (綠城服務集團有限公司), a company whose shares are listed on the Stock Exchange (Stock Code: 2869). Since August 2018, Ms. Yang had been serving as a vice president and general manager of the finance department at a branch of Xiangsheng Real Estate Group Limited* (祥生地產集團有限公司).

Ms. Yang graduated from Nanjing Audit University (南京審計學院) with a bachelor's degree in auditing in June 2000. Ms. Yang became a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師) in September 2003 and the Certified Tax Agents (中國註冊稅務師) in December 2003.

SUPERVISORS

Ms. CAI Luyi (蔡璐懿), aged 39, was joined the Group as a manager of the Group's archives department in August 2016, and was appointed as a Supervisor in July 2017. Ms. Cai is mainly responsible for supervising and providing independent judgement to the Board. From December 2003 to March 2010, Ms. Cai served as the administrative director of the Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所)). From May 2010 to July 2016, Ms. Cai served as the administrative director in Shanghai Zunwei.

Ms. Cai obtained a higher diploma in commercial and residential construction from the Shanghai Construction School (上海市住宅建築學校) in July 1999.

Mr. LU Xili (陸希立), aged 35, was appointed as a Supervisor in January 2016. Mr. Lu became a member of All China Lawyers Association (中國律師協會) in March 2009 and has over nine years of legal practice experience. From July 2006 to March 2011, Mr. Lu worked as an assistant associate at Jin Mao Law Firm* (上海市金茂律師事務所). Since March 2011, Mr. Lu has been working at Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所) and Shanghai Zhongjian Zhonghui Law Firm (上海中建中匯律師事務所)), and is currently serving as a partner at the firm. While he was serving at the firm, he joined in the international high performers internship programme offered by A&L Goodbody, an international law firm headquartered in the Republic of Ireland, from September 2012 to March 2013 and completed it successfully.

Mr. Lu graduated from East China University of Political Science and Law (華東政法大學) (previously known as the "East China College of Political Science and Law (華東政法學院)") and obtained a bachelor of laws in July 2006.

Ms. WANG Juanping (王娟萍), aged 50, was appointed as a Supervisor in January 2016. Before Ms. Wang joined the Group, she was the financial controller of the Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所) from February 2002 to April 2015. Since May 2015, Ms. WANG has been working as the financial controller of Shanghai Zunwei.

Ms. Wang obtained her bachelor of accountancy from Lanzhou University of Finance and Economics (蘭州商學院) in June 1996.

SENIOR MANAGEMENT

Mr. WAN Fang (萬方), aged 40, was appointed as the project manager of the Group's project department No.1 in May 2013, and is primarily responsible for managing distressed assets management projects of the Group. Mr. Wan has over 10 years of experience in asset management industry. From July 2001 to May 2002, Mr. Wan worked in a management position at China Vanke Co., Ltd. (萬科企業股份有限公司), and from May 2004 to April 2005, Mr. Wan worked as a sales executive at Forte Land Company Limited (復地(集團)股份有限公司). From November 2004 to October 2005, Mr. Wan worked as a marketing director at Shanghai office of Chengquan Real Estate Consulting Limited* (上海成全置業顧問有限公司). From December 2007 to December 2008, Mr. Wan worked as a branding and marketing manager in Shanghai Zhongkai Real Estate Development Co., Ltd.* (上海中凱房地產開發管理有限公司). From August 2009 to April 2010, Mr. Wan worked at Tianjin Binhai Lianchuang Fund Management Company Limited* (天津濱海聯創投資基金管理有限公司) as the general manager. From October 2010 to May 2013, Mr. Wan worked as a vice general manager and general manager at Shanghai Jiaheng Haofa Real Estate Development Co., Ltd. (上海嘉恒浩發房地產開發管理有限公司). Mr. Wan has obtained the PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in April 2016 and is qualified to practice in fund investment and management. Throughout his career within the private sector, Mr. Wan had handled private equity fund transactions including acquisitions of real estate assets.

Mr. Wan obtained his bachelor of business administration from Fudan University (復旦大學) in July 2001, and further obtained his master of business administration from Fudan University in June 2009.

Ms. CHEN Min (陳敏), aged 39, was appointed as the chief risk management officer in January 2010. From August 2001 to May 2004, Ms. Chen worked as an associate at Shanghai United Law Firm (上海市聯合律師事務所). Since February 2004, Ms. Chen has been working at the Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (Previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所) and Shanghai Zhongjian Zhonghui Law Firm (上海中建中匯律師事務所)) with her last position being a partner. Since March 2017, Ms. Chen has been serving as an independent Director of Shenzhen Jiahong Dental Medical Co., Ltd. (深圳家鴻口腔醫療股份有限公司), a company whose shares were listed on the New Third Board (Stock Code: 834566) until September 2017. Throughout her career as legal practitioner, she had acted for various private equity funds, asset management companies, trust companies and wealth management companies in various private equity transactions ranging from fund formation, private and public fundraising, mergers and acquisitions, assets securitisation, asset disposal and realisation, and regulatory compliance.

Ms. Chen obtained a bachelor of laws degree from Fudan University (復旦大學) in July 2001, and master of international laws from the Shanghai University of International Business and Economics (上海對外經貿大學) in March 2007. In December 2015, Ms. Chen also obtained a master of laws degree from Emory University School of Law. Ms. Chen became a member of All China Lawyers Association (中國律師協會) in 2002. None of the above degrees were obtained through distanced learning programmes.

COMPANY SECRETARY

Mr. CHAN Yat Lui (陳溢磊), aged 35, was appointed as the company secretary of the Group on 22 October 2018. From June 2005 to May 2011, Mr. Chan was employed by Yiu Cho Yan Certified Public Accountant, with last position being manager. From January 2011 to November 2014, Mr. Chan worked as the manager in KLC Kennic Lui & Co. Certified Public Accountants. From January 2015 to December 2015, Mr. Chan returned to Yiu Cho Yan Certified Public Accountant and worked as an audit manager. Since January 2016, Mr. Chan served as the financial controller & company secretary of Super Strong Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock Code: 8262), and has resigned as company secretary and financial controller on 26 September 2017 and on 13 October 2017, respectively.

Mr. Chan became a certified public accountant of Hong Kong Institute of Certified Public Accountants in February 2010, and a certified tax adviser of the Taxation Institute of Hong Kong in September 2010. Mr. Chan obtained an associate degree in business administration in accountancy from the City University of Hong Kong in November 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

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.

The Year of 2018 marks the ninth anniversary of the Group's establishment, and is also a milestone year for the Group to complete the listing on the Main Board of the Stock Exchange. During the Year, the Group had overcome various challenges and successfully handled the exit of several sizeable investment projects for its managed funds, which led to a noticeable growth in revenue for the Year.

Assets under management ("AUM")

Set out below is a breakdown of the AUM divided by fund category as at the end of the relevant years:

	As at 31 December 2018		As at 31 December 2017	
	No. of funds	**AUM *(approximate RMB million)***	No. of funds	AUM *(approximate RMB million)*
Project Funds	**10**	**4,460.0**	11	4,933.5
FOFs	**6**	**694.0**	6	541.0
Less: FOFs investments in Project Funds	**—**	**(640.0)**	—	(489.6)
Total	**16**	**4,514.0**	17	4,984.9

The following table sets out a breakdown of project fund assets under management by portfolio asset category as at the end of the respective years:

	As at 31 December 2018			As at 31 December 2017		
	Number of projects	**AUM** *approximate RMB'million*	**Proportion** %	Number of projects	AUM *approximate RMB'million*	Proportion %
Commercial real estate projects	**3**	**959.6**	**21.5%**	4	986.6	20.0%
Distressed assets projects	**3**	**2,593.8**	**58.2%**	3	2,451.8	49.7%
Urbanisation and redevelopment projects	**4**	**906.6**	**20.3%**	4	1,495.1	30.3%
Total	**10**	**4,460.0**	**100.0%**	11	4,933.5	100.0%

Revenue

The Group derived its revenue mainly from the fees it charged on the Project Funds and FOFs structured and managed by the Group. The relevant fees comprised of regular management fees, performance fees and one-off fund establishment fees. During the Year, the Group recognised revenue of approximately RMB157.4 million, representing an increase of approximately RMB26.5 million or approximately 20.3% compared to the last year, which was mainly attributable to the increase in performance fees and one-off fund establishment fees.

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

	For the year ended 31 December			
	2018	2017	Change	Rate of Change
	(approximate RMB'000)			
Project Funds				
— regular management fees	**99,000**	103,518	(4,518)	(4.4%)
— performance fees	**43,873**	17,682	26,191	148.1%
— one-off fund establishment fees	**5,076**	2,100	2,976	141.7%
Sub-total	**147,949**	123,300	24,649	20.0%
FOFs				
— regular management fees	**9,991**	6,231	3,760	60.3%
— performance fees	**—**	2,061	(2,061)	(100.0%)
— one-off fund establishment fees	**339**	19	320	1,684.2%
Sub-total	**10,330**	8,311	2,019	24.3%
Less: sales-related taxes	**(862)**	(736)	(126)	17.1%
Total	**157,417**	130,875	26,542	20.3%

Regular management fees

Revenue of the Group generated from regular management fees during the Year was approximately RMB109.0 million, which accounted for approximately 69.2% of the Group's total revenue for the Year, and was stable as compared to that of the previous year.

Performance fees

Revenue of the Group generated from performance fees was approximately RMB43.9 million, which accounted for approximately 27.9% of the Group's total revenue, and represented an increase of approximately RMB24.1 million or 122.2% as compared to the that of the previous year. Such increase was mainly attributed to the successful exits from the Fuzhou Wanbaocheng Project (福州萬寶城項目) and the Ningbo Zhenhai Project (寧波鎮海項目) in 2018, generating performance fees of approximately RMB24.6 million and RMB11.5 million, respectively. In addition, the Dianshanhu Project (澱山湖項目) was under final clearance process near the end of 2018 and generated performance fees of approximately RMB7.8 million for the Year.

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 the sourcing of investors. The Group recognised revenue of approximately RMB5.4 million from one-off fund establishment fees during the Year, representing an increase of approximately RMB3.3 million or 155.5% as compared to that of the previous year. Such increase was mainly due to addition of a number of sizeable projects to the Group near the end of 2017, including the Shengsi Project (嵊泗項目), Chengdu Project (成都項目), Zhongheng Project (眾恒項目) and FOF VIII (as defined in the Prospectus), all of which started to raise funds in early 2018, and their establishment fees were therefore recognised during the Year.

Other income and gains

Other income and gains of the Group increased from approximately RMB4.4 million in 2017 to RMB13.2 million for the Year, representing an increase of approximately 202.5%, which was mainly due to the increase in realized investment income generated from IAFV and government grants.

The following table provides a breakdown of other income and gains for the indicated periods:

	For the year ended 31 December			
	2018	2017	Change	Rate of Change
	(approximate RMB'000)			
Dividend income from IAFV	**8,456**	3,260	5,196	159.4%
Government grants	**4,307**	861	3,446	400.2%
Waiver of liabilities payable to a non-related party	**325**	—	325	100.0%
Interest income	**86**	242	(156)	(64.5%)
Gain on disposal of a subsidiary	**29**	2	27	1,350.0%
Total	**13,203**	4,365	8,838	202.5%

Dividend income from IAFV

Dividend income from IAFV of the Group increased from approximately RMB3.3 million in 2017 to approximately RMB8.5 million for the Year, representing an increase of approximately 159.4% as compared to that of the previous year, which was mainly attributable to the return on investments made with the Group's internal resources in the Zhongheng Project and Realway Development No. 3 Unit Trust Fund (瑞威發展三號契約型私募基金).

Government grants

Government grants increased from approximately RMB0.9 million in 2017 to approximately RMB4.3 million for the Year, representing an increase of approximately RMB3.4 million or 400.2% as compared to that of the previous year, which was mainly due to the receipt of the Company of approximately RMB3.3 million from the local government as part of a scheme to promote the development of the financial industry.

Administrative expenses

Administrative expenses of the Group for the Year were approximately RMB99.7 million, representing an increase of approximately 56.4% as compared to approximately RMB63.7 million recognised during the previous year. Such increase was mainly due to:

(i) business expansion and increase in the number of the staff, staff cost, advisory fees and travel expenses;

(ii) the one-off listing expenses of approximately RMB18.8 million recognised during the Year; and

(iii) employee incentive expenses of approximately RMB4.8 million recognised during the Year as compared to nil in the previous year.

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 into the funds structured and managed by it. Such investments were consistently recognised as investments in associates or a joint venture at fair value through profit or loss ("**IAFV**") in the Group's financial statements and will continue to be the case in the foreseeable future.

The Group as investment fund managers, measure the above investments in associates or a joint venture at fair value through profit or loss in accordance with IFRS 9. Financial assets of distressed assets 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 is: 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 indicated the following relationship to its 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 movements in IAFV during the Year mainly comprised of:

(i) net investments made into FOF III and FOF IV (as defined in the Prospectus) and;

(ii) net investments made into project fund for Huaqiao Cheng Project (华侨城項目) and Yuhang Xinhuayuan Project (余杭馨華園項目).

Decrease in IAFV during the Year was mainly due to the delayed exit from the Yuhang Xinhuayan Project (余杭馨華園項目) than initially anticipated which extended from November 2018 to September 2019 as a result of an adjustment in the project's debt clearing schedule, which led to a decrease of approximately RMB4.5 million in IAFV as compared to the previous year.

As the Company has direct investment and investment through FOFs in Yuhang Xinhuayuan Project (余杭馨華園項目) which in aggregate amounted to approximately RMB84.5 million at investment cost, the aforementioned delay in exit of such project became the key factor leading to the decrease in IAFV due to the reason of that: with no material change in the recoverable amount and discount rates in such distressed assets project, the postponed recovery date from November 2018 to September 2019 resulted a lower fair value of the Company's investment. And such decrease was recognised in the consolidated statement of profit or loss for the year ended 31 December 2018. The major factor leading to the discrepancy was the timing difference of realisation of exit of Yuhang Xinhuayuan Project (余杭馨華園項目), and such shortfall will be deferred and realised in investment income in 2019 when the exit of investment completed in September 2019 on schedule.

Income tax expense

Income tax expense of the Group for the Year was approximately RMB16.4 million, representing a decrease of approximately 36.0% as compared to approximately RMB25.6 million in 2017, which was 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 RMB63.3 million in 2017 to RMB46.5 million during the Year, and net profit margin decreased from approximately 48.4% in 2017 to approximately 29.5% during the Year, which was mainly due to:

(i) the delayed exit of Yuhang Xinhuayuan Project, which led to delays in the recognisation of management fees. Fund costs also increased due to the delayed exit of the project, causing a decrease of approximately RMB4.5 million in IAFV for the Year;

(ii) the one-off listing expenses of approximately RMB18.8 million recognised during the Year; and

(iii) employee incentive expenses of approximately RMB4.8 million recognised for the Year.

Liquidity and financial resources

The Group regularly reviews the status of liquidity and actively manages liquidity and financial resources in light of changes in the economic environment and business development needs. As at 31 December 2018, the cash and cash equivalents of the Group was approximately RMB167.2 million, representing an increase of approximately RMB125.5 million as compared to the amount recorded as at the end of the previous year, which was mainly due to the net proceeds from the Share Offer (as defined in the Prospectus) 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).

Gearing ratio

The gearing ratio of the Group as at 31 December 2018 was nil (31 December 2017: nil) as the Group had no outstanding loans, borrowings or bank overdrafts as at 31 December 2018.

Treasury policies

The Group has adopted a prudence financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to minimize 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 2018, the Group did not have any assets which were pledged.

Foreign exchange risk

The majority of the Group's business is denominated and accounted for in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect that the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group.

The Group currently has no hedging policy with respect to the foreign exchange risks. Therefore, the Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies.

Capital structure

The H Shares of the Company were listed on the main board of the Stock Exchange on 13 November 2018 (the "**Listing**"). There has been no material change in the capital structure of the Company since 13 November 2018 (the "**Listing Date**").

Final dividend

At the board meeting held on 22 March 2019, the Board recommended the distribution of a final dividend of RMB0.0652 per ordinary share (inclusive of tax) (2017: nil) for the Year to all shareholders of the Company. If the proposal is approved at the 2018 Annual General Meeting, the dividend will be distributed on 26 June 2019 to the shareholders of the domestic shares and H shares whose names appear on the Register of Members of the Company on 14 June 2019. If there is any changes to the expected date of distribution, an announcement regarding the change would be published. The aforesaid proposed dividend is denominated in RMB, and will be paid to shareholders of the domestic shares and H Shares in RMB and HKD, respectively. Dividend paid in HKD will be translated based on the average of RMB against HKD announced by the People's Bank of China for the five working days prior to and including the date of declaration of dividend at the Company's 2018 Annual General Meeting.

Commitments

The operating lease commitments of the Group were primarily related to the leases of its premises for office. The Group's operating lease commitments amounted to approximately RMB8.7 million as at 31 December 2018 (31 December 2017: RMB9.4 million).

Segmental information

Segmental information of the Group for the Year is disclosed on note 4 to the consolidated financial statements of this announcement.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed in this annual report, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures for the year ended 31 December 2018.

Capital expenditures and contingent liabilities

As at 31 December 2018, the Group did not have any significant capital expenditures or contingent liabilities.

Employees and remuneration policy

As at 31 December 2018, the Group employed a total of 193 employees (as at 31 December 2017: 124 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

Save as disclosed in this annual report, the Group did not hold any significant investments during the year ended 31 December 2018.

As the first overseas listed private equity fund management company in China, having been following the concept of continuous innovation, the Group aims at boosting the transformation and upgrading of China's economy with the idea of the serving real economy with financial services.

— ***Enhancement of the Group's product offerings and portfolio assets of its funds***

From 1 January 2019 up to 22 March 2019, two FOFs of the Group have passed the examination and approval of the Group's steering committee. Among them, Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership) has registered with the Asset Management Association of China and commenced investment activities.

Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership) is a FOF jointly established by the Group and Chengjia (Shanghai) Apartment Management Co., Ltd. Chengjia (Shanghai) Apartment Management Co., Ltd. is a company principally engaged in the development and operation of service apartments, and is jointly funded by Huazhu Group Limited and IDG Capital, which focuses on the provision of services relating to luxury hotels, quality apartments and guesthouses.

On 11 February 2019, the Group and Chengjia (Shanghai) Apartment Management Co., Ltd. jointly established a joint venture company, Jiaxing Ruicheng Equity Investment Co., Ltd. with a capital contribution of RMB5.0 million by each party. The two parties will undertake a ten-year partnership in the area of real estate and long-term rental apartment related investments, and the joint venture company will establish and manage one or several private equity funds to invest in long-term rental apartments and their derivative asset securitization projects.

– ***Geographical expansion***

In addition to developing FOFs, the Group plans to conduct businesses in Hong Kong, Xi'an, Hangzhou, Chongqing and other cities in succession, increase access to projects and expand the portfolio of fund assets. As at 31 December 2018, the Group has set up subsidiaries in Hong Kong, Xi'an and Hangzhou using the Group's internal resources:

Name of company	Establishment date	Place of incorporation	Registered share capital	Percentage of equity attributable to the company
Realway (Hong Kong) Assets Management Limited	4 December 2018	Hong Kong	HK$5,000,000	100%
Realway (Xi'an) Assets Management Limited	17 December 2018	Xi'an	RMB10,000,000	100%
Realway (Hangzhou) Business Consulting Limited	29 December 2018	Hangzhou	RMB9,000,000	70%

From 1 January 2019 up to 22 March 2019, five projects (three commercial real estate projects and two urbanisation and redevelopment projects) of the Group have passed the vetting and approval of the Group's steering committee. Among them, Xintian Impression Project (新田印象項目) (a commercial real estate project) has been registered with the Asset Management Association of China and commenced investment activities.

Xintian Impression Project is the first urban complex project in Zhengdong New District, Zhengzhou City, Henan Province, with a total floor area of more than 420,000 square meters. It is also another cooperation between the Group and Henan Xintian Real Estate Group Co., Ltd., following the Xintian 360 Project (新田360項目) and Huaqiao Cheng Project (華僑城項目).

— ***Expansion of the Group's marketing capabilities to attract high-net-worth investors***

On 14 January 2019, Guangrui Juyao (Qingdao) Wealth Asset Management Company Limited (the "**Guangrui Juyao**"), which is a joint venture jointly established by the Company with Northern International Trust Limited ("**Northern Trust**") and Everbright Financial Management (Qingdao) Limited ("**Everbright Financial**"), has held an opening ceremony and the first general meeting and the first meeting of board of directors, which represented the official opening of Guangrui Juyao. The registered capital of Guangrui Juyao to be contributed by the Company is RMB9.0 million. Northern Trust is a non-bank financial institution controlled by Chinese state-owned enterprises, principally engaged in financial trust business with businesses covering Beijing, Shanghai, Shenzhen, Chengdu and Wuhan. As a state-owned enterprise in China, Everbright Financial is principally engaged in investment fund management. Its asset portfolio includes real estate investment funds, venture capital funds, securities investment funds and foreign exchange funds. As at 22 March 2019, the Company, Northern Trust and Everbright Financial hold 18%, 42% and 40% equity interests in Guangrui Juyao, respectively. The core management team of Guangrui Juyao is made up of personnel with rich experience in wealth management and risk control appointed by the Company and the joint venture partners. The Company will leverage on the strong background of the joint venture partners, its professional operating advantages, to commit to providing its fund investors with safe, convenient and efficient services.

On 5 March 2019, the Company invested RMB14 million to acquire 35% equity interests in Guangzhou Zhongshunyi Wealth Management Co., Ltd. ("**Guangzhou Zhongshunyi**"). The original controlling shareholder of Guangzhou Zhongshunyi is Shenzhen Zhongshunyi Asset Management Co., Ltd. ("**Shenzhen Zhongshunyi**"). Established jointly by CITIC Trust Co., Ltd., S.F. Express (Group) Co., Ltd. and Hangzhou Netease Investment Co., Ltd., Shenzhen Zhongshunyi is principally engaged in the asset management and investment management business. As at 22 March 2019, the Company and Shenzhen Zhongshunyi hold 35% and 35% equity interests in Guangzhou Zhongshunyi, respectively, and the remaining 30% is held by the employee shareholding platform of Guangzhou Zhongshunyi. 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. The Board believes that the acquisition plan will have a positive impact on improving the marketing capabilities of the Group. As all of the applicable percentage ratios (as defined under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) 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.

In addition to the above joint venture platform, the Group also continues strengthening the development of its direct marketing team. Since the fourth quarter of 2018, the Group has attracted a large number of excellent wealth managers with its professional, stable and innovative assets management platform.

To sum up, looking forward to the future, in 2019 the Group will, based on its established foundation, promote sustainable business growth and create greater value for shareholders through business development of newly-expanded key cities and indepth cooperation with high-quality partners in both the upstream and downstream of the industry, greater efforts on internal management and development of business teams, and product innovation and the synergistic interaction between asset management and wealth management.

Proceeds from the Listing

The Company issued 38,340,000 H shares pursuant to the Share Offer, all of which were listed on the Stock Exchange on 13 November 2018. After deducting the underwriting fees and other related expenses, the net proceeds from the Share Offer amount to approximately HK$183.7 million, none of which were utilised during the Year. Such amount will be allocated and utilised in accordance with the purposes set forth in the prospectus of the Company dated 31 October 2018.

During 1 January 2019 to 22 March 2019, the net proceeds of the Share Offer were utilised as follows:

Total net proceeds of HK$183.7 million (equivalent to RMB161.0 million)	**Allocated net proceeds from the Listing** *RMB'000*	**Utilised net proceeds from the Listing** *RMB'000*	**Utilisation rate** *%*
— Setting up new FOFs	96,565	68,000	70.4%
(i) FOF IX(note 1)		48,000	
(ii) FOF VIII (as defined in the Prospectus)		20,000	
— Geographical expansion of the business in the PRC	48,283	33,600	69.6%
(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) Realway Capital Asset Management (Xi'an) Co., Ltd. (西安瑞威資產管理有限公司)		8,000	
(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	
— funding for working capital and other general corporate purposes	16,094	15,976	99.3%

Note:

1. FOF IX represents Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership), which was a FOF set up and co-managed by the Group in the form of limited partnership in January 2019.

The Directors hereby presents the annual report of the Group for the year ended 31 December 2018.

SHARE OFFER

The Company carried out the Share Offer on 13 November 2018, comprising of 38,340,000 Shares at HK$5.0 per Share. For details of the relevant use of proceeds, please see the section headed "Use of Net Proceeds from Listing" above.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the management of real estate investment funds and those of the principal subsidiaries of the Company are set out in note 1 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2018 and the financial information of the Group as at 31 December 2018 are set out in the audited financial statements of this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 December 2018, a description of the principal risks and uncertainties that the Group may be facing, a discussion on the Group's future business development and an analysis of the Group's performance during the Reporting Period using financial key performance indicators are contained in the Management Discussion and Analysis on pages 13 to 23 of this Annual Report.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities of the Group for the last four financial years are set out on page 6 of this annual report. This summary does not form part of the audited consolidated financial statements.

FINAL DIVIDEND

At the board meeting held on 22 March 2019, the Board recommended the distribution of a final dividend of RMB0.0652 per ordinary share (inclusive of tax) (2017: nil) for the Year to all shareholders of the Company. If the proposal is approved at the 2018 Annual General Meeting, the dividend will be distributed on 26 June 2019 to the shareholders of the domestic shares and H shares whose names appear on the Register of Members of the Company on 14 June 2019. If there is any changes to the expected date of distribution, an announcement regarding the change would be published. The aforesaid proposed dividend is denominated in RMB, and will be paid to shareholders of the domestic shares and H Shares in RMB and HKD, respectively. Dividend paid in HKD will be translated based on the average of RMB against HKD announced by the People's Bank of China for the five working days prior to and including the date of declaration of dividend at the Company's 2018 Annual General Meeting.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 24 May 2019. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

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, 24 April 2019 to Friday, 24 May 2019, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Tuesday, 23 April 2019.

Subject to the approval of the Shareholders at the forthcoming AGM, the Final Dividend will be payable to shareholders whose names appear on the register of members of the Company as at the close of business on Friday, 14 June 2019. For the purpose of determining the entitlement of the holders of H Shares of the Company to the Final Dividend, the H Shares register of members of the Company will be closed from Friday, 7 June 2019 to Friday, 14 June 2019, both days inclusive, during which period no transfer of H Shares will be registered. In order for the holders of H Shares to qualify for the proposed Final Dividend, all properly completed share transfer forms together with the relevant share certificates must be lodged with the Company's H Shares Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Thursday, 6 June 2019.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group clearly understands the importance of regulatory compliance and the risk of non-compliance. To the best of the Board's knowledge, during the year ended 31 December 2018, the Group complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2018, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has been working on sustainable development and environmental protection. We spare no effort in making the most out of resources in our business. Laws and regulations in terms of environment and health are strictly complied. Meanwhile, the Group holds various activities to promote environmental protection in our business. Our goal is to educate proprietor and all walks of life on creating a green city for the future.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover for the year attributable to the Group's major customers are as follows:

— the largest customer	15.3%
— the five largest customers combined	42.7%

During the period from the Listing Date to 31 December 2018, the five largest customers are independent third parties. None of the Directors of the Company or any of their close associates or any shareholders (who, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's largest customers.

The Group is engaged in the provision of services as private investment fund manager. During the reporting period, the Group did not have regular or significant suppliers in terms of business nature.

TAXATION

Please see the section headed "Income tax expense" contained in the Management Discussion and Analysis of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2018 are set out in note 2.4 to the consolidated financial statements.

SUBSIDIARIES

The information of the Company's principal subsidiaries are set out in note 1 to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing by the Group, some of which are beyond its control. Some of the major risks we face include:

- Unsound investment decisions could have a material adverse effect on our business, financial condition and results of operations

- As a real estate investment fund manager, our performance is subject to fluctuations in the real estate market and other factors affecting the asset management industry

- Our operations are dependent on our key management and professional staff. Our business would be materially and adversely affected if we are unable to retain or replace them

- There is no guarantee that our measures will continue to be effective in ensuring that the adequacy of the expertise of our Directors, senior management and professional staff for our fund management business

- There are inherent uncertainties associated with the fair value measurement of our investments in associates or a joint venture at fair value through profit or loss ("IAFV") and the fair value changes of our IAFV may materially and adversely affect our financial position and results of operations

- We are subject to extensive and evolving regulatory requirements, and any changes in or non-compliance of which, may result in penalties, prohibitions on our future business activities or suspension or revocation of our licences, and may consequently have a material and adverse effect on our business operations and prospects

- Fluctuations in the value of Renminbi could have an adverse effect on our business, results of operations and financial condition

However, the above is not an exhaustive list and investors are advised to make their own judgement or consult their own investment advisors before investment.

SHARE CAPITAL

The share capital structure of the Company as at 31 December 2018 is as follows:

Class of Shares	**Number of shares**	**Approximate percentage of the total issued share capital**
Domestic Shares	115,000,000	75.0
H Shares in issue	38,340,000	25.0
Total	153,340,000	100.0

Detail of the shares issued during the year ended 31 December 2018 are set out in Note 23 to the consolidated financial statements.

PUBLIC FLOAT

Since the Listing Date and up to the date of this annual report, based on the available public information of the Company, so far as the Directors are aware of, the Company has met the requirements of public float under Rule 8.08 of the Listing Rules.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out on page 84 in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2018, details of distributable reserves of the Company are set out in note 24 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2018 the Group had no outstanding loans or borrowings.

DIRECTORS

The Directors during the Year and up to the date of this report were as follows:

Executive Directors

Mr. ZHU Ping (朱平)
Mr. DUAN Kejian (段克儉)
Ms. SU Yi (蘇怡)

Non-executive Directors

Mr. CHENG Jun (成軍)
Mr. WANG Xuyang (王旭陽)

Independent non-executive Directors

Mr. LIU Yunsheng (劉雲生) (appointed on 22 October 2018)
Mr. SHANG Jian (尚健) (appointed on 22 October 2018)
Ms. YANG Huifang (楊惠芳) (appointed on 22 October 2018)

SUPERVISORS

Ms. CAI Luyi (蔡璐懿)
Mr. LU Xili (陸希立)
Ms. WANG Juanping (王娟萍)

DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors, Supervisors and Senior management are disclosed in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 7 to 12 in this report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended 31 December 2018.

DIRECTORS' SERVICE CONTRACT AND LETTERS OF APPOINTMENT

All Directors have signed a service contract with the Company for a term of three years commencing on the Listing Date, which may be renewable subject to both parties' agreement. All Supervisors have signed an appointment letter with the Company for a term of three years commencing from the Listing Date, which may be renewable subject to both parties' agreement. None of the Directors and Supervisors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2018 and up to the date of this annual report.

MANAGEMENT CONTRACTS

Save as disclosed in this annual report, no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

REMUNERATION OF THE DIRECTORS AND SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and five highest paid individuals during the Reporting Period are set out in note 7 and 8 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government and are required to contribute a certain proportion of these payroll costs to the central pension scheme.

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

As at 31 December 2018, the interests or short positions of the Directors, Supervisors and the chief executive in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") to be notified to the Company and the Hong Kong Stock Exchange are as follows:

Director	Nature of interest	Number of shares of the Company	Approximate percentage of shareholdings in the relevant class of Shares of the Company[1]	Approximate percentage of shareholdings in the total share capital of the Company[2]
Mr. ZHU Ping (朱平)	Interest in a controlled corporation	115,000,000	100.0	75.0

Notes:

1. The calculation is based on the percentage of shareholdings in the Domestic Shares.

2. The calculation is based on the total number of 153,340,000 Shares in issue after the Share Offer.

3. Shanghai Shengxuan Investments Advisory Company Limited* (上海盛軒投資諮詢有限公司), a company wholly owned by Mr. Zhu Ping, is the general partner of Shanghai Weimian Investments Partnership (Limited Partnership)* (上海威冕投資合夥企業(有限合夥)), Shanghai Weihui Investments Partnership (Limited Partnership)* (上海威滙投資合夥企業(有限合夥)) and Shanghai Weiye Investments Partnership (Limited Partnership)* (上海威燁投資合夥企業(有限合夥)), and Shanghai Zunwei Industrial Development Co. Limited* (上海尊威實業發展有限公司) is indirectly wholly owned by Mr. Zhu Ping. Mr. Zhu Ping is therefore deemed to be interested in all the domestic shares held by all of the aforesaid entities.

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

As at 31 December 2018, so far as the Directors, Supervisors and the chief executive of the Company are aware of, as indicated on the register of interests and/or short positions required to be maintained pursuant to Section 336 of the SFO, the substantial Shareholders and other persons (other than Directors, Supervisors and the chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of the Company:

Name of Shareholder	Class of Shares held after the Share Offer	Nature of interest	Number of shares of the Company	Approximate percentage of shareholdings in the relevant class of Shares of the Company[1]	Approximate percentage of shareholdings in the total share capital of the Company[2]
Mr. ZHU Ping (朱平)	Domestic shares	Interest in a controlled corporation	115,000,000	100.0	75.0
Shanghai Shengxuan Investments Advisory Company Limited (上海盛軒投資諮詢有限公司)	Domestic shares	Interest in a controlled corporation	115,000,000	100.0	75.0
Shanghai Weimian Investments Partnership (Limited Partnership) (上海威冕投資合夥企業(有限合夥))	Domestic shares	Beneficial owner	79,012,675	68.7	51.5
Shanghai Weiye Investments Partnership (Limited Partnership) (上海威燁投資合夥企業(有限合夥))	Domestic shares	Beneficial owner	15,000,000	13.0	9.8
Shanghai Weihui Investments Partnership (Limited Partnership) (上海威滙投資合夥企業(有限合夥))	Domestic shares	Beneficial owner	13,875,000	12.0	9.0
Shanghai Zunwei Industrial Development Co. Limited (上海尊威實業發展有限公司)	Domestic shares	Beneficial owner	7,112,325	6.2	4.6
Everbright Focused Value Fund	H Shares	Beneficial owner	2,000,000	5.2	1.3
China Everbright Fund Management Limited [3]	H Shares	Interest in a controlled corporation	2,000,000	5.2	1.3
China Everbright Assets Management Holdings Limited [4]	H Shares	Interest in a controlled corporation	2,000,000	5.2	1.3

Name of Shareholder	Class of Shares held after the Share Offer	Nature of interest	Number of shares of the Company	Approximate percentage of shareholdings in the relevant class of Shares of the Company(1)	Approximate percentage of shareholdings in the total share capital of the Company(2)
China Everbright Limited (5)	H Shares	Interest in a controlled corporation	2,000,000	5.2	1.3
Honorich Holdings Limited (6)	H Shares	Interest in a controlled corporation	2,000,000	5.2	1.3
Datten Investments Limited (7)	H Shares	Interest in a controlled corporation	2,000,000	5.2	1.3
China Everbright Holdings Company Limited (8)	H Shares	Interest in a controlled corporation	2,000,000	5.2	1.3
China Everbright Group Ltd. (9)	H Shares	Interest in a controlled corporation	2,000,000	5.2	1.3
Central Huijin Investment Ltd. (10)	H Shares	Interest in a controlled corporation	2,000,000	5.2	1.3
Everbright Absolute Return Investment Holding Limited (11)	H Shares	Interest in a controlled corporation	2,000,000	5.2	1.3

Notes:

1. The calculation is based on the percentage of shareholdings in the relevant class of Shares.

2. The calculation is based on the total number of 153,340,000 Shares in issue after the Share Offer.

3. China Everbright Fund Management Limited is the general partner of Everbright Focused Value Fund. By virtue of the SFO, China Everbright Fund Management Limited is deemed to be interested in all the H shares which Everbright Focused Value Fund is interested in.

4. China Everbright Fund Management Limited is a limited liability company incorporated in the Cayman Islands and is wholly-owned by China Everbright Assets Management Holdings Limited. By virtue of the SFO, China Everbright Assets Management Holdings Limited is deemed to be interested in all the H shares which China Everbright Fund Management Limited is interested in.

5. China Everbright Assets Management Holdings Limited is a limited liability company incorporated in the Cayman Islands and is wholly-owned by China Everbright Limited. By virtue of the SFO, China Everbright Limited is deemed to be interested in all the H shares which China Everbright Assets Management Holdings Limited is interested in.

6. China Everbright Limited is a limited liability company incorporated in Hong Kong and is owned as to 49.39% by Honorich Holdings Limited. By virtue of the SFO, Honorich Holdings Limited is deemed to be interested in all the H shares which China Everbright Limited is interested in.

7. Honorich Holdings Limited is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Datten Investments Limited. By virtue of the SFO, Datten Investments Limited is deemed to be interested in all the H shares which Honorich Holdings Limited is interested in.

8. Datten Investments Limited is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by China Everbright Holdings Company Limited. By virtue of the SFO, China Everbright Holdings Company Limited is deemed to be interested in all the H shares which Datten Investments Limited is interested in.

9. China Everbright Holdings Company Limited is a limited liability company incorporated in Hong Kong and is wholly-owned by China Everbright Group Ltd. By virtue of the SFO, China Everbright Group Ltd. is deemed to be interested in all the H shares which China Everbright Holdings Company Limited is interested in.

10. China Everbright Group Ltd. is a limited company established in the PRC and is owned as to 55.67% by Central Huijin Investment Ltd. By virtue of the SFO, Central Huijin Investment Ltd. is deemed to be interested in all the H shares which China Everbright Group Ltd. is interested in.

11. Everbright Focused Value Fund is under the control of Everbright Absolute Return Investment Holding Limited. By virtue of the SFO, Everbright Absolute Return Investment Holding Limited is deemed to be interested in all the H shares which Everbright Focused Value Fund is interested in.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S RIGHTS IN THE SUBSCRIPTION OF SHARES AND DEBENTURES

During the year ended 31 December 2018, no right to subscribe the Shares in or debentures of the Company or any of its associated corporations was granted by the Company to any Director, Supervisor or chief executive of the Company or their respective spouses or children aged under 18, and no such rights to subscribe the above Shares or debentures were exercised by them.

EQUITY-LINKED AGREEMENTS

The Company has no equity linked agreements that were entered into or subsisted during the year of 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Listing Date up to 31 December 2018, there had been no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

RELATED PARTY TRANSACTIONS

The Company had not entered into any non-exempt connected transaction during the Year, which is required to be disclosed under the Listing Rules. Related party transactions entered into by the Group during the year ended 31 December 2018, which do not constitute non-exempt connected transactions required to be disclosed under the Listing Rules, are disclosed in note 29 to the Consolidated Financial Statements.

DONATION

Details of the charitable and other donations made by the Group during the year ended 31 December 2018 are set out in the section headed "Environmental, Social and Governance (ESG) Report" of this annual report.

DEED OF NON-COMPETITION

To avoid any future competition, Mr. Zhu Ping, Shanghai Shengxuan Investments Advisory Company Limited* (上海盛軒投資諮詢有限公司) and Shanghai Weimian Investments Partnership (Limited Partnership)* (上海威冕投資合夥企業(有限合夥)) as controlling shareholders of the Company (the "**Controlling Shareholders**") have entered into the deed of non-competition (the "**Deed of Non-Competition**") in favour of the Company to the effect that he/it shall not, and shall procure entities or companies controlled by him/it (other than a member of the Group) not to at any time during the restricted period, directly or indirectly, among other things, involve in any business similar to or which competes (either directly or indirectly) or is likely to compete with any business which is the same as, similar to or in competition with the current business of the Group.

NON-COMPETITION

The Controlling Shareholders have irrevocably undertaken and covenanted with the Company that he/it shall not, and shall procure entities or companies controlled by him/it (other than a member of the Group) not to at any time during the restricted period, directly or indirectly, either on his/its own account or in conjunction with or on behalf of any person, firm or company (in each case whether as a shareholder, partner, agent, employee or otherwise):

(i) carry on, engage, participate, concerned or interested in or in any way assist in or provide support (whether financial, technical or otherwise) to any business similar to or which competes (either directly or indirectly) or is likely to compete with any business which is the same as, similar to or in competition with the current business of the Group, namely the engagement of fund management business within the PRC and/or Hong Kong (the "**Restricted Business**");

(ii) canvass, solicit, interfere with or endeavour to entice away from the Group any person, firm, company or organisation which to his/its knowledge has from time to time or has at any time within the immediate past two years before the date of such solicitation, interference or enticement been a customer, a supplier or a business partner or employee of the Group for the purpose of conducting any Restricted Business;

(iii) procure orders from or solicit business from any person, firm, company or organisation which to his/its knowledge has dealt with any member of the Group or is in the process of negotiating with any member of the Group in relation to any Restricted Business;

(iv) do or say anything which may be harmful to the reputation of any member of the Group or which may lead any person to reduce their level of business with any member of the Group or seek to improve their terms of trade with any member of the Group;

(v) solicit or entice or endeavour to solicit or entice for employment by him/it or entities or companies controlled by him/it (other than the Group) or at any time employ or procure the employment of any person who has, at any time within the immediate past two years before the date of such solicitation or employment, been or is a director, manager, employee of or consultant to the Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business carried on by the Group;

(vi) engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of the Group or be in competition with any member of the Group in any business activities which any member of the Group may undertake in the future save for the holding of not more than 10% shareholding interests (individually or any of the Controlling Shareholders with their associates collectively) in any listed company in Hong Kong; and

(vii) make use of any information pertaining to the business of the Group which may have come to his/its knowledge in his/its capacity as a shareholder of the Company or director of any member of the Group for the purpose of competing with the business of the Group.

The foregoing restrictions are subject to the fact that the Company may waive the new business opportunities pursuant to the terms and conditions under the Deed of Non-Competition.

The Company's Independent Non-executive Directors have reviewed the compliance with the Deed of Non-Competition by the Controlling Shareholders and were satisfied that the terms of the Deed of Non-Competition had been duly complied with for the period from the Listing Date to the date of the this report. The measures which the Company has adopted to ensure the compliance with the Deed of Non-competition include:

(1) The Company has enquired with each of the Controlling Shareholders on whether each of the Controlling Shareholders or any of his/her close associates has engaged in any business which may directly or indirectly compete or may compete with the principal business of the Company, other than being a director or shareholder of the Company;

(2) The Company and the Board have requested the Controlling Shareholders to confirm to the Company regarding the compliance of the terms of the Deed of Non-Competition and the enforcement of undertakings under the Deed of Non-Competition. The Controlling Shareholders confirmed to the Company that they have complied with the terms of the Deed of Non-competition for the period from the Listing Date to the date of this report; and

(3) The Company and the Board are not aware of any breach of the Deed of Non-Competition by the Controlling Shareholders for the period from the Listing Date to the date of this report.

DIRECTORS' COMPETING INTERESTS

Save as disclosed in this report, none of the Controlling Shareholders, Directors and their respective close associates has any interests in any business which directly or indirectly competes or is likely to compete with the principal business and other businesses, which would require disclosure under Rule 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

USE OF NET PROCEEDS FROM THE LISTING

Please see the section headed "Proceeds from the Listing" contained in the Management Discussion and Analysis of this Annual Report.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2018, the Company was not engaged in any litigation or arbitration of material importance.

PERMITTED INDEMNITY PROVISION

During the year of 2018, the Company maintained liability insurance for Directors, Supervisors and senior management (being the liability insurance for Directors, Supervisors and senior management and prospectus liability insurance) to provide the appropriate coverage for the Directors, Supervisors and senior management of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance practices. Details of corporate governance practice adopted by the Company are set out in the section of "Corporate Governance Report" of this annual report.

POST BALANCE SHEET EVENTS

The material post balance sheet events are disclosed in note 35 to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") had, together with the management and external auditor of the Company (the "**Auditor**"), reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2018.

AUDITORS

Ernst & Young was appointed by the Directors as the auditor of the Company. Ernst & Young will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The consolidated financial statements for the year ended 31 December 2018 have been audited by Ernst & Young.

By order of the Board
Shanghai Realway Capital Assets Management Co., Ltd.
Mr. Zhu Ping
Chairman

Shanghai, PRC, 22 March 2019

* *For identification purpose only*

1. COMPOSITION OF THE SUPERVISORY COMMITTEE

As of 31 December 2018, the supervisory committee of the Company (the "**Supervisory committee**") consisted of three members (the "**Supervisors**") comprising one employee representative Supervisors and two external Supervisors. The terms of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of his/her term in accordance with the requirements of articles of association of the Company.

The composition of the Supervisory Committee of the Company is as follows:

Name	Position	Date of Appointment	Responsibilities
Ms. CAI Luyi (蔡璐懿)	Supervisor/Manager of archives department	July 2017	Supervising and providing independent judgment to our Board
Mr. LU Xili (陸希立)	Supervisor	January 2016	Supervising and providing independent judgment to our Board
Ms. WANG Juanping (王娟萍)	Supervisor	January 2016	Supervising and providing independent judgment to our Board

2. MAJOR WORKS OF THE SUPERVISORY COMMITTEE IN 2018

In 2018, being accountable to all shareholders of the Company (the "**Shareholders**"), the members of the Supervisory Committee of the Company strengthened the coordination and cooperation between the Board and the senior management and seriously performed the duties of supervision, for purposes of better playing a supervisory role of the Supervisory Committee, promoting the standardised operation and healthy development of the Company, and safeguarding the rights and interests of the Company and the Shareholders.

(i) Convening meetings of the Supervisory Committee according to law, and earnestly performing supervisory duties

In 2018, the Supervisory Committee held a total of 2 committee meetings.

The Supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee. The Supervisors attended all meetings of the Supervisory Committee in person and earnestly performed supervisory duties. The details of Supervisors attendance at the meetings of the Supervisory Committee held are as follows:

Supervisors	Attend/Eligible to attend
Ms. CAI Luyi *(Chairman)*	2/2
Mr. LU Xili	2/2
Ms. WANG Juanping	2/2

(ii) Supervising the Directors and senior management members of the Company in their performance of their duties

In 2018, the members of the Supervisory Committee reviewed the resolutions of the Board by attending board meetings, examined the daily operation and management of the Company and supervised the directors and senior management members of the Company in their performance of their duties. In the view of the Supervisory Committee, directors and senior management members of the Company were in compliance with laws and carried out their duties responsibly and they performed their work in a practicable, diligent and due manner. The decision-making procedures were legal. When performing their duties, none of the directors or senior management members of the Company acted illegally nor in violation of laws nor in such manner the rights and interests of the Company and shareholders were damaged.

(iii) Focusing on strategy fulfilment and implementation of effective supervision

The Supervisory Committee actively supported the Company's key work to promote the successful completion of the Company's H-Share issuance and listing, paid close attention to the Company's major events and performed well in supervision and promotion duties.

3. MAJOR INITIATIVES FOR 2019

The Supervisory Committee will be strictly comply with the laws and regulations, articles of association and the terms of reference of the Supervisory Committee of the Company and other requirements of the relevant provisions to conduct discussion of daily business of the Supervisory Committee and diligently and responsibly perform their duties, including:

(1) to convene meetings of the Supervisory Committee according to the actual situation of the Company and review and consider various resolutions;

(2) to review the Company's financial position by regularly understanding and reviewing financial reports, and monitor the financial operation of the Company in order to prevent against operational risks; and

(3) diligently, responsibly and actively to participate in the Board meetings, general meetings and other important meetings as well as the decision-making process in relation to material matters to better safeguard the interests of the Company and all Shareholders.

On behalf of the Supervisory Committee
CAI Luyi
Chairman

Shanghai, PRC, 22 March 2019

CORPORATE GOVERNANCE

Adapting and adhering to the recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices. During the period from the Listing Date to 31 December 2018, 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.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Composition

The Board has established three Board committees, being the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (each a "**Board Committee**" and collectively the "**Board Committees**"), to oversee different areas of the Company's affairs. As of the date of this annual report, the composition of the Board is as follows:

Executive Directors

Mr. ZHU Ping (朱平)
Mr. DUAN Kejian (段克儉)
Ms. SU Yi (蘇怡)

Non-executive Directors

Mr. CHENG Jun (成軍)
Mr. WANG Xuyang (王旭陽)

Independent non-executive Directors

Mr. LIU Yunsheng (劉雲生)
Mr. SHANG Jian (尚健)
Ms. YANG Huifang (楊惠芳)

Their biographical details of the Directors are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 7 to 12 in this annual report.

The functions and duties of the Board include but are not limited to: convening Shareholders' general meetings and reporting the Board's work at the Shareholders' general meetings; implementing the resolutions passed at the Shareholders' general meetings; determining our business plans and investment plans; preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses; preparing plans for the increase or decrease in registered capital; and exercising other power, functions and duties as conferred by the Articles of Association. Each of our Directors has entered into a service contract with the Company.

The Board is also responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Company, and the training and continuous professional development of Directors and senior management. The Board also reviews the disclosures in the Corporate Governance Report to ensure compliance.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "**Diversity Policy**") which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

The Remuneration and Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy. In relation to reviewing and assessing the Board composition, the Remuneration and Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

The Board will consider setting measurable objectives to implement the Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Board has not set any measurable objectives.

The Remuneration and Nomination Committee will review the Diversity Policy, as appropriate, to ensure its effectiveness.

The Remuneration and Nomination Committee considered that the Board is sufficiently diverse.

Objective

This Policy aims to set out the approach to achieving diversity for the board of directors (the "**Board**") of 上海瑞威資產管理股份有限公司 (the "**Company**").

Policy statement

The Company recognises the benefits of a Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company.

The Company maintains that Board appointment should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board.

The full Board of the Company is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors of the Company from time to time to ensure that it has a balanced composition of skills, experience and expertise appropriate to the requirements of the businesses of the Company, with due regard to the benefits of diversity on the Board. The Board as a whole is also responsible for reviewing the succession plan for the directors of the Company, in particular, the Chairman of the Board.

Review and monitoring

The Board will review and monitor from time to time the implementation of this Policy to ensure its effectiveness and will at an appropriate time set measurable objectives for achieving Board diversity.

Disclosure and publication

A summary of this Policy and any measurable objectives which the Board has set for implementing this Policy, and progress on achieving those objectives, will be disclosed in the Corporate Governance Report of the Annual Report of the Company.

The Board diversity policy is summarized below:

The Board attaches great importance to the gender mix: women now hold 25% of the total directorships, which is in line and higher that the ratio for most of the listed companies.

The Board includes Directors with diverse backgrounds: executive Directors have extensive management experience and are in charge of the principal businesses of the Company; non-executive Directors are highly experienced in corporate management, hence they are able to provide effective recommendations on the Company's operation and development; independent non-executive Directors have experience in law, investment, finance, corporate governance and international market.

As each of the independent non-executive Directors has confirmed his independence pursuant to rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties. Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the issuer, Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

For the year ended 31 December 2018, the Company had adopted and complied with the Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Jun had been the Chairman of the Company and Mr. Zhu Ping had been the Chief Executive Officer of the Company.

For the year ended 31 December 2018, Mr. Cheng Jun had been the Chairman of the Company and Mr. Zhu Ping had been the Chief Executive Officer of the Company. On 18 January 2019, Mr. Zhu Ping ("**Mr. Zhu**"), currently an executive Director and the chief executive officer had been appointed as the Chairman in place of Mr. Cheng with effect from 18 January 2019 (the "**Re-designation**").

As Mr. Zhu now serves as both the Chairman and the CEO, such practice deviates from code provision A.2.1 of the Corporate Governance Code as set forth in Appendix 14 of the Listing Rules (the "**CG Code**"). 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 as the Group's principal founder and his heavy involvements in the day-to-day operations of the Group. The Board therefore considers that the deviation from the code provision A.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 checks to protect the interests of the Group and its shareholders.

Appointment and Re-election of Directors

Each of the executive Directors has signed a service contract with the Company for a term of three years commencing from 13 November 2018, which is renewable automatically for successive terms of three years subject to termination as provided in the service contract. Each of the non-executive Directors and independent non-executive has signed an appointment letter with the Company for a term of three years commencing from the Listing Date, which may be renewable subject to both parties' agreement.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or reelection of Directors and succession planning for Directors.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director. During the year ended 31 December 2018, all Directors participated in appropriate continuous professional development and provided the Company with their records of training they received. Directors participated in the training which included reading regulatory updates, attending seminars or conducting training sessions and exchanging views and the special training provided by lawyer.

Continuous Professional Development Training

Name of Director	Reading or attending briefings and/or seminars and/or conferences relevant to regulatory and governance updates
Executive Directors	
Mr. ZHU Ping	3/3
Mr. DUAN Kejian	3/3
Ms. SU Yi	3/3
Non-executive Directors	
Mr. CHENG Jun	1/1
Mr. WANG Xuyang	1/1
Independent non-executive Directors	
Mr. LIU Yunsheng	10/10
Mr. SHANG Jian	2/2
Ms. YANG Huifang	3/3

BOARD MEETINGS

As the Company only became listed on the Main Board of the Stock Exchange on 13 November 2018, there was 1 board meeting held for the period from 13 November 2018 to 31 December 2018. Details of the attendance records of Directors on Board meetings and general meeting for the period from the Listing Date to 31 December 2018 are as follows:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**First General Meeting**
Executive Directors					
Mr. ZHU Ping	1/1	N/A	N/A	N/A	N/A
Mr. DUAN Kejian	1/1	N/A	N/A	N/A	N/A
Ms. SU Yi	1/1	N/A	N/A	N/A	N/A
Non-executive Directors					
Mr. CHENG Jun	1/1	N/A	N/A	N/A	N/A
Mr. WANG Xuyang	1/1	N/A	N/A	N/A	N/A
Independent non-executive Directors					
Mr. LIU Yunsheng	1/1	N/A	N/A	N/A	N/A
Mr. SHANG Jian	1/1	N/A	N/A	N/A	N/A
Ms. YANG Huifang	1/1	N/A	N/A	N/A	N/A

Subsequent to the year ended 31 December 2018 and up to date of this annual report, the Board held three Board meetings for the main purposes of approving the annual results of the Group for the year ended 31 December 2018 and formulating business development strategies. All Directors attended such meetings.

Appropriate notices are given to all Directors in advance for attending regular and other Board meetings. Meeting agendas and other relevant information are provided to the Directors in advance of Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

According to article 140 of the Articles of Association, if any director fails to attend Board meetings in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his or her duties, and the Board shall suggest that the general meeting remove the said director.

Directors have access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes are sent to all Directors for their comment and records. Minutes of Board meetings are kept by the company secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The role of the independent non-executive Director is to provide independent and objective opinions to the Board, giving adequate control and balances for the Company to protect the overall interests of the Shareholders and the Company.

There are three independent non-executive Directors and they represent over one third of the Board, and one of them, Ms. Yang Huifang has the appropriate professional qualifications as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive director has submitted annual confirmation of his independence to the Company pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all of the independent non-executive Directors are independent.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and employees (the "**Securities Dealing Code**"). The Company had made specific enquiry with all Directors whether they have complied with the required standard set out in the Model Code during the year ended 31 December 2018 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code during the year ended 31 December 2018.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Audit Committee

As at 31 December 2018, the Audit Committee comprises three members, namely Ms. YANG Hui Fang *(chairman)*, Mr. SHANG Jian and Mr. LIU Yun Sheng. All of them are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

1. To review the relationship with the Auditor by reference to the work performed by the Auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the Auditor;

2. To review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or the Auditor before submission to the Board;

3. To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Since the Company was listed on 13 November 2018, no Audit Committee meeting has been held for the period from 13 November 2018 to 31 December 2018. Subsequent to the year ended on 31 December 2018 and up to the date of this report, 2 meetings of the Audit Committee were held to discuss and consider the following matters:

- Review the auditor's report in relation to the audit plan and strategy of the Group;

- Review the financial reporting system, compliance procedure, internal control (including the Company's internal control of corruption risks and the handling and identification of business conflict of major shareholders in listed companies), risk management system and procedures and re-appointment of external auditor. The Board did not deviate from the recommendations of the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

Attendance of each Audit Committee member is set out in the table below:

Directors	**Attended/Eligible to attend**
Ms. YANG Huifang *(Chairman)*	2/2
Mr. SHANG Jian	2/2
Mr. LIU Yunsheng	2/2

Nomination Committee

As at 31 December 2018, the Nomination Committee comprises three members, namely Mr. ZHU Ping *(chairman)*, Mr. SHANG Jian and Mr. LIU Yunsheng. All of them are independent non-executive Directors.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors;

4. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman and the chief executive officer; and

5. to review the Board diversity policy.

NOMINATION POLICY

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

Since the Company was listed on 13 November 2018, no Nomination Committee meeting has been held for the period from 13 November 2018 to 31 December 2018. Subsequent to the year ended 31 December 2018 and up to the date of this report, 2 meetings of the Nomination Committee were held to review the structure, composition, size and diversity of the Board and relevant recommendations were made to the Board, which included the appointment of additional Director and re-election of retiring Directors.

Attendance of each Nomination Committee member is set out in the table below:

Directors	**Attended/Eligible to attend**
Mr. ZHU Ping *(Chairman)*	2/2
Mr. SHANG Jian	2/2
Mr. LIU Yunsheng	2/2

Remuneration Committee

As at 31 December 2018, the Remuneration Committee comprises three members, namely Mr. LIU Yunsheng *(chairman)*, Ms. SU Yi and Ms. YANG Huifang. All of them are independent non-executive Directors. The principal duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's overall policy and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives determined by the Board;

3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. These include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Directors;

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

8. to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

Since the Company was listed on 13 November 2018, no Remuneration Committee meeting has been held for the period from 13 November 2018 to 31 December 2018. Subsequent to the year ended 31 December 2018 and up to the date of this report, 1 meeting of the Remuneration Committee were held to discuss and consider the following matters:

- the remuneration policy of the Company and its subsidiaries
- the remuneration of Directors and proposed adjustment to the Board

Attendance of each Remuneration Committee member is set out in the table below:

Directors	Attended/Eligible to attend
Ms. LIU Yunsheng *(Chairman)*	1/1
Mr. SU Yi	1/1
Mr. YANG Huifang	1/1

Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographies are set out on pages 7 to 12 of this annual report, for the year ended 31 December 2018 are set out below:

Remuneration band (RMB)	Number of individual
0–1,000,000	5
1,000,000–2,000,000	4
2,000,000–3,000,000	1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2018 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 76 to 148 of this annual report.

AUDITOR'S REMUNERATION

For the financial year ended 31 December 2018, Ernst & Young was appointed as the Auditor and the remuneration paid or payable to the Auditor for audit and non-audit services is set out as follows:

Type of Services	Amount (RMB)
Annual audit services	
— Professional audit services on 2018 annual financial statements	1,800,000
Audit services relating to the listing	
— Professional audit services on 2018 listing report	3,000,000
Total	4,800,000

BOARD OF SUPERVISORS

The Board of Supervisors consists of three Supervisors. The Supervisors serve a term of three years each and can be re-elected for successive reappointments. The functions and duties of the Board of Supervisors include reviewing periodical reports including financial reports prepared by the Board of Directors and overseeing the financial and business performance of our Group. They are also entitled to appoint certified public accountants and practicing auditors to re-examine our Company's financial information where necessary. Each of the Supervisors has entered into a service contract with our Group.

COMPANY SECRETARY

The Company has appointed Mr. CHAN Yat Lui as the company since October 2018. His biographical details are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" in this annual report.

Mr. CHAN Yat Lui has complied with the requirement under Rule 3.29 of the Listing Rules during the Year. The primary contact person of the Company is SU Yi (蘇怡), the authorized representative of the Company in relation to any corporate secretarial matters.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner. Management would provide such explanation and information to the Board as will enable the Board to make an informal assessment of the financial and other information put before the Board for approval.

Internal controls and risk management

The Board is responsible for assessing and determining the nature and level of risks acceptable for achieving the strategic objectives of the Group, and overseeing the management over the design, implementation and monitoring of the risk management and internal control system, in order to guarantee that the Group can establish and maintain a healthy and effective risk management and internal control system. The Management is responsible for the daily operation of the Group's risk management and internal control system and confirm the effectiveness of the System with the Board.

The Group has established a scientific and effective risk management and internal control system. This initiative can reasonably guarantee the legality and compliance of operation and management, the security of assets, and the truthfulness and completeness of financial reports and relevant information, enhance the effectiveness and effects of operation, and facilitate the Group to achieve its strategic plans. The above control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatements or losses.

As required by the Corporate Governance Code and Corporate Governance Report set out in the Listing Rules, the Group has constantly strengthened its identification, assessment and management of major risks, and established three lines of defense for risk management, namely, all relevant function departments and all branches serving as the first line of defense, the competent function department for risk management and the Risk Management Committee of the Board serving as the second line of defense, and the Audit Committee of the Board and the internal audit department thereunder serving as the third line of defense.

The Group has constantly improved its rules for the internal control system and management and standardized its business processes in strict compliance with relevant laws and regulations and by taking into account of the characteristics of the industry and the situation of the Group. The Group also ensures the internal control being implemented throughout the course of all businesses and covering the decision-making, execution and monitoring of every business scope and management section. Furthermore, the Group has also established a progressive vetting and reviewing system to ensure the truthfulness, accuracy and completeness of the financial reports and relevant information disclosures of the Company.

The Group continues to commit itself in enhancing internal control and risk management and has established a well-performing risk management and internal control system. The summary of the Company's major risk management and internal control measures is as follows:

The Board, the management, all function departments and business departments have formed an internal control and governance structure with reasonable division of work and clear delineation of rights and responsibilities. The Risk Management Committee and Audit Committee of the Board are responsible for reviewing the risk management and internal control system of the Company, generally supervising the effective implementation of the risk management and internal control system and conducting self-assessment of the daily internal control. With the delegation from the Board, the Audit Committee will review the Group's risk management and internal control system and the effectiveness of the internal audit function. The internal audit department is responsible for organizing the assessment work in relation to risk management and internal control review and making reports accordingly to the Audit Committee.

For the year ended 31 December 2018, the Risk Management Committee of the Group reviewed and assessed the sufficiency and effectiveness of the risk management and internal control system and the internal audit function every half year, reviewed the risk management plans for the second half of 2018 and the year of 2019, discussed whether there were any major investigation findings on new risks arising from the business, strategical and risk management affairs of the Company, and advised on improvements to the risk management system of the Company.

During the year ended 31 December 2018, the Board has continued to oversee the Group's risk management and internal control system. With the delegation from the Board, the Audit Committee has performed an annual review and considered the sufficiency of the resources for accounting, internal control review and financial reporting, the qualifications, experience and training of relevant staff, and the relevant budget. After hearing the report from the Audit Committee and obtaining confirmation from the management for the effectiveness of relevant systems, the Board is of an opinion that the risk management and internal control system and the internal audit function of the Group are sufficient and effective.

Shareholders' Rights

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("**EGM**").

Right to convene extraordinary general meeting

According to article 72 of the Articles of Association:

(a) any two or more shareholders who jointly hold 10% or more of the Company's issued voting shares at the proposed general meeting may sign one or several same written requests proposing to the Board of Directors to convene an extraordinary general meeting or class meeting and stating the subjects to be considered at the meeting. The number of shares held referred to above shall be calculated on the date the shareholders submit their written request. After receiving the aforesaid documentary requirements, the Board should convene shareholders' general meetings or class meeting.

(b) If the Board agrees to convene an extraordinary general meeting, it shall issue a notice on convening the shareholders' general meetings within five days after passing the board resolution. Any changes to the original proposal as stated in the notice shall be approved by the relevant shareholders.

(c) If the Board refuses to convene an extraordinary general meeting, or gives no response within ten days upon receipt of such proposal, shareholders holding in aggregate more than 10% of the Company's shares shall be entitled to propose to the Supervisory Committee for convening such meeting, provided that such proposal shall be made in writing.

(d) If the Supervisory Committee agrees to hold an extraordinary general meeting, a notice of such meeting shall be dispatched within five days upon receipt of such request. Changes made to the original proposal in the notice shall be approved by the relevant shareholders.

(e) If the Supervisory Committee fails to give notice of such meeting within the specified time limit, it shall be deemed to have failed to convene and preside over such meeting, in which case, shareholders holding in aggregate more than 10% of the Company's shares for not less than 90 consecutive days shall have the right to convene and preside over such meeting by themselves. The procedures for convening such meeting should follow those for convening a general meeting of shareholders by the Board as similar as practicable.

Putting Forward Proposals at Shareholders' General Meetings

According to article 77 and 78 of the Articles of Association, when a general meeting is held by the Company, the Board, the Supervisory Committee or Shareholder(s) who individually or jointly holding more than 3% of the Shares may propose resolutions to the Company. Shareholder(s) who individually or jointly holding more than 3% of the Shares may submit extra proposals in writing to the Board at least 10 days prior to the shareholders' general meeting. The contents of a proposal shall be within the scope of duties and responsibility of the shareholders' general meetings. It shall have a definite topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and the Articles of Association.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to The Investment & Management Center via email (email address: ir@realwaycapital.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2018, there has been no significant change in the Company's constitutional document.

INVESTOR RELATIONS AND COMMUNICATION

The Board recognises the importance of good communications with all shareholders. The Company believes that maintaining a high level of transparency is a key to enhance investor relations. The Company is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates its shareholders on its latest business developments and financial performance through its corporate publications including annual reports and public announcements. Extensive information about the Company's activities for the year ended 31 December 2018 has been provided in this annual report. While the AGM provides a valuable forum for direct communication between the Board and its shareholders, the Company also maintains its website (http://www.realwaycapital.com) to provide an alternative communication channel for the public and its shareholders. All corporate communication and Company's latest updates are available on the Company's website for public's information.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

1. SCOPE OF THIS REPORT

This environmental, social and governance report (the "**Report**") describes the environmental, social and governance performance of Shanghai Realway Capital Assets Management Co., Ltd. (the "**Group**") in 2018.

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and according to the actual situation of the Group. The Report is published annually in each financial year together with the Annual Report of the Company for the year.

The Report covers the environmental, social and governance performance for the period from 1 January 2018 to 31 December 2018 (the "**Year**") of the Group's following operating sites where China funds and investment management business is operating:

(1) Shanghai
(2) Beijing
(3) Tianjin
(4) Guangzhou
(5) Wuhan

2. COMMUNICATION WITH STAKEHOLDERS

The Group convenes annual general meeting with shareholders to provide an effective platform for the board of directors to exchange opinions with shareholders. Apart from the general meeting, the Group also keeps in touch with shareholders through email, teleconferences and customer service staff to listen to their opinions and requests. Moreover, the Group's overall business performance is reported to all investors every year through publishing in its annual report.

In addition to external shareholders, the Group is also concerned about the needs of internal shareholders. Through employee surveys in the Year, the Group collected and identified employees' opinions and requests on training aspect, such as the increasing needs for online training, external tutor courses and general topic courses. The Group bases on their opinions to formulate training programmes of the forthcoming year for fulfilling the needs of employees.

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

3.1 Environmental

3.1.1 Use of Resources

The funds and investment management operating by the Group belongs to financial business. The key consumption is office resources, including energy and paper. According to the characteristics of the industry, the Group formulated relevant environmental policies to achieve rational use and utilization of resources.

In 2018, the main resources consumed by the Group were power and paper consumption in office as well as gasoline consumption by vehicles. Relatively, water consumption was not significant. Total consumption of various resources by all operating sites for the Year were as follows:

Power consumption	Gasoline consumption	Paper consumption
98,599 kWh	**7,622 litres**	**1,196 kg**

Energy conservation measures

The Group has implemented various measures to reduce energy consumption in office areas, such as: employees shall turn off the power supply of facilities during non-office hours, energy-saving LED lighting shall be used in the office areas; also, air-conditioning shall be set at an appropriate temperature to reduce unnecessary energy consumption.

In addition to facility controls, the Group also posted energy-saving slogans, such as "Save Electricity", in relevant office areas to help employees build up habits of energy conservation.

Water conservation measures

Despite water consumption is relatively insignificant, the Group still posted the "Save Water" slogan near washing basins to promote and enhance employees' awareness of water conservation.

Paper conservation measures

In the Year, paper was mainly consumed for general office operations and printing of product promotional materials. On the other hand, no packaging materials are required for the products.

The Group encourages employees to use both sides of paper by recycling single-sided printed paper for printing on the other side, this enhances the utilization of paper use.

In addition, for the appropriate processes, the Group adopts electronic office systems to operate in electronic ways for various processes such as risk control, financing, personnel and administrative tasks. These replace paper-based notification and approval with the aims of reducing paper use. Electronic information and records are classified by department and centralized stored in electronic folders. This minimizes the wastage of papers from duplicated printing by employees in the same department.

3.1.2 Emission

The fund and investment management operating by the Group does not involve significant discharge of solid waste or sewage, and the waste generated by the Group is mainly non-hazardous domestic garbage. However, in regard to business activities involving greenhouse gas emissions from office operations, and the occasional use of vehicles leading to exhaust emissions from gasoline combustion, the Group has formulated relevant policies to mitigate the adverse impact to the environment.

Control of greenhouse gases (GHG) emission

The Group is aware of the sources of GHG incurred its business activities are office power consumption and emission from vehicles in business trips. In response to these sources, there is policy for business communication in the form of teleconferencing and email for minimizing business trips, consequently this reduces exhaust gas emission from transportation. Also, the Group adopts energy conservation measures and enhances employees' awareness of energy conservation to reduce power consumption.

In addition, the Group has placed green plants in its office areas and plans to increase planting regularly every year to offset its carbon emissions.

The diagram below identified the total greenhouse gas emission in the year and the greenhouse gas emission intensity calculated on the basis of the number of employees:

Total GHG emission
99.47
tonnes carbon dioxide equivalent

Per capita GHG emission
0.52
tonnes carbon dioxide equivalent per employee

Control of solid wastes

The Group's business operations generally do not generate hazardous waste. For non-hazardous domestic garbage, the Group is striving to classify the recyclable waste such as office scrap paper and collect them for handling by qualified agencies.

During the reporting period, the Group did not identify any legal violation or complaint regarding emissions and other environmental issues.

3.1.3 Environment and Natural Resources

Belonging to non-polluting industry, the Group does not discharge large amount of exhaust gas and waste water, nor does it generate hazardous waste during business operations. Even so, the Group is striving to enhance the utilization in the use of resources, strengthen electronic operation and file management, and raise environmental awareness of employees for reducing greenhouse gas emissions through various measures.

3.2 Social

3.2.1 Employment

The Group strictly abides by the national labour laws and other local regulations of the regions where the Group is operating for developing its employment policy, also has formulated an employee handbook to elaborate and protect the rights and benefits of employees. The employee handbook is written in Chinese and also available on electronic platform for readily access by employees. In addition, any updates to the handbook will be published to inform and solicit feedback from employees for assuring the updates in effect without apparent argument.

Recruitment and promotion

The Group has formulated and issued the "Realway Capital's Management Measures for Recruitment" to stipulate its recruitment procedures and systems. In addition, for campus and intern recruitment, comprehensive guidelines are in place. Apart from enhancing recruitment efficiency, they also standardise the recruitment practices.

The Group requires employees participating in all stages of recruitment to observe the principle of friendly communication on the basis of mutual respect and equality. Equal treatment of job candidates in the interview process is one of the important rules. In the code of practices for campus recruitment, all participants are required to respect people.

Whenever there are recruitment needs, the Group will determine the job requirements in various aspects according to the "Job Descriptions" and "Employment Qualifications" specific to the relevant functions and ranks. Recruitment is simply based on job requirements and shall not be affected by attributes such as race, ethnicity, social class, nationality, religion, disability, gender, sexual orientation, marital status, age, trade union membership or political party, in order to avoid any occurrence of discrimination.

In addition to recruitment, the Group carries out personnel management work, covering resignations, employee compensation and benefits, social insurance, etc. in accordance with relevant laws and regulations. The Group also performs dismissal procedures in strict accordance with the "Labour Law" and the "Labour Contract Law" to ensure compliance with legislations and accountability to employees.

Moreover, the Group has established clear promotion policy to give adequate promotion opportunities to eligible personnel. The Group performs performance management on a semi-annual and annual basis. Evaluation of each employee's work performance is carried out fairly and impartially through self-evaluation and appraisal by supervisor, recommendation is provided to employees in the process to help them enhance their performance.

Compensation and benefits

The Group formulates salary adjustment policies based on the human resources market and the fairness among internal functions and ranks. According to the market conditions and the situation of the Group, "Employee Salary Range Table" has been developed for determination of an appropriate salary range after collecting relevant information of the job applicant during recruitment. Whenever there is a need to go beyond the established salary range after communication and negotiation with the job applicant, it shall be approved by the responsible superiors.

For determination of salary adjustment, the Group will review the rationality and competitiveness of the current salary structure, based on employee's current salary, salary trends in the market and reference of the industry average. In addition, performance appraisal on employee's performance will be carried out on semi-annual basis, which is also an important part of the salary review.

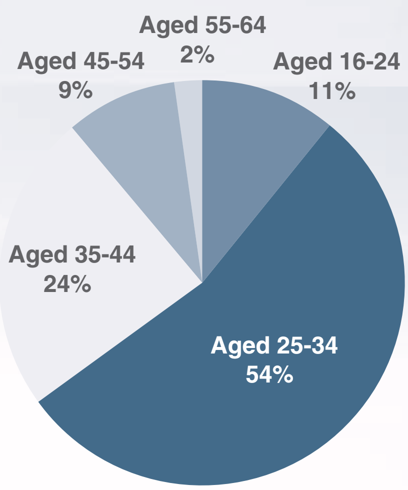
The Group reimburses employees' salaries and benefits in strict accordance with relevant national laws and regulations, including statutory minimum wage, calculation of overtime compensation per law, social insurance contributions, as well as other statutory employee benefits and rights, such as statutory holidays, paid annual leave and paid maternity leave. On the basis of guaranteeing the statutory employee benefits, the Group also bears the work-related expenses incurred by employees, such as the cost of overtime meals and communication expenses related to business operations. In addition to the statutory annual leave, the Group provides personal and family-related leave, and increases the eligible leave by a day each year to employees who have joined the Group for at least three years.

During the reporting period, the Group did not identify any legal violations or complaints regarding discrimination or other employment issues.

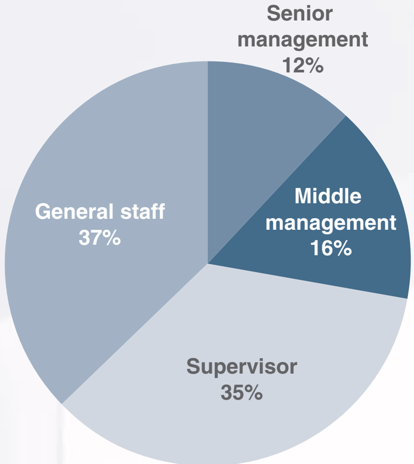
As of 31 December 2018, the number of employees and the monthly average employee turnover rate in the operating locations covered by the Report are listed out in the diagrams and tables below:

	Number of employees
Gender	
Male	95
Female	98
Employee category	
Senior management	23
Middle management	30
Supervisor	68
General staff	72
Age group	
Aged 16–24	21
Aged 25–34	104
Aged 35–44	47
Aged 45–54	18
Aged 55–64	3
Aged 65 or above	0
Total:	**193**

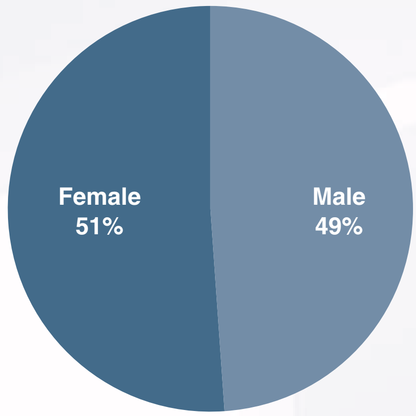
Employee turnover by age group



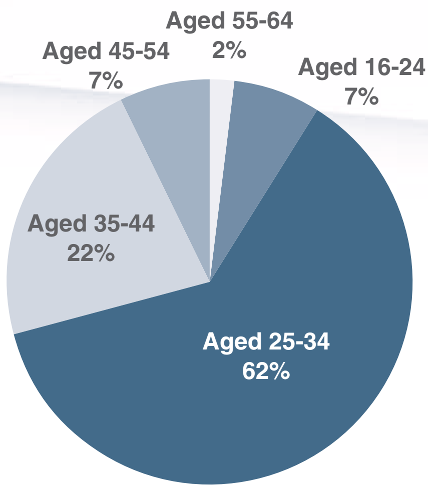
Number of employees by employee category



Number of employees by age group



	Monthly Average employee turnover rate (%)
Gender	
Male	3.33
Female	3.83
Age group	
Aged 16–24	2.38
Aged 25–34	4.09
Aged 35–44	3.19
Aged 45–54	2.78
Aged 55–64	5.56
Overall average:	**3.58**



3.2.2 Health and Safety

The Group adopts the 5-S methodology which requires employees to "Structurise", "Systematise", "Sanitise", "Standardise" and "Self-discipline", for maintaining clean and tidy workplaces and prevention of employees from suffering occupational diseases and industrial casualties.

Workplace management

The Group assures safety management in the workplaces, including response to fire safety, installation of fire-fighting supplies such as fire hydrants, fire extinguishers, etc. and placing in the office with first aid kits stocked with common emergency medicines. For health management, the Group provides employees with a comfortable work environment with adequate lighting and good air quality. To this end, the Group carries out regular maintenance of relevant equipment, including cleaning of air-conditioning filters, pipes and carpets every year.

Employee training

In addition to the management of premises and equipment, the Group endeavours to provide adequate training for employees. Employees are arranged annually to participate in fire drills held in the office building and attend fire service courses organized by the local agencies. In addition, in the first half of 2018, the Group invited hospital professionals to present a health lecture for enhancing health and safety awareness of employees.

Caring of employee health

The Group arranges all employees annually to proceed physical examinations in order to ensure early detection of any occupational diseases. Moreover, for caring about the mental health of employees, grievance communication channel is set up for employees to voice out any issues which inhibit their family life and work-life balance. In 2018, the Group did not receive any grievance case in this regard.

During the reporting period, the Group did not identify any violation of occupational health and safety regulations in the regions of business operations. In the same period, there was no work-related fatality nor work day lost due to work-related injuries.

3.2.3 *Development and Training*

The Group has established comprehensive staff training system and developed different training programmes for both new employees and existing employees. The arrangement of training courses will vary in accordance with different functions and ranks. Whenever appropriate, external tutor will be considered for provision of training on particular topics.

The Group organises regular training for new employees every year on topics such as corporate culture, company introduction, internal control measures, financial procedures, etc. For management trainees and new employees, the one-on-one "mentoring program" is in place to help them integrate into the corporate culture and grow rapidly. For the new hires, the Group arranges experienced employees to guide them the daily work; while for the new management trainees, their mentors even have face-to-face communication quarterly to give them appropriate work recommendation in a timely manner.

In terms of professional training, especially on investment strategies, real estate development and finance, the Group may engage external tutor each year to help employees enhance their professional skills.

For employees with other training needs, the Group also has policy to sponsor in full their attendance of external training courses for development of their specific capabilities.

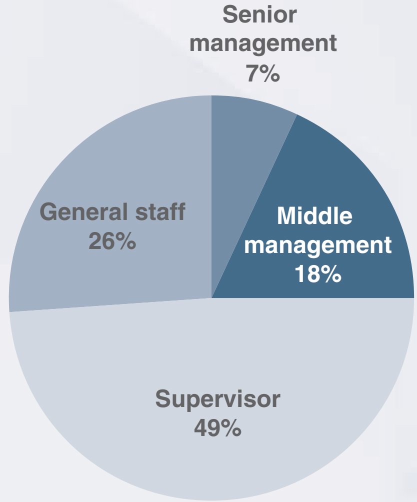
In addition, the Group has arranged internship programs in summer-term and long-term to provide mentoring as well as phased assessment and feedback for interns. Those with excellent performance will be given the opportunity to stay in the Group.

In response to the training needs identified in employee surveys and enhancement of training efficiency, the Group introduced an online training platform in 2018. Some offline courses were gradually transferred to online platform, which facilitated employees to learn independently at anytime and anywhere, and consequently could raise learning efficiency.

In the Year, the Group organized a total of 4 training sessions for new employees, and transferred the rules-related training courses for new employees to the online training platform where they could learn and take examinations on their own. In the same period, the Group cultivated nearly 10 internal tutors and hired external professional tutors to offer employees with professional trainings on due diligence, taxation analysis, real estate cost management, etc. In addition, starting from the Year, the Group has expanded the scope of training according to job requirements, in which they also covered soft skill trainings such as working habits.

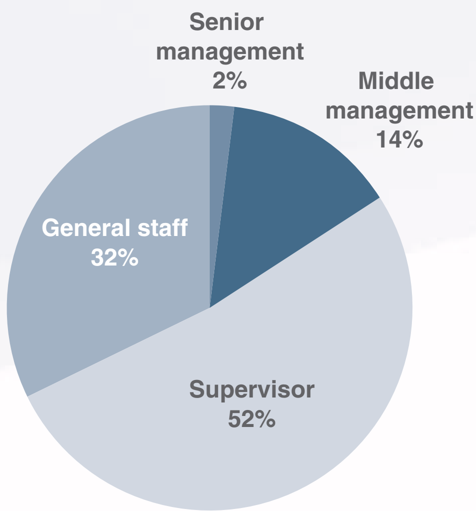
For the operating locations covered by the Report in 2018, there was a total of 153 trained employees who attended 2,265 hours of training. The diagram and table below listed out the percentage of employees trained and the average training hours per employee:

Proportion of trained employees by employee category



	Percentage of employees trained (%)	Average training hours per employee (hours)
Gender		
Male	82.11	12.29
Female	76.53	11.19
Employee category		
Senior management	47.83	15.65
Middle management	93.33	13.00
Supervisor	100.00	12.91
General staff	55.56	8.85
Overall average	**79.27**	**11.74**

Number of training hours by employee category



3.2.4 Labour Standards

Prohibition of child labour

The Group's recruitment policy targets at two types of job applicants: people with formal work experience in the job market, fresh graduates of bachelor and master degree and interns (interns only open to undergraduate and graduate school students). Consequently, under these two types of recruitment, no child labour would be employed.

In addition, during recruitment interviews, the Group collects the personal information of all job applicants (including intern candidates): identity cards, academic certificates and testimonials of employment, for verifying the authenticity of their submitted age information and hence prevention of employing applicants under the legal working age.

Prohibition of forced labour

The policies of the Group prohibit all forms of forced labour, including: request for deposit or collateral upon recruitment of employees, withholding of identity documents, withholding of wages, forcing employees to work overtime, bonded labour, and restricting personal freedom through threats of violence or other illegal means.

During the reporting period, the Group did not identify any case of child labour employment or legal violation of regulations related to forced labour.

3.2.5 Supply Chain Management

For assuring continuous sourcing of quality resources by the Group, the procurement department is leading the evaluation of suppliers who are in partnership with the Group. Especially for long-term suppliers, the evaluation shall be conducted on a regular basis. Where necessary, the risk control department and the financial management department will be invited to conduct due diligence on suppliers.

The procurement department conducts preliminary comparison and selection of suppliers in various aspects such as scale, industry experience, business qualification, mode of cooperation, business quotation and industry feedback, for identifying the shortlisted suppliers who meet the basic requirements.

For intermediary suppliers such as law firms, the Group shall evaluate their qualification, project experience, lawyer certificates, etc. For suppliers responsible for fund sales, the Group shall evaluate their background, scale, business types, sales performance, business process, legitimacy, fund sales qualifications, etc.

For those suppliers already in partnership, the interval of supplier evaluation is generally carried out by the end of each fiscal year. "Supplier Information Registry" will be updated with approved suppliers and recorded with any follow-up items for improvement.

If the supplier is not qualified in the periodic evaluation, the Group shall review the impact from those products and services still delivered during the valid period of partnership. If the impact is significant, the partnership with that specific supplier shall be terminated in principle. If it is necessary to continue the partnership under special circumstances, the special reasons shall be recorded in the evaluation files for future reference and tracking.

3.2.6 Product Responsibility

Product compliance

The Group strictly abides by the relevant legal regulations and industry self-discipline rules. During the reporting period, the Group was not subject to any penalties against legal violation by the regulatory authorities or industry associations.

Throughout the operation processes that involve delivery of products and services, relevant personnel follow the national regulations, industry codes and standards for ensuring product compliance with legal requirements. Relevant regulations include the "Securities Investment Fund Law" of the People's Republic of China, the "Interim Measures for the Supervision and Administration of Private Equity Funds", as well as other laws and regulations related to securities and futures institutions, investment fund sales management, and private equity fund management.

Quality management

The Group has established strict supervisory mechanism for effective monitoring of all stages of projects, from pre-investment, investment-in-progress to post-investment stage. Decision for investment of external project must go through review and approval procedure before execution. During project operation, the progress of the project shall be reported to the Group's risk control team on a regular basis. In addition, the Group entrusts professional financial institutions to provide custody services for the fund products issued by the Group, including account custody and fund monitoring services. Regular audit is also conducted on various businesses for risk assessment and corrective actions when necessary.

The Group discloses the information on fund operations to investors in a timely and accurate manner in accordance with relevant regulatory policies, and clearly defines the requirements for information disclosure and regular return visits to investors in its own policies. In addition, the Group shall conduct audit on its business operations regularly to ensure continued compliance with relevant requirements.

Product promotion

For avoidance of misleading customers, all promotional content of the Group must go through the corresponding information disclosure procedures before release to external parties.

Service/product awareness training

For guaranteeing service quality and avoidance of misleading customers, the Group provides regular training to sales personnel and project managers. For sales personnel, they are required to obtain the fund practice qualification from the Asset Management Association of China and pass through the internal training of the Group. For project managers, they are required to obtain the fund practice qualification and get qualified through examination organised by the Group.

Maintenance of customer information

The Group collects information from investors in accordance with the requirements stipulated by the regulatory authorities and industry self-discipline organizations, which clearly list out the purpose of personal data collection and the related users, as well as the ways in managing and using such customer information in strict compliance with the prescribed purposes.

The Group has strict confidentiality measures, pursuant to which employees and suppliers are required to sign confidentiality agreement when they join in and sign contract with the Group respectively.

The Group attaches great importance to the storage of customer information and endeavours to maintain the security of customer information. All customer information is kept by dedicated personnel under strict access policy. In daily operations, the access to customer information is strictly restricted through access rights. All customer information is closely monitored by the Group for safeguarding the security of personal information and only authorised personnel have access to customer information.

During the reporting period, the Group did not identify any case of information leakage to external parties.

Handling of customer complaints

The Group has dedicated personnel to handle complaints from investors and has a comprehensive complaint handling process for responding all kinds of complaints in a timely manner.

During the reporting period, the Group did not identify any legal violation or customer complaint related to product responsibility.

Above all, the Group received awards from a number of institutions in the Year for recognition of the Group's contribution to the industry, these also demonstrated the quality and acceptability of the products.

Name of award	Issuing authority	Award
Top 10 China Real Estate Fund Companies in 2018	China Real Estate Association and E-house China R&D Institute	
China Building Economy CABEP Award	China Building Economy Summit, Chengdu	

Name of award	Issuing authority	Award
2018 New Era Business Leader	China Finance Summit Organising Committee	
2018 Fintech Influential Brand	China Finance Summit Organising Committee	

Name of award	Issuing authority	Award
Juli Outstanding Contribution Enterprise Award	Shanghai Advanced Institute of Finance	
Jinrui Organization Award of the Year	Ruihe Think Tank, Van Sound Club and Leju Finance	

3.2.7 Anti-corruption

Anti-business bribery policy

The Group has formulated specific policy to prohibit employees from accepting bribes and to regulate their acceptance of gifts and cash.

The Group has developed the "Management System for Anti-Fraud and Anti-Business Bribery" for implementing commitment scheme in prevention of business bribery. Apart from the Group's management personnel, employees in key stages/departments are required to sign the "Letter of Commitment on Integrity and Self-discipline". Only after signing it will they be duly authorised to sign valid contracts with external parties on behalf of the Group.

All employees who sign contracts with customers, sales agencies, suppliers and service subcontractors are obliged to inform the contracting parties of the Group's requirements on anti-business bribery before signing the contracts.

The system also requires all customers, sales agencies, suppliers and service subcontractors that have business dealings with the Group to sign an "Anti-Business Bribery Agreement" along with the formal business contract, or to have additional terms of anti-bribery in the contract to be signed. If the concerned contract does not include the aforesaid terms, it may not be approved by the legal personnel of the Group.

For those employees who are concluded in corrupt practices, the Group will decide the dismissal of employees or transfer to the state judicial authority for handling, depending on the severity of the case and the employee's attitude.

During the reporting period, the Group did not identify any legal violation or complaint related to corruption.

Anti-money laundering policy

The Group has established internal control system and related operational procedures against money laundering, and has set up a special department to monitor transactions of suspect money laundering, report on related violations, proceed internal inspection, organise internal trainings on topics of anti-money laundering, and whenever necessary assist external authorities in the investigations against money laundering.

Principle of fair procurement

For employees who are in interest related with suppliers, it is the Group's policy that they have to apply for retreat from the relevant procurement process, and they have to strictly abide by the Group's provisions against business bribery, including: not ask for benefits from suppliers or their interested personnel, reject any bribes offered by suppliers or their interested personnel and report such offers to the Group in a timely manner.

Declaration for conflict of interest

The Group requires all departments to abide by the "Management Measures for Declaration of Conflicts of Interest" which was developed to strengthen the supervision and management of incompatible positions, existing or potential conflicts of interest among personnel or positions, and the integrity of other key personnel. In addition, the measures requires all departments to accept all kinds of reports against fraud and business bribery, and to exercise the supervisory duties in project review.

In 2018, the Group did not identify any case in any form for declaring conflicts of interest.

Whistleblowing policy

The Group has set up risk control department to take charge of anti-fraud and anti-bribery tasks. Whistle-blowing email is provided for encouraging employees and business associates to report and expose fraud and corruption acts.

The Group strictly keeps confidential the process from acceptance of whistleblowing reports to investigation. It is prohibited disclosing the information of whistleblowers or the whistleblowing details to the persons or departments being involved. Also, measures are taken to prevent uncontrolled access of whistleblowing information by external parties.

Confidentiality of information

For those employees who need to access sensitive information, the Group prohibits them from revealing the sensitive information in any form to irrelevant persons. Sensitive information generally includes, but not limited to, names of candidate suppliers, supplier selection criteria, names of contracted suppliers, procurement proportion, procurement amount, prices, and payment terms, etc.

The relevant departments shall ensure that sensitive information is kept confidential at all times, and prohibit employees to take confidential documents away from the Group's premises. Moreover, employees are forbidden to discuss relevant confidential matters in public areas.

Internal control system

The Group has set up risk control department to investigate suspicious signs of bribery/corruption, and to explore strategies and measures for prevention of business bribery. In addition, the Group engages independent non-executive directors to supervise the corporate governance of the Group.

Moreover, for evaluation of internal control, the Group reviews the following key issues for prevention of fraud:

(1) feasibility of the Group's objectives;

(2) scientificity of internal control awareness and attitude;

(3) rationality and effectiveness of the employee's code of conduct;

(4) appropriateness of the system for authorisation of business activities;

(5) effectiveness of the risk management mechanism;

(6) effectiveness of the information system implementation.

3.2.8 Community Contribution

As a private enterprise with deep belief in social responsibility, the Group has been upholding the values of professionalism, responsibility and positive team spirit since its inception. The Group believes that only when "everyone can and should do the public good" becomes the bilateral consensus of enterprises and the society, the value of enterprise will truly manifest and a good society will be built.

In the past two years, the Group not only integrated corporate social responsibility into its long-term development strategy, but also recently launched its own charitable donation platform — "Jane Love" to mobilise various social groups to promote social welfare undertakings. Currently, the platform is working with the "China Soong Ching Ling Foundation" and the "Lions Clubs" to further explore various charitable donation activities.

The "Jane Love" charitable platform of the Group has set up a volunteer team composing of the Group's employees and their family members, as well as the Group's partners and investors. Also, the volunteer team is planned to visit nursing homes, orphanages and villages with left-behind children, with the aims to provide caring services for more people who need care and support.

In early 2018, the Group carried out the charity project of "Shandong Qingzhou Kindergarten Book House" by donating early childhood education equipment "beech teaching aids" to Qingzhou. With the support of the "Lions Clubs", the "Qingzhou Education Bureau" and the "Qingzhou Nursery Office", the Group successfully delivered the donated items to 8 local kindergartens. In the future, the Group will continue to explore diversified donation projects through the "Jane Love" charitable platform.

Educational donation
RMB1,000,000

Volunteer service
20 hours

In November 2018, the Group signed a charity donation agreement with "Shanghai Jiaotong University", "Shanghai Advanced Institute of Finance" and "Shanghai Jiaotong University Education Development Foundation" to donate RMB1 million each year to support the education development of "Shanghai Jiaotong University". For effective and reasonable use of the donation, "Shanghai Jiaotong University Education Development Foundation" will support the supervision over the proper use of the donations on behalf of the Group, the public and relevant government departments.

To the shareholders of Shanghai Realway Capital Assets Management Co., Ltd.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Shanghai Realway Capital Assets Management Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 81 to 148, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matters
Consolidation of structured entities	
During the year, the Group acted as an asset manager for or invested in a few structured entities, mainly limited partnerships. Management makes significant judgement on whether the Group controls these structured entities and these structured entities should be consolidated in the consolidated financial statements. Judgement is required to consider whether the Group can exercise the power so as to direct the relevant activities of the entity, has exposure or rights to obtain variable returns, and has the ability to influence the Group's returns from the entity. As at 31 December 2018, the amount of investments in unconsolidated structured entities disclosed in the consolidated statement of financial position was RMB166 million. Due to the significance of the unconsolidated structured entities and the complexity of judgement exercised by management, consolidation of investments in funds managed by the Group is considered a key audit matter. The Group's disclosures of the interests in unconsolidated structured entities are detailed in note 2.4, note 3, note 20 and note 30 to the consolidated financial statements.	We assessed and evaluated the design and operating effectiveness of the key controls of management in determining the consolidation scope of interests in structured entities. We obtained and checked the contracts, documents and other public information of the structured entities on a sample basis to assess management judgement in determining whether a structured entity is required to be consolidated or not by considering the power the Group is able to exercise so as to direct the relevant activities of the entity, has exposure or rights to obtain variable returns and has the ability to influence the Group's returns from the entity. We assessed the disclosures related to interests in unconsolidated structured entities in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Key audit matter	How our audit addressed the key audit matters
Valuation of investments classified as level 3 in the fair value hierarchy	
As at 31 December 2018, the Group's investments classified as level 3 in the fair value hierarchy included investments in associates or a joint venture at fair value through profit or loss, amounting to RMB166 million, which involved assessment of the fair value of the associates and a joint venture's underlying investments in real estate properties or financial assets as at 31 December 2018. The determination of such fair value is considerably subjective given the lack of availability of market observable data. We focused on the valuation of investments in associates or a joint venture at fair value through profit or loss due to the significance of the amounts and the judgement involved in determining the value of the underlying investments in real estate properties or financial assets held by the associates or joint venture. The Group's disclosures of the investments in structured entities are detailed in note 2.4, note 3, note 20, and note 32 to the consolidated financial statements.	We assessed and evaluated the design and operating effectiveness of the key controls of the management in performing the valuation of the associates' or joint venture's underlying investments in real estate properties or financial assets. We evaluated the appropriateness of the valuation methodology and valuation technique used by Management for the joint venture's underlying investments in real estate properties or financial assets; and we evaluated and validated the key inputs and assumptions used by management against supporting documentation and relevant valuation sources. We assessed the disclosures related to the valuation of investments classified as level 3 in the fair value hierarchy in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Wai Ling.

Ernst & Young
Certified Public Accountants
Hong Kong
22 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

	Notes	**2018 RMB'000**	2017 RMB'000
REVENUE	5	**157,417**	130,875
Other income and gains	5	**13,203**	4,365
Administrative expenses		**(99,673)**	(63,726)
Increase/(decrease) in fair value of investments in associates or a joint venture at fair value through profit or loss	20	**(4,547)**	24,849
Other expenses		**(3,169)**	(6,919)
Share of losses of:			
Joint ventures		**(362)**	(498)
An associate		**—**	—
PROFIT BEFORE TAX	6	**62,869**	88,946
Income tax expense	9	**(16,391)**	(25,600)
PROFIT FOR THE YEAR		**46,478**	63,346
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**46,478**	63,346
Attributable to:			
Owners of the parent		**45,735**	65,014
Non-controlling interests		**743**	(1,668)
		46,478	63,346
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the year (RMB cents)	10	**38.41**	59.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**4,565**	4,064
Other intangible assets	13	**697**	953
Investments in joint ventures	14	**6,114**	—
Investment in an associate	15	**9,000**	—
Investments in associates or a joint venture at fair value through profit or loss ("**IAFV**")	20	**149,318**	79,613
Loan receivables	19	**9,311**	27,354
Deferred tax assets	16	**1,665**	59
Total non-current assets		**180,670**	112,043
CURRENT ASSETS			
Trade receivables	17	**69,387**	77,560
Prepayments, deposits and other receivables	18	**13,235**	26,548
Loan receivables	19	**19,638**	20,736
Investments in associates or a joint venture at fair value through profit or loss ("**IAFV**")	20	**16,904**	4,236
Dividend receivable		**2,833**	101
Cash and cash equivalents	21	**167,177**	41,657
Total current assets		**289,174**	170,838
CURRENT LIABILITIES			
Other payables and accruals	22	**33,046**	12,854
Advances from funds managed		**17,942**	28,962
Tax payable	9	**12,280**	11,375
Total current liabilities		**63,268**	53,191
NET CURRENT ASSETS		**225,906**	117,647
TOTAL ASSETS LESS CURRENT LIABILITIES		**406,576**	229,690
NON-CURRENT LIABILITIES			
Deferred tax liabilities	16	**5,076**	6,076
Total non-current liabilities		**5,076**	6,076
NET ASSETS		**401,500**	223,614

31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	23	**153,340**	110,000
Reserves	24	**245,766**	113,531
		399,106	223,531
Non-controlling interests		**2,394**	83
TOTAL EQUITY		**401,500**	223,614

Zhu Ping
Director

Su Yi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Attributable to owners of the parent							
	Share capital *RMB'000*	**Share premium** *RMB'000* (note 23)	**Share-based payment reserve** *RMB'000* (note 24b)	**Statutory surplus serves** *RMB'000* (note 24a)	**Retained profits** *RMB'000* (notes 24b and 24c)	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
As at 31 December 2016 and 1 January 2017	110,000	31,500	—	4,624	12,393	158,517	—	158,517
Contribution from non-controlling shareholder	—	—	—	—	—	—	800	800
Total comprehensive income for the year	—	—	—	—	65,014	65,014	(1,668)	63,346
Acquisition of a subsidiary	—	—	—	—	—	—	951	951
Appropriations to statutory surplus reserves	—	—	—	7,223	(7,223)	—	—	—
As at 31 December 2017	110,000	31,500	—	11,847	70,184	223,531	83	223,614
As at 31 December 2017 and 1 January 2018	**110,000**	**31,500**	**—**	**11,847**	**70,184**	**223,531**	**83**	**223,614**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**45,735**	**45,735**	**743**	**46,478**
Issue of shares	**43,340**	**127,018**	**4,800**	**—**	**—**	**175,158**	**—**	**175,158**
Contribution from non-controlling shareholder	**—**	**—**	**—**	**—**	**—**	**—**	**1,250**	**1,250**
Acquisition of non-controlling interests	**—**	**(318)**	**—**	**—**	**—**	**(318)**	**318**	**—**
Appropriations to statutory surplus reserves	**—**	**—**	**—**	**6,247**	**(6,247)**	**—**	**—**	**—**
Dividends (note 11)	**—**	**—**	**—**	**—**	**(45,000)**	**(45,000)**	**—**	**(45,000)**
As at 31 December 2018	**153,340**	**158,200***	**4,800***	**18,094***	**64,672***	**399,106**	**2,394**	**401,500**

* These reserve accounts comprise the consolidated reserves of RMB245,766,000 (2017: RMB113,531,000) in the consolidated statement of financial position.

Year ended 31 December 2018

	Notes	**2018** **RMB'000**	2017 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**62,869**	88,946
Adjustments for:			
Interest income	5	**(86)**	(242)
Provision for bad debts	6	**(91)**	237
Impairment loss of goodwill	6	**—**	6,615
Loss on disposal of property, plant and equipment		**257**	—
Depreciation of property, plant and equipment	6, 12	**2,234**	1,569
Amortisation of other intangible assets	6, 13	**687**	2,153
Gain on disposal of a subsidiary	25	**(29)**	(2)
Share of losses of joint ventures	14	**362**	498
Dividend income from IAFV	5	**(8,456)**	(3,260)
Exchange loss		**2,002**	—
Share-based payment	24(b)	**4,800**	—
Decrease/(increase) in fair value of IAFV	20	**4,547**	(24,849)
Decrease/(increase) in trade receivables		**8,173**	(75,659)
Decrease in prepayments, deposits and other receivables		**11,864**	12,544
Decrease/(increase) in advances from funds managed		**(11,020)**	27,972
Increase/(decrease) in other payables and accruals		**11,474**	(23,222)
Cash generated from operations		**89,587**	13,300
Interest received		**86**	242
Taxes paid		**(18,092)**	(18,067)
Net cash flows from/(used in) operating activities		**71,581**	(4,525)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in investments in IAFV	20	**(86,920)**	(4,000)
Dividend income from IAFV		**3,957**	3,159
Purchases of items of property, plant and equipment	12	**(2,992)**	(586)
Purchases of other intangible assets	13	**(431)**	(76)
Advance to a third party		**—**	(50,000)
Acquisition of subsidiaries		**—**	3,642
Cash payments for establishment and acquisition of interests a joint venture	14	**(2,000)**	—
Cash payments for establishment and acquisition of interests in an associate	15	**(9,000)**	—
Repayment of advances to a third party		**20,000**	—
Proceeds from disposal of a subsidiary	25	**(1,999)**	(496)
Net cash flows used in investing activities		**(79,385)**	(48,357)

Year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**185,412**	—
Share issue expenses		**(15,054)**	—
Capital contribution from non-controlling shareholders		**1,250**	800
Advance from related parties	22, 29	**8,718**	—
Dividends paid	11	**(45,000)**	—
Net cash flows from financing activities		**135,326**	800
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**127,522**	(52,082)
Cash and cash equivalents at beginning of year		**41,657**	93,739
Effect of foreign exchange rate changes, net		**(2,002)**	—
CASH AND CASH EQUIVALENTS AT END OF YEAR		**167,177**	41,657
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position and statement of cash flows		**167,177**	41,657

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 ("**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.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	*Notes*	Place of incorporation/ registration and business	Registered share capital	Percentage of equity attributable to the Company	Principal activities
上海瑞襄投資管理有限公司 Shanghai Ruixiang Investment Management Co., Ltd. ("**Shanghai Ruixiang**")		PRC/Mainland China	RMB10,000,000	100%	Funds management
瑞威(北京)商務諮詢有限公司 Realway Capital Business Consultancy (Beijing) Co., Ltd. ("**Beijing Realway Consultancy**")		PRC/Mainland China	RMB1,000,000	100%	Investment management
武漢瑞威商務諮詢有限公司 Realway Capital Business Consultancy (Wuhan) Co., Ltd ("**Wuhan Realway**")	(1, 2)	PRC/Mainland China	RMB5,000,000	65%	Investment management
廣州瑞威資產管理有限公司 Realway Capital Assets Management (Guangzhou) Co., Ltd. ("**Guangzhou Realway**")	(1)	PRC/Mainland China	RMB10,000,000	90%	Investment management
上海瑞威喬方投資管理有限公司 Shanghai Realway Qiaofang Investment Management Company Limited ("**Qiaofang Investment**")	(1, 3)	PRC/Mainland China	RMB10,000,000	51%	Investment management

31 December 2018

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	*Notes*	Place of incorporation/ registration and business	Registered share capital	Percentage of equity attributable to the Company	Principal activities
嘉晟瑞信(天津)基金銷售有限公司 Jiasheng Ruixin (Tianjin) Fund Distribution Co., Ltd. ("**Jiasheng Ruixin**")		PRC/Mainland China	RMB55,000,000	100%	Investment management
上海芮楚商務諮詢有限公司 Shanghai Ruichu Business Advisory Co., Ltd. ("**Shanghai Ruichu**")		PRC/Mainland China	RMB10,000,000	100%	Investment management
北京瑞威資產管理有限公司 Realway Capital Asset Management (Beijing) Co., Ltd. ("**Beijing Realway Asset Management**")		PRC/Mainland China	RMB15,500,000	100%	Investment management
瑞威(香港)資產管理有限公司 Realway (Hong Kong) Capital Asset Management Co., Ltd. ("**Hong Kong Realway Asset Management**")		Hong Kong	HKD5,000,000	100%	Not yet commence operation
西安瑞威資產管理有限公司 Realway Capital Asset Management (Xi'an) Co., Ltd. ("**Xi'an Realway Asset Management**")		PRC/Mainland China	RMB10,000,000	100%	Not yet commence operation
杭州瑞威商務諮詢有限公司 Realway Capital Business Consultancy (Hangzhou) Co., Ltd. ("**Hangzhou Realway**")		PRC/Mainland China	RMB9,000,000	70%	Not yet commence operation

The English names of all group companies registered in the PRC represent the best efforts made by management of the Company to translate their Chinese names as they do not have an official English name.

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Notes:

(1) These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

(2) Wuhan Realway was established on 20 February 2017, and is accounted for as a subsidiary of the Group by holding 50% of equity interest because the Group has been delegated 25% of the equity holder's right from the other equity holder to control and operate Wuhan Realway.

According to the resolution of the shareholders' meeting on 28 February 2018, one of the shareholders transferred 15% of her shares in Wuhan Realway for a cash consideration amounting to RMB750,000. Thus, the Group owned 90% of voting right with 65% of equity interests and 25% of delegated equity holder's right.

(3) Shanghai Realway Qiaofang Investment Management Company Limited, previously known as Shanghai Qiaofang Investment Management Company Limited, has completed its name change on 31 May 2018.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The 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. These financial statements have been prepared under the historical cost convention, except for investments in associates or a joint venture 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 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 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to IFRS 1 and IAS 28

IFRS 9 *Financial Instruments* ("**IFRS 9**") and IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") were early adopted by the Group in the prior year's financial statements. The adoption of the above new and revised standards, IFRS 9 and IFRS 15 has had no significant financial effect on the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs *(continued)*

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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 recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40 *Investment Property*. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs *(continued)*

Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. The directors of the Company consider that the adoption of IFRS 16 will primarily affect the Group's accounting as a lessee of leases which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease.

The Group's future aggregate minimum lease payments under non-cancellable operating leases as at 31 December 2018 were RMB8,669,000, with the minimum lease payments due in less than one year amounting to RMB5,354,000 and those due in more than one year and less than five years amounting to RMB3,315,000. Given that the Group had total assets of RMB469,844,000 as at 31 December 2018, the directors of the Group are of the view that the initial adoption of IFRS 16 would not have a significant impact on the financial performance and position of the Group. The new standard is not expected to apply until the financial year beginning on or after 1 January 2019.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

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 expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs *(continued)*

IFRIC 23, issued in June 2017, 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. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In accordance with the exemption in IAS 28 *Investments in Associates and Joint Ventures*, the Group does not account for its investments in associates or a joint venture using the equity method if the Group acts as investment fund managers. Instead, the Group has elected to measure its investments in associates or a joint venture at fair value through profit or loss in accordance with IFRS 9. This exemption is related to the fact that fair value measurement provides more useful information for users of the financial statements than application of the equity method. This is an exemption from the requirement to measure interests in joint ventures and associates using the equity method, rather than an exception to the scope of IAS 28 for the accounting for joint ventures and associates held by these entities.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has restricted activities and a narrow and well defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity.

Fair value measurement

The Group measures its investments in associates or a joint venture at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss and other comprehensive income in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

(b) the party is an entity where any of the following conditions applies: *(continued)*

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

	Estimated useful life	**Annual depreciation rate**
Motor vehicles	4 years	24.00%
Office equipment	3–5 years	19.00% to 31.67%
Leasehold improvements	2–5 years	20.00% to 50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Each category of intangible assets is amortised evenly over the following periods:

Software	120 months
Favourable contract	Contract beneficial period (i.e., 13 months)

The favourable contract obtained during the business combination entitles the Group a 13 months' beneficial period based on the purchase agreement. The software is with high compatibility and is mainly used for office assistance and bookkeeping, and the service output is stable and satisfies the operation, which has no need for frequent technological updates and maintenance, so management estimated that the office software has a useful life of 10 years after considering the operating benefits provided by utilising such office software and the upgrading and developing period in the market.

Gains or losses arising from derecognition of an intangible asset are measured at the different between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss and other comprehensive income so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

Financial assets at amortised cost (debt instruments) (continued)

The Group's financial assets at amortised cost includes cash and cash equivalents, trade receivables, loan receivables, dividend receivable and other financial assets included in prepayments, deposits and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets *(continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach *(continued)*

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. 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. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Loans and borrowings *(continued)*

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statement of profit or loss and other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

The Group derives its revenue mainly from fund management and fund establishment. The Group recognises revenue when the specific criteria have been met for each of the Group's activities, as described below.

(a) Regular management fees are recognised periodically based on a predetermined fixed percentage of the asset value under management ("**AUM**");

(b) Performance fees are recognised when the performance fee is determinable based on actual performance measurement, as and when contingent criteria associated are met, which is generally when profit distribution is mutually agreed by investors; and

(c) Fund establishment service revenue is recorded upon the establishment of the fund product, when the provision of service concludes and the fee becomes fixed and determinable, assuming all other revenue recognition criteria have been met, and there are no future obligations or contingencies.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Employee retirement benefits

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Share-based compensation

The Group issues shares to the key management without service conditions attached on the issue date, the Group charges the premium of the fair value which exceeds the original value of these shares to profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Since the majority of the assets and operations of the Group are located in the PRC, the financial statements are presented in RMB, which is the functional currency of the Company. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.On disposal of a foreign operation，the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Investment funds managed by the Group

The Group holds a certain degree of direct interest in some of the funds managed by it. When determining whether the Group controls these funds, usually the level of aggregate economic interests of the Group in these funds, the fund manager's scope of decision-making rights and the level of investors' rights to remove the investment manager will be taken in to consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Investment funds managed by the Group *(continued)*

In accordance with IFRS 10, an investor controls an investee if and only if the investor has all of the following elements: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; (c) the ability to use its power over the investee to affect the amount of the investor's returns. In assessing whether power is present, the Group will not have power over the funds if the fund manager can be removed at any time. As regards variable returns, all economic interests arising from the funds, including the extent of direct interest in these funds, the management fee charged and performance bonus obtained will be taken into consideration, the Group uses 30% as the point of reference in assessing whether it is the primary beneficiary of these funds and is exposed, or has rights, to significant variable returns from its involvement with the investee.

During the reporting periods, the financial statements of the funds managed by the Group were not consolidated into the Group's financial statements because the Group does not have control over these funds taking into account all aforementioned elements in accordance with IFRS 10.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Fair value

The fair value of investments in associates at fair value through profit or loss that are not quoted in an active market is using observable market prices or rates, the recent transaction price and internal assessment based on modelling. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The resulting accounting estimates may not be equal to the related actual results. Further details are given in note 30.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 16 to the financial statements.

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, thus 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 funds is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

4. OPERATING SEGMENT INFORMATION *(continued)*

Information about major customers

Revenue from major customers contributing to 10% or more of the Group's revenue for the year ended 31 December 2018 is set out below:

	2018 **RMB'000**	2017 *RMB'000*
Customer A	**24,057**	24,057
Customer B	**NA***	15,043

* Revenue from Customer B was less than 10% of the Group's revenue, and 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 for the year ended 31 December 2018.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2018 **RMB'000**	2017 *RMB'000*
Revenue from contracts with customers		
Rendering of services	**157,417**	130,875

Revenue from contracts with customers

(i) Disaggregated revenue information

	2018 **RMB'000**	2017 *RMB'000*
Type of services		
Rendering of funds management services	**152,053**	128,770
Rendering of fund establishment services	**5,364**	2,105
	157,417	130,875
Timing of revenue recognition		
Services transferred over time	**157,417**	130,875

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations

The performance obligation is satisfied over time as services are rendered and advances are normally required when the project funds have sufficient cash flows after initial investment into the asset portfolio.

Funds management service contracts are for periods of the funds' duration, from 2 years to 6 years, or are billed based on a fixed rate for AUM of the funds managed over time. The Group has a right to consideration from the funds in an amount that corresponds directly with the value to the funds of the entity's performance completed to date, the Group recognise revenue in the amount to which the Group has a right to invoice, so the management is in the view of that the Group need not disclose the information for a performance obligation.

In addition to management fees, the Group also charges funds one-off fund establishment fees in relation to the establishment and structuring of the relevant funds and the sourcing of investors, which are billed based on the time incurred.

An analysis of other income and gains is as follows:

	2018 ***RMB'000***	2017 *RMB'000*
Other income		
Dividend income from IAFV	**8,456**	3,260
Interest income	**86**	242
	8,542	3,502
Gains		
Government grants (note 6)	**4,307**	861
Waiver of liabilities payable to a non-related party	**325**	—
Gain on disposal of a subsidiary (note 25)	**29**	2
	4,661	863
	13,203	4,365

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2018 **RMB'000**	2017 RMB'000
Depreciation (note 12)	**2,234**	1,569
Amortisation of other intangible assets (note 13)	**687**	2,153
Impairment of goodwill	**—**	6,615
Provision for bad debts	**(91)**	237
Auditor's remuneration	**2,040**	2,620
Employee benefit expense (including directors' and chief executive's remuneration in note 7):		
Wages and salaries	**39,251**	26,157
Pension and social welfare	**8,030**	4,778
Government grants (note 5)	**(4,307)**	(861)

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2018 **RMB'000**	2017 RMB'000
Fees	**84**	—
Other emoluments:		
Salaries, allowances and benefits in kind	**3,396**	2,950
Pension scheme contributions	**281**	257
Share-based payment	**3,587**	—
Pension scheme contributions	**7,264**	3,207
	7,348	3,207

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2018 **RMB'000**	2017 RMB'000
Mr. Shang Jian	**28**	—
Mr. Liu Yunsheng	**28**	—
Ms. Yang Huifang	**28**	—
	84	—

Mr. Shang Jian, Mr. Liu Yunsheng and Ms. Yang Huifang were appointed as independent non-executive directors of the Company on 22 October 2018, and there were no other emoluments payable to the independent non-executive directors during the year (2017: Nil).

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind ***RMB'000***	**Pension scheme contributions** ***RMB'000***	**Share-based payment** ***RMB'000***	**Total remuneration** ***RMB'000***
2018				
Executive directors:				
Mr. Zhu Ping	**1,254**	**—**	**1,896**	**3,150**
Mr. Duan Kejian	**1,015**	**95**	**383**	**1,493**
Ms. Su Yi	**859**	**95**	**597**	**1,551**
	3,128	**190**	**2,876**	**6,194**
Non-executive directors:				
Mr. Cheng Jun	**240**	**91**	**423**	**754**
Mr. Wang Xuyang	**28**	**—**	**288**	**316**
	268	**91**	**711**	**1,070**
Total	**3,396**	**281**	**3,587**	**7,264**

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors and non-executive directors *(continued)*

	Salaries, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
2017			
Executive directors:			
Mr. Zhu Ping	1,230	—	1,230
Mr. Duan Kejian	740	88	828
Ms. Su Yi	740	88	828
	2,710	176	2,886
Non-executive directors:			
Mr. Cheng Jun	240	81	321
Mr. Wang Xuyang	—	—	—
	240	81	321
Total	2,950	257	3,207

Mr. Zhu Ping has also been designated as the chief executive officer since January 2010.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2017: Nil).

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2017: three directors), details of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining two (2017: two) highest paid employees are as follows:

	2018 ***RMB'000***	2017 *RMB'000*
Salaries, allowances and benefits in kind	**1,668**	1,520
Pension scheme contributions	**191**	174
Share-based payment	**877**	—
	2,736	1,694

8. FIVE HIGHEST PAID EMPLOYEES *(continued)*

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2018	2017
Nil to RMB1,000,000	**—**	2
RMB1,000,001 to RMB2,000,000	**2**	—

9. 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. Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax rate at a rate of 25% for the year.

	2018	2017
	RMB'000	*RMB'000*
Current — Mainland China charge for the year	**18,997**	20,106
Deferred tax (note 16)	**(2,606)**	5,494
Total tax charge for the year	**16,391**	25,600

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

	2018	2017
	RMB'000	*RMB'000*
Profit before tax	**62,869**	88,946
Tax at the statutory tax rate (25%)	**15,717**	22,237
Expenses not deductible for tax	**1,484**	1,863
Tax losses and deductible temporary differences utilised from previous years	**(1,291)**	(143)
Profits and losses attributable to joint ventures and an associate	**91**	124
Tax losses not recognised	**390**	1,519
Total tax charge for the year	**16,391**	25,600

9. INCOME TAX *(continued)*

Tax losses not recognised expire as follows:

	2018	2017
	RMB'000	*RMB'000*
2022	**—**	6,076
2023	**1,559**	—
	1,559	6,076

Tax payable in the consolidated statement of financial position represents:

	2018	2017
	RMB'000	*RMB'000*
PRC corporate income tax payable	**12,280**	11,375

10. 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 119,078,521 (2017: 110,000,000) 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 2018 and 2017.

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

	2018	2017
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**45,735**	65,014

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**119,078,521**	110,000,000

11. DIVIDENDS

	2018 RMB'000	2017 RMB'000
Final– 2017(i)	45,000	—
Proposed final — 2018: RMB6.52 cents per ordinary share (ii)	10,000	—
Final	55,000	—

(i) The final dividends for the year 2017 have been approved by the Company's shareholders at a meeting in January 2018, which has been fully settled by the Company in late August 2018.

(ii) Subsequent to the end of the reporting period, a final dividend for the year 2018 ended 31 December 2018 of RMB6.52 cents per share, amounting to a total of approximately RMB10,000,000 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting. The final dividends has been proposed after the end of reporting period and therefore has not been recognized as a liability at the end of the reporting period.

12. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2018				
At 31 December 2017 and at 1 January 2018:				
Cost	3,172	2,222	2,780	8,174
Accumulated depreciation	(1,509)	(1,255)	(1,346)	(4,110)
Net carrying amount	1,663	967	1,434	4,064
At 1 January 2018, net of accumulated depreciation	1,663	967	1,434	4,064
Additions	1,563	232	1,197	2,992
Disposals	—	(7)	(250)	(257)
Depreciation provided during the year	(929)	(383)	(922)	(2,234)
At 31 December, net of accumulated depreciation	2,297	809	1,459	4,565
At 31 December:				
Cost	4,735	2,446	3,602	10,783
Accumulated depreciation	(2,438)	(1,637)	(2,143)	(6,218)
Net carrying amount	2,297	809	1,459	4,565

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
31 December 2017				
At 1 January 2017:				
Cost	3,167	1,880	2,516	7,563
Accumulated depreciation	(815)	(939)	(787)	(2,541)
Net carrying amount	2,352	941	1,729	5,022
At 1 January 2017, net of accumulated depreciation	2,352	941	1,729	5,022
Additions	5	317	264	586
Additions due to the acquisition of a new subsidiary	—	25	—	25
Depreciation provided during the year	(694)	(316)	(559)	(1,569)
At 31 December 2017, net of accumulated depreciation	1,663	967	1,434	4,064
At 31 December 2017:				
Cost	3,172	2,222	2,780	8,174
Accumulated depreciation	(1,509)	(1,255)	(1,346)	(4,110)
Net carrying amount	1,663	967	1,434	4,064

13. OTHER INTANGIBLE ASSETS

	Software *RMB'000*	Favourable contract *RMB'000*	Total *RMB'000*
31 December 2018			
Cost at 1 January 2018, net of accumulated amortisation	**315**	**638**	**953**
Additions	**431**	**—**	**431**
Amortisation provided during the year	**(49)**	**(638)**	**(687)**
At 31 December 2018	**697**	**—**	**697**
At 31 December 2018:			
Cost	**977**	**2,763**	**3,740**
Accumulated amortisation	**(280)**	**(2,763)**	**(3,043)**
Net carrying amount	**697**	**—**	**697**
31 December 2017			
Cost at 1 January 2017, net of accumulated amortisation	267	—	267
Additions	76	—	76
Additions due to the acquisition of a new subsidiary	—	2,763	2,763
Amortisation provided during the year	(28)	(2,125)	(2,153)
At 31 December 2017	315	638	953
At 31 December 2017:			
Cost	546	2,763	3,309
Accumulated amortisation	(231)	(2,125)	(2,356)
Net carrying amount	315	638	953

14. INVESTMENTS IN JOINT VENTURES

	2018 **RMB'000**	2017 RMB'000
Share of net assets	**6,114**	—

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Shanghai Ruifu Investment Investment Management Co., Ltd.	RMB3,650,000	Shanghai	50	Investment management
Hengqin Huixun Investment Investment Management Co., Ltd.	—	Zhuhai	40	Investment management
Shanghai Jinkai Dongrui Assets Investment Management Co., Ltd.	RMB10,000,000	Shanghai	45	Investment management

The following table illustrates the financial information of the joint ventures:

	2018 **RMB'000**	2017 RMB'000
Share of the joint ventures' loss for the year	**(362)**	(498)
Share of the joint ventures' total comprehensive income	**(362)**	(498)
Aggregate carrying amount of the Group's investments in the joint ventures	**6,114**	—

15. INVESTMENT IN AN ASSOCIATE

	2018	2017
	RMB'000	*RMB'000*
Share of net assets	**9,000**	—

Name	**Particulars of issued shares held**	**Place of registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activity**
Guangrui Juyao (Qingdao) Wealth Asset Management Co., Ltd.	RMB29,000,000	Qingdao	18	Investment management

The following table illustrates the aggregate financial information of this associate:

	2018	2017
	RMB'000	*RMB'000*
Aggregate carrying amount of the Group's investment in the associate	**9,000**	—

16. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax assets

	Accrued staff costs *RMB'000*	Provision for bad debts *RMB'000*	Losses available for offsetting against future taxable profits *RMB'000*	Total *RMB'000*
At 1 January 2017	167	—	—	167
Deferred tax (charged)/credited to profit or loss during the year (note 9)	(31)	59	—	28
At 31 December 2017 and at 1 January 2018	136	59	—	195
Deferred tax (charged)/credited to profit or loss during the year (note 9)	(136)	(23)	1,629	1,470
At 31 December 2018	—	36	1,629	1,665

16. DEFERRED TAX *(continued)*

The movements in deferred tax liabilities during the year are as follows:

Deferred tax liabilities

	Changes in fair value of available-for-sale investments *RMB'000*
At 1 January 2017	—
Acquisition of a subsidiary during the year	690
Deferred tax charged to profit or loss during the year (note 9)	5,522
At 31 December 2017 and at 1 January 2018	6,212
Deferred tax charged to profit or loss during the year (note 9)	(1,136)
At 31 December 2018	5,076

For presentation purposes, no deferred tax assets and liabilities have been offset in the statement of financial position as at 31 December 2018 (2017: RMB136,000). The following is an analysis of the deferred tax balances for financial reporting purposes:

	2018 ***RMB'000***	2017 *RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**1,665**	59
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(5,076)**	(6,076)

17. TRADE RECEIVABLES

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, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**69,387**	77,560
Impairment	**—**	—
	69,387	77,560

RMB8,201,000 due from associates and a joint venture has been included in these balances as at 31 December 2018 (31 December 2017: RMB5,945,000). See note 29 for details.

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**66,422**	77,177
1 to 2 years	**2,965**	383
Total	**69,387**	77,560

The above assets are neither past due nor impaired. The Group's trade receivables mainly represent a regular management fee based on a predetermined fixed percentage of the assets value under management and paid out in the priority of the funds' distributable cash flows. The directors of the Company are of the opinion that the balances are considered fully recoverable.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Cash advance to employees	**—**	165
Prepayments	**1,268**	845
Deposits	**1,988**	14,455
Other receivables	**9,979**	11,083
	13,235	26,548

The above assets are neither past due nor impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

19. LOAN RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Amortised cost	**29,095**	48,327
Impairment	**(146)**	(237)
	28,949	48,090
Comprising:		
Current portion	**19,638**	20,736
Non-current portion	**9,311**	27,354

Loan receivables mainly represent the interest-free loan receivables from third parties and the loan period varies from 6 months to 3 years. Such amounts are recorded at amortised cost less allowance for doubtful amounts.

An executive director, Mr. Zhu Ping, has guaranteed the Group's loan receivables due from a third party amounting to RMB30,000,000 as at 31 December 2018 (31 December 2017: RMB50,000,000).

20. INVESTMENTS IN ASSOCIATES OR A JOINT VENTURE AT FAIR VALUE THROUGH PROFIT OR LOSS ("IAFV")

	2018	2017
	RMB'000	*RMB'000*
Unlisted investments in associates or a joint venture, at fair value	**166,222**	83,849

The Group, as investment fund manager, measured the above investments in associates or a joint venture at fair value through profit or loss in accordance with IFRS 9 at 31 December 2018.

The movements in investments in associates or a joint venture at fair value through profit or loss for the year ended 31 December 2018 are as follows:

	Cost	**Increase/ (decrease) in fair value of IAFV**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2017	55,000	—	55,000
Additions	4,000	24,849	28,849
At 31 December 2017	59,000	24,849	83,849
Comprising:			
Current portion	4,000	236	4,236
Non-current portion	55,000	24,613	79,613
At 1 January 2018	59,000	24,849	83,849
Movements	298,730	(1,815)	296,915
Exit and/or realisation	(211,810)	(2,732)	(214,542)
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

21. CASH AND CASH EQUIVALENTS

	2018	2017
	RMB'000	*RMB'000*
Cash and bank balances	**167,177**	41,657

At the end of the reporting period, the cash and bank balances of the Group denominated in Hong Kong Dollar ("**HKD**") amounted to RMB160,938,000 (2017: nil). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

22. OTHER PAYABLES AND ACCRUALS

	2018	2017
	RMB'000	*RMB'000*
Payroll and welfare payable	**9,527**	8,506
Taxes and surcharges	**1,082**	2,251
Accruals	**3,408**	1,741
Due to related parties (note 29)	**8,718**	18
Others	**10,311**	338
	33,046	12,854

Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at 31 December 2018 approximated to their corresponding carrying amounts.

23. SHARE CAPITAL

	2018 **RMB'000**	2017 *RMB'000*
Issued and fully paid:		
153,340,000 (2017: 110,000,000) ordinary shares	**153,340**	110,000

A summary of movements in the Group's share capital is as follows:

	Notes	**Number of shares in issue** *'000*	**Share capital** *RMB'000*
At 31 December 2016, 1 January 2017 and 31 December 2017		110,000	110,000
Capital injection by shareholders	(i)	5,000	5,000
Issue of new shares in initial public offering	(ii)	38,340	38,340
At 31 December 2018		153,340	153,340

Notes:

(i) According to the resolution of the shareholders' meeting dated 20 March 2018, 5,000,000 ordinary shares were issued to one of the Company's shareholders, Shanghai Weimian Investments Partnership (Limited Partnership) ("**Weimian Partnership**") at RMB3 per share, which resulted in share capital addition of RMB5,000,000, and the residual amount of RMB10,000,000 has been credited to the share premium.

Since Weimian Partnership is held by the key management of the Company, and the fair value of these additional issued shares is RMB3.96 per ordinary share as at the issuance date, the premium RMB4,800,000 has been credited to the share-based payment reserve and charged to profit or loss as share awards. No service condition was attached to this share-based payment scheme.

(ii) In November 2018, the Company issued 38,340,000 H shares through IPO at the price of HK$5.00 per ordinary share. After the IPO, the capital of the Company increased to RMB153,340,000, which was divided into 153,340,000 ordinary shares of RMB1 each.

24. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 84 of the financial statements.

(a) Share premium

Included in share premium are reserves resulting from the amount subscribed for issued capital in excess of nominal value.

(b) Share-based payment reserve

The share-based payment reserve represents the difference between the fair value and the consideration of the shares granted to senior management and employees in 2018. See note 23 for details.

(c) Statutory surplus reserves

Under PRC law, the Company and its domestic subsidiaries are required to transfer 10% of their net profit determined under PRC GAAP to a non-distributable statutory surplus reserve. Appropriations to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital of the respective entities.

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25. DISPOSAL OF A SUBSIDIARY

上海金開東瑞資產管理有限公司 (Shanghai Jinkai Dongrui Assets Management Co., Ltd., "Jinkai Dongrui")

Pursuant to the resolutions of shareholders' meeting dated 5 June 2018, the Company resolved to transfer 27.5% of its equity interests in Jinkai Dongrui to third parties, Bangxin Assets Management Co., Ltd. and Wuxi Jinkong Investment Management Co., Ltd., for a consideration of RMB2,750,000. The Group's interest in Jinkai Dongrui was decreased to 45% and the Group lost control over Jinkai Dongrui thereafter.

The carrying values of the assets and liabilities of Jinkai Dongrui on the date of disposal were as follows:

	RMB'000
Cash and bank balances	1,999
Due from other related parties	7,948
Net assets before disposal	9,947
Fair value of retaining 55% equity interest included in interests in joint ventures	5,471
Gain on disposal of a subsidiary	29
Satisfied by consideration*	5,500

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Jinkai Dongrui is as follows:

Cash consideration*	—
Cash and cash equivalents disposed of	(1,999)
Net outflow of cash and cash equivalents in respect of the disposal of Jinkai Dongrui	(1,999)

* The Group has not received the consideration as at the date of approval of these financial statements.

26. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities for the reporting period.

27. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties and office equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to five years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018	2017
	RMB'000	*RMB'000*
Within one year	**5,354**	4,213
In the second to fifth years, inclusive	**3,315**	5,220
	8,669	9,433

28. COMMITMENTS

At the end of the reporting period, the Group did not have any significant commitments.

29. RELATED PARTY TRANSACTIONS

(1) Name and relationship

Name of related party	Relationship with the Group
Shanghai Feiding Construction & Decoration Co., Ltd. ("**Feiding Ltd.**")	Company controlled by a close relative of an executive director
Shanghai Ruifu Investment Management Co., Ltd.*	Joint venture
Realway Development No. 3 Unit Trust Fund ("**FOF III**")	Associate
Shanghai Weiyi Investment Limited Partnership ("**FOF IV**")	Joint venture
Ningbo Meishan Bonded Harbor Weichong Investment Management Limited Partnership ("**Weichong**")**	Associate
Mr. Zhu Ping	The executive director

* Shanghai Ruifu Investment Management Co., Ltd. ("**Shanghai Ruifu**"), previously known as Shanghai Maijue Investment Management Co., Ltd., was registered on 22 September 2015. The Company held 51% of shares of Shanghai Ruifu. As at 23 November 2016, the capital of Shanghai Ruifu was not paid up and the Company purchased the remaining 49% of equity interest of Shanghai Ruifu with a cash consideration amounting to RMB10,000. Shanghai Ruifu became a wholly-owned subsidiary by that time.

According to the resolution of the shareholders' meeting on 8 June 2017, the Company decided to transfer 30% of its equity interest in Shanghai Ruifu to Shanghai Jian'ai Management and Consultancy LLP and transfer 20% of its equity interest in Shanghai Ruifu to Shanghai Yunheng Assets Management Co., Ltd. Since then the Group lost control over it, and Shanghai Ruifu was accounted for as a joint venture thereafter.

** Weichong was disposed of on 12 January 2018 and was not an associate thereafter.

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29. RELATED PARTY TRANSACTIONS *(continued)*

(2) Significant related party transactions

The Group had the following transactions with related parties during the year:

		2018 RMB'000	2017 RMB'000
Receiving service:			
Feiding Ltd.	(a)	—	154
Shanghai Ruifu	(b)	2,589	163
Rendering funds management service:			
FOF III	(c)	5,660	5,198
FOF IV	(c)	1,882	486
Weichong	(c)	1,766	—

(a) Feiding Ltd. provided office decoration service for the Group in year 2017, and the service was provided according to mutually agreed prices and terms.

(b) Shanghai Ruifu provided consultation service for the Group during the year, and the service was provided according to mutually agreed prices and terms.

(c) The Group provided fund management service to these entities during the year, and the service was provided according to mutually agreed prices and terms.

(d) Mr. Zhu Ping has guaranteed the Group's loan receivables due from a third party amounting to RMB30,000,000 as at 31 December 2018 (2017: RMB50,000,000). See note 19.

(3) Outstanding balances with related parties:

	2018 RMB'000	2017 RMB'000
Trade receivables		
FOF III	7,373	5,893
FOF IV	—	15
Weichong	828	37
Total	8,201	5,945
Other payables		
Jinkai Dongrui	7,948	—
Shanghai Ruifu	762	—
Feiding Ltd.	8	18
	8,718	18

29. RELATED PARTY TRANSACTIONS *(continued)*

(4) Compensation of key management personnel of the Group:

	2018 **RMB'000**	2017 RMB'000
Short term employee benefits	**4,860**	3,963
Post-employment benefits	**511**	461
Share based payment	**4,784**	—
Total compensation paid to key management personnel	**10,155**	4,424

Further details of directors' and the chief executive's emoluments are included in note 7.

30. INTERESTS IN STRUCTURED ENTITIES

a. Interests in consolidated structured entities

For those structured entities where the Group is involved as a manager, investment adviser or general partner, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of those structured entities that is of such significance that indicates that the Group is a principal, the Group will consolidate certain structured entities.

No structured entity has been consolidated by the Group in the reporting period.

b. Interests in unconsolidated structured entities

The Group exercised power over the structured entities, mainly limited partnerships, by acting as manager or general partner during the year. In management's opinion, the variable returns that the Group is exposed to from these structured entities in which the Group has interests are not significant. The Group therefore did not consolidate these structured entities.

The Group classified the investments in unconsolidated limited partnerships managed by the Group as investments in associates or a joint venture at fair value through profit or loss. As at 31 December 2018 and 2017, the carrying amounts of the Group's investments in unconsolidated structured entities were RMB166 million and RMB84 million, respectively. The management fee arising from these unconsolidated structured entities amounted to RMB9 million and RMB6 million for the years ended 31 December 2018 and 2017, respectively.

Besides, the Group also acts as fund managers for some limited partnerships without any investment. The management fee arising from these unconsolidated limited partnerships amounted to RMB147 million and RMB125 million for the years ended 31 December 2018 and 2017, respectively.

30. INTERESTS IN STRUCTURED ENTITIES *(continued)*

b. Interests in unconsolidated structured entities *(continued)*

The carrying amounts of interests in unconsolidated structured entities in the consolidated statement of financial position are approximately equal to the maximum exposure to the loss of interests held by the Group in the unconsolidated structured entities.

As at 31 December 2018, the Group managed funds with a total AUM of approximately RMB4,514 million (31 December 2017: RMB4,985 million).

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2018

Financial assets

	Measured at amortised cost *RMB'000*	Total *RMB'000*
Trade receivables (note 17)	69,387	69,387
Financial assets included in prepayments, deposits and other receivables (note 18)	11,967	11,967
Loan receivables (note 19)	28,949	28,949
Dividend receivable	2,833	2,833
Cash and cash equivalents (note 21)	167,177	167,177
	280,313	280,313

Financial liabilities

	Other financial liabilities *RMB'000*
Financial liabilities included in other payables and accruals (note 22)	19,029

31. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

31 December 2017

Financial assets

	Measured at amortised cost *RMB'000*	Total *RMB'000*
Trade receivables (note 17)	77,560	77,560
Financial assets included in prepayments, deposits and other receivables (note 18)	25,538	25,538
Loan receivables (note 19)	48,090	48,090
Dividend receivable	101	101
Cash and cash equivalents (note 21)	41,657	41,657
	192,946	192,946

Financial liabilities

	Other financial liabilities *RMB'000*
Financial liabilities included in other payables and accruals (note 22)	174

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF IAFV

Below is a summary of significant unobservable inputs to the valuation of IAFV together with a quantitative sensitivity analysis as at 31 December 2018:

Financial assets	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs and fair value
Investments in associates or a joint venture at fair value through profit or loss:	Level 3	Calculated based on the net asset value of underlying investments	Net assets value of underlying investments	The higher the net assets value of underlying investments, the higher the fair value
—*Other real estate projects	Level 3	Discounted cash flow model	Risk adjusted discount rate amounts	The lower the risk adjusted discount rate, the higher the fair value

* These provide information about how underlying assets invested by the funds are measured at fair value.

The Group's investments in associates or a joint venture at fair value through profit or loss which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB166,222,000 as at 31 December 2018 (2017: RMB83,849,000). The significant unobservable input is the net assets value of the underlying investments made by the funds. A 5% increase/decrease in the net asset value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amounts of these investments by RMB8,311,000 as at 31 December 2018 (2017: RMB4,192,000).

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF IAFV *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
IAFV	—	—	166,222	166,222

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Investments in associates or a joint venture at fair value through profit or loss	—	—	83,849	83,849

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Refer to note 20 for the movements in fair value measurements within Level 3 during the years ended 31 December 2017 and 2018.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables and loan receivables represent the Group's maximum exposure to credit risk in relation to its financial assets as at 31 December 2018.

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment.

The Group's cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

The Group's trade receivables mainly represent regular management fee based on a predetermined fixed percentage of the assets value under management and paid out in the priority of the funds' distributable cash flow, the directors of the Company are of the opinion that the balances are considered fully recoverable.

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Besides, the Group has established a policy to perform an assessment of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument, as described below:

Stage 1 When financial assets included in prepayments, deposits and other receivables and loan receivables are initial recognised and without significant increase in credit risk after initial recognition, the Group recognises an allowance based on 12 months' ECLs.

Stage 2 When financial assets included in prepayments, deposits and other receivables and loan receivables has shown a significant increase in credit risk since initial recognition but have no objective evidence of impairment, the Group records an allowance for the lifetime ECLs.

Stage 3 When financial assets included in prepayments, deposits and other receivables and loan receivables are considered credit-impaired, the Group records an allowance for the lifetime ECLs.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

The Group shall measure the ECL of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic condition.

When measuring the ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The Group conducts an assessment of ECLs according to forward-looking information and uses complex models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by borrowers and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards such as:

- Criteria for judging significant increases in credit risk
- Definition of credit-impaired financial asset
- Parameters for measuring ECLs
- Forward-looking information
- Modification of contractual cash flows

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at the end of each reporting period. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative criteria have been met:

Quantitative criteria

- At the reporting date, the borrower is more than 30 days past due on its contractual payments.

Qualitative criteria

- The credit risk event of the debtor which is highly likely to lead to significant adverse effects;
- The debtor meets problems of cash flows or liquidity, i.e. overdue loans;
- The debtor is unwilling to repay the debt, i.e. debt dodge or fraud;
- The debtor defaults on loans outside the Group, resulting in non-performing assets in PBOC credit system;
- For collateralised and secured loans, change of the value of collateral might incur a rise in credit risk.

Definition of credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past due event;
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Parameters of ECL measurement

The expected credit loss is measured on either a 12-month ("**12M**") or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default ("**PD**"), exposure at default ("**EAD**") and loss given default ("**LGD**").

The ECL is determined by projecting PD, EAD and LGD for each portfolio. These three components are multiplied together and then discounted back to the reporting date and summarized. The discount rate used in the ECL calculation is original effective interest rate or an approximation thereof.

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types.

In addition to providing a baseline economic scenario, internal experts of the Group determine the weight of other possible scenarios based on the baseline economic scenario. The Group measures the weighted average ECL of 12 months (stage I) or lifetime (stage II and stage III) for the measurement of the related impairment allowance. The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, convertible bonds, finance leases and other interest-bearing loans.

There was no significant financial liability as at 31 December 2017 and 2018.

Price risk

The Group is exposed to price risk in respect of the investments in associates or a joint venture measured at fair value through profit or loss held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. Each investment is managed by senior management on a case by case basis. The sensitivity analysis is performed by management. See note 32 for details.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2018.

The Group monitors capital using a gearing ratio, which is total liabilities divided by the total assets. The gearing ratios as at the end of each of the reporting periods were as follows:

	Year ended 31 December	
	2018 ***RMB'000***	2017 *RMB'000*
Total liabilities	**68,344**	59,267
Total assets	**469,844**	282,881
Gearing ratio	**14.55%**	20.95%

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**2,367**	3,824
Other intangible assets	**697**	315
Interests in subsidiaries	**82,944**	55,675
Due from subsidiaries	**60**	4,184
Investments in joint ventures	**6,114**	—
Investment in an associate	**9,000**	—
Investments in associates or a joint venture at fair value through profit or loss ("**IAFV**")	**147,193**	77,041
Total non-current assets	**248,375**	141,039
CURRENT ASSETS		
Trade receivables	**54,174**	42,039
Prepayments, deposits and other receivables	**7,745**	8,519
Investments in associates or a joint venture at fair value through profit or loss ("**IAFV**")	**11,877**	4,236
Dividend receivable	**2,833**	101
Cash and cash equivalents	**161,216**	36,159
Total current assets	**237,845**	91,054
CURRENT LIABILITIES		
Other payables and accruals	**16,586**	8,513
Advances from funds managed	**—**	890
Tax payable	**3,501**	5,475
Total current liabilities	**20,087**	14,878
NET CURRENT ASSETS	**217,758**	76,176
TOTAL ASSETS LESS CURRENT LIABILITIES	**466,133**	217,215
NON-CURRENT LIABILITIES		
Due to subsidiaries	**91,652**	15,650
Deferred tax liabilities	**3,384**	4,392
Total non-current liabilities	**95,036**	20,042
NET ASSETS	**371,097**	197,173
EQUITY		
Equity attributable to owners of the parent		
Share capital	**153,340**	110,000
Reserves	**217,757**	87,173
TOTAL EQUITY	**371,097**	197,173

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

A summary of the Company's reserves is as follows:

	Share premium *RMB'000*	**Statutory surplus reserves** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*
As 1 January 2017	31,510	4,286	8,997	44,793
Appropriations to statutory surplus reserves	—	4,238	(4,238)	—
Total comprehensive income for the year	—	—	42,380	42,380
At 31 December 2017 and 1 January 2018	31,510	8,524	47,139	87,173
Issue of shares	131,819	—	—	131,819
Appropriations to statutory surplus reserves	—	4,570	(4,570)	—
Total comprehensive income for the year	—	—	43,765	43,765
Dividends	—	—	(45,000)	(45,000)
At 31 December 2018	163,329	13,094	41,334	217,757

35. EVENTS AFTER THE REPORTING PERIOD

No information is received after the reporting period about conditions that existed at the end of the reporting period.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 March 2019.