



瑞威资管  
REALWAY CAPITAL

## 上海瑞威資產管理股份有限公司

SHANGHAI REALWAY CAPITAL ASSETS MANAGEMENT CO., LTD.  
(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock code : 1835.HK

**2023**  
ANNUAL REPORT



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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. ZHU Ping (朱平) (*Chairman and Chief Executive Officer*)  
Mr. DUAN Kejian (段克儉)  
Ms. CHEN Min (陳敏)

### Non-executive Directors

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

### Independent non-executive Directors

Mr. SHANG Jian (尚健)  
Ms. YANG Huifang (楊惠芳)  
Mr. ZHU Hongchao (朱洪超)

## SUPERVISORS

Ms. CAI Luyi (蔡璐懿) (*Chairman*)  
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. ZHU Hongchao (朱洪超)

## NOMINATION COMMITTEE

Mr. ZHU Ping (朱平) (*Chairman*)  
Mr. SHANG Jian (尚健)  
Ms. YANG Huifang (楊惠芳)

## REMUNERATION COMMITTEE

Mr. ZHU Hongchao (朱洪超) (*Chairman*)  
Ms. YANG Huifang (楊惠芳)  
Ms. CHEN Min (陳敏)

## COMPANY SECRETARY

Ms. LAU Wai Yee (劉惠儀)

## REGISTERED OFFICE

Room 26G-3,  
No. 828-838,  
Zhangyang Road (Even numbers)  
Pilot Free Trade Zone,  
Shanghai,  
PRC

## PRINCIPAL PLACE OF BUSINESS IN PRC

Unit 706-707, 7th Floor, Century Link Tower 1  
No. 1198 Century Avenue  
Pudong New District  
Shanghai 200122  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

29/F, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

## AUTHORISED REPRESENTATIVES

Ms. CHEN Min (陳敏)  
Ms. LAU Wai Yee (劉惠儀)

## H SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## LEGAL ADVISOR (AS TO HONG KONG LAW)

Howse Williams  
27/F Alexandra House  
18 Chater Road  
Central, Hong Kong

## AUDITOR

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
27/F, Oxford House Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## PRINCIPAL BANKER

China Merchants Bank  
Shanghai Gubei Branch  
75 Shuicheng Nan Road  
Changning District  
Shanghai, PRC

## STOCK CODE

1835

## COMPANY'S WEBSITE

<https://www.realwaycapital.com>

# Chairman's Statement

Dear shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of the Company, I am pleased to present the annual report for the year ended 31 December 2023 (the “**Year**” or “**Reporting Period**”) of Shanghai Realway Capital Assets Management Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”).

## MARKET AND PERFORMANCE REVIEW

Looking back on 2023, despite the Chinese economy was in an obstacular recovery stage, the real estate market continued to experience volatility at a market trough, showing a severe downturn trend throughout the Year. Factors such as weakening demand and increasing supply led to a decline in terms of both the sales area and sales value of commercial residential buildings at a national level, and the cycle of inventory sales lengthened. The vacancy rate of held properties including shopping malls, offices and industrial parks in major cities was rising, exerting more downward pressure on rental levels and giving rise to more intense market competition.

Similarly, 2023 was a challenging year full of uncertainties for the Group. The Group is mainly engaged in fund management specialising in real estate and distressed asset, investment advisory, wealth management, and real estate leasing business in the PRC. Facing the complex and volatile market environment, the Group maintained its prudent investment and operation strategies and slowed down the pace of new project investments. At the business level, the Group was striving to revitalise existing assets for greater values, by proactively disposing of inefficient assets and accelerating the recovery of properties of the existing funds. At the management level, the Group continued to enhance internal control management and awareness of risk compliance so as to adapt to evolving market environment as well as its business development needs.

It was inevitable that persistent downturn in the real estate and investment markets had an impact on the financial performance of the Group. The Group recorded a net loss of approximately RMB57.9 million for the Year, as compared to a net loss of approximately RMB34.6 million for the previous year. The increase in loss was mainly attributable to the decrease in fund management fee income by reason of successive liquidation of the existing funds and increase in other expenses derived from investment loss as a result of disposal of inefficient assets. Nevertheless, the loss is only temporary. Currently, the Group has been actively seeking new business opportunities and investment directions to stimulate sources of growth in new profit while engaging its core businesses, thereby promoting its sustainable business development.

## FUTURE OUTLOOK

With the development of the private equity industry and the manifestation of the value of existing real estate assets, real estate funds are constantly changing and transforming. Currently, revitalizing existing assets and improving quality and efficiency have become the major highlights of the new cycle of the real estate industry, and real estate finance will also perform a crucial and supporting role by guiding funds to effective investment channels, achieving revitalisation of the existing assets, thereby injecting new vitality and creating opportunities to the industrial development.

Over a decade, the Group has been exploring real estate financialisation and asset operation and management. Looking forward to 2024, the Group will focus on the following strategies:

In relation to development strategies, the Group will enhance its business capabilities by further leveraging its core competitive advantages with extreme professionalism and innovation, a broad range of operation licences, flexible and active investment as well as indispensable subordinated investment as the cornerstones of development. Also, we will actively seek opportunities in the capital market to support platform building and business expansion by means of investment and financing, with the aim of maintaining our leading position in the real estate asset management field.

# Chairman's Statement

In relation to business approaches, the Group will continue to engage in its two core businesses of asset management and wealth management:

## (i) Asset management business

- Enhancement of asset value and acceleration of existing assets revitalisation: The Group will adopt flexible operation strategies and refined management tools to optimise the operational performance of its projects and proactively seize lower-cost financing opportunities, so as to improve the operational efficiency and profitability of its assets, and accelerate revitalisation and realisation of its existing assets.
- Combination of investment and investment advisory to promote comprehensive operation and management services: Apart from mature fund management business, the Group will also develop its investment advisory business to provide a wide range of advisory services including professional investment advisory, mergers and acquisitions, insolvency and restructuring, post-investment management services to institutions, which strengthen its comprehensive service capabilities.
- Strengthening the core businesses and scaling up its management: While the Group will manage existing projects well, we will also grasp the development opportunities brought about by the transition of the real estate industry from an incremental market to a stock market, and seek investment opportunities in quality projects and scale up its management by leveraging on its well-established professionalism and excellent market reputation, gaining the initiative in intense market competition.

## (ii) Wealth management business

- Building a trading platform for facilitating development of public fund sales business to the fullest extent: The Group is dedicated to building a public fund online trading platform for institutional investors to provide public fund trading services. In the future, the Group will facilitate development of public fund sales business to the fullest extent and offer a variety of specialised products and diversified trading tools to institutional investors.
- Adaptation to the development trend and transformation from a sales-oriented model to a service-oriented model: In light of the fact that the conventional sales-oriented business model in the wealth management field is discarding by the market gradually, the Group will adjust its development model following the industry trend in a timely manner by adopting a service-oriented approach to offering a comprehensive and personalised wealth management services with an emphasis on the establishment of strong customer relationships, with the aim of creating higher value for its customers.
- Building comprehensive family offices and offering one-stop professional services: As a special bridge between the asset side and the capital side, family offices are key players and resource integrators in the wealth management field. The Group will strive to build comprehensive family offices in order to fulfill the needs of different groups of customers by offering one-stop services in family wealth management, including global asset allocation, tax planning, legal advice, etc., with a view to assisting families with the achievement of their wealth goals.

# Chairman's Statement

In connection with corporate governance, the Group places much emphasis on the development of compliance awareness and risk awareness and will, as always, comply with the latest requirements of laws and regulations and regulatory policies; our comprehensive risk control permeates into every aspect of business development and corporate operations, and thus building a sound risk management system. In connection with organisational structure, the Group will also further carry out optimization and adjustments for constructing a more efficient and flexible organisational model for the purpose of coping with the rapid changes in the market environment.

With the gradual recovery of the macro-economy and the successive introduction of policies for stable growth, it is expected that the upward trend brought about by economic rebound will continue in 2024, and it is also expected that market confidence will stabilise and rebound. As a real estate asset management institution, the Group will continue to enhance its professionalism and management capabilities under the evolving market environment to maintain and increase asset values, delivering synergy of capital and finance sides and creating long-term value for the shareholders of the Company.

## ACKNOWLEDGEMENTS

On behalf of the Group, I would like to take this opportunity to express my sincere gratitude to our shareholders ("**Shareholders**"), investors and business partners for their trust and support. I would also like to express my appreciation to the management team and staff who have contributed to the business development of the Group over the years.

**Zhu Ping**

*Chairman and Chief Executive Officer*

Shanghai, 28 March 2024

# Financial Summary

	As at and for the year ended 31 December				
	2023 (audited)	2022 (audited)	2021 (audited)	2020 (audited)	2019 (audited)
<b>OPERATING RESULTS</b>					
Revenue (RMB'000)	17,872	36,753	54,200	69,074	125,234
(Loss)/profit for the year (RMB'000)	(57,925)	(34,613)	(39,382)	7,764	6,774
Net (loss)/profit attributable to:					
Owners of the parent (RMB'000)	(56,733)	(34,493)	(39,227)	4,426	9,451
<b>EARNINGS</b>					
Basic and diluted (loss)/earnings per share attributable to ordinary equity holders of the parent (RMB cents)	(37.00)	(22.49)	(25.58)	2.89	6.16
<b>ASSETS, LIABILITIES AND EQUITY</b>					
Total assets (RMB'000)	334,150	362,385	391,556	443,582	434,826
Total liabilities (RMB'000)	61,115	31,910	25,192	37,780	34,869
Total equity (RMB'000)	273,035	330,475	366,364	405,802	399,957



# Biographical Details of Directors, Supervisors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. ZHU Ping (朱平) ("Mr. Zhu")**, aged 52, has been the chief executive officer ("**Chief Executive Officer**") and executive Director since January 2010, and he has also been directors of various subsidiaries of the Company. Mr. Zhu is also the chairman of the nomination committee of the Company (the "**Nomination Committee**"). 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 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). 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 Attorneys-At-Law (上海邦信陽律師事務所) (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)), where he has been the managing partner of Boss & Young Attorneys-At-Law 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) ("Mr. Duan")**, aged 54, 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. Mr. Duan is primarily responsible for assets disposal of the Group. 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 construction company of the PRC, 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 was 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.



# Biographical Details of Directors, Supervisors and Senior Management

**Ms. CHEN Min (陳敏)** (“**Ms. Chen**”), aged 44, was appointed as the chief risk management officer of the Company in January 2010 and was appointed as an executive Director on 15 March 2021. She is also a member of the remuneration committee of the Company (the “**Remuneration Committee**”). Ms. Chen is primarily responsible for overseeing the legal compliance and risk management of the Group. From August 2001 to May 2004, Ms. Chen worked at Shanghai United Law Firm (上海市聯合律師事務所) with her last position being a practicing lawyer. From February 2004 to October 2019, Ms. Chen has been working at Shanghai office of Boss & Young Attorneys-At-Law (上海邦信陽律師事務所) (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.

Ms. Chen obtained a bachelor of laws degree from Fudan University (復旦大學) in July 2001, a master of international laws degree from Shanghai University of International Business and Economics (上海對外經貿大學) in March 2007, and a master of laws degree from Emory University School of Law in the United States in December 2015. Ms. Chen obtained a Fund Management Qualification Certificate (中國證券投資基金業從業證書) in 2017. Ms. Chen has over 20 years of experience in corporate compliance and management, private equity funds and trusts.

## Non-Executive Directors

**Mr. WANG Xuyang (王旭陽)** (“**Mr. Wang**”), aged 54, 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 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 Limited Company\* (上海騰駿投資有限公司).

Mr. Wang graduated from Zhejiang University (浙江大學) 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)** (“**Mr. Cheng**”), aged 56, 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.\* (攜程計算機技術(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 H World Group Limited (previously known as Huazhu Group Limited), a company whose shares are listed on NASDAQ (stock code: HTHT) and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 1179). From May 2017 to September 2020, Mr. Cheng served as an independent director of HY Energy Group Co., Ltd. (海越能源集團股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600387).

Mr. Cheng graduated from Shanghai Jiao Tong University (上海交通大學) with a bachelor’s degree 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.

# Biographical Details of Directors, Supervisors and Senior Management

## Independent Non-Executive Directors

**Mr. SHANG Jian (尚健)** (“Mr. Shang”), aged 56, was appointed as an independent non-executive Director on 22 October 2018 and is also a member of the audit committee of the Company (the “**Audit Committee**”) and the Nomination Committee. Mr. Shang has over 25 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), 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 Yinhuafund 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 Centre (Limited Partnership)\* (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 H World Group Limited (previously known as Huazhu Group Limited), a company whose shares are listed on NASDAQ (stock code: HTHT) and the Stock Exchange (stock code: 1179).

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

**Ms. YANG Huifang (楊惠芳)** (“Ms. Yang”), aged 47, was appointed as an independent non-executive Director on 22 October 2018 and is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. 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, 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). From August 2018 to November 2020, Ms. Yang had been serving as a vice president and general manager of the finance management centre of the Group at a regional branch of Xiangsheng Real Estate Group Limited\* (祥生地產集團有限公司), the parent company of which is Shinsun Holdings (Group) Co., Ltd. (祥生控股(集團)有限公司) with its shares listed on the Main Board of the Stock Exchange (stock code: 2599). Since February 2021, Ms. Yang has served as the investment director of Shanghai Daohe Long-term Investment Management Co., Ltd.\* (上海道禾長期投資管理有限公司).

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 (中國註冊會計師協會) in September 2003 and the Certified Tax Agents (中國註冊稅務師) in December 2003.

**Mr. ZHU Hongchao (朱洪超)**, aged 64, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee as well as a member of the Audit Committee on 1 July 2022. He served as a lawyer at Shanghai First Law Firm (上海市第一律師事務所) from July 1983 to June 1986. He has been acting as the director and senior partner of Shanghai United Law Firm (上海市聯合律師事務所) from June 1986 to March 2021. From 1994 to 2018, Mr. Zhu Hongchao served as the vice president of All China Lawyers Association, and the president and the chief supervisor of Shanghai Bar Association. Mr. Zhu Hongchao currently serves as an arbitrator of Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Centre) and Shanghai Arbitration Commission.

# Biographical Details of Directors, Supervisors and Senior Management

Currently, Mr. Zhu Hongchao holds directorships in the following listed companies: an independent director of Jupai Holdings Limited (a company with its shares listed on New York Stock Exchange ("NYSE") before July 2022, stock code: JP) since June 2015; an independent director of Leju Holdings Limited (a company with its shares listed on NYSE, stock code: LEJU) since March 2017; an independent non-executive director of E-House (China) Enterprise Holdings Limited (a company with its shares listed on the Stock Exchange, stock code: 2048) since July 2018; an independent director of Shanghai Bailian Group Co., Ltd. (上海百聯集團股份有限公司) (a company with its shares listed on Shanghai Stock Exchange ("SSE"), stock code: 600827) since June 2021; and an independent director of Bright Real Estate Group Co., Ltd. (光明房地產集團股份有限公司) (a company with its shares listed on SSE, stock code: 600708) since August 2021.

Mr. Zhu Hongchao was also an independent non-executive director of Chiho Environmental Group Limited (a company with its shares listed on the Stock Exchange, stock code: 0976) from April 2018 to February 2020; an independent non-executive director of Haitong Securities Co., Ltd. (a company with its shares listed on SSE and the Stock Exchange, stock code: 600837 and 6837 respectively) from June 2019 to October 2023; an independent director of Shanghai Hysea Industrial Communications Co., Ltd. (上海海希工業通訊股份有限公司) (a company with its shares listed on Beijing Stock Exchange, stock code: 831305) from July 2020 to October 2023, and an independent non-executive director of Sansheng Holdings (Group) Co. Ltd. (a company with its shares listed on the Stock Exchange prior to December 2023, stock code: 2183) from February 2021 to December 2023.

Mr. Zhu Hongchao received his bachelor's degree in law from the branch of Fudan University in 1983 and his master's degree in foreign legal history from Fudan University in July 1996. In 1993, he was qualified by the China Securities Regulatory Commission to engage in securities law practice.

## SUPERVISORS

**Ms. CAI Luyi (蔡璐懿)** ("Ms. Cai"), aged 44, joined the Group as a manager of the Group's archives department in August 2016, and was appointed as a supervisor of the Company (the "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 Attorneys-At-Law (上海邦信陽律師事務所) (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)). From May 2010 to July 2016, Ms. Cai served as the administrative director in Shanghai Zunwei Industrial Development Co. Limited\* (上海尊威實業發展有限公司).

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)** ("Mr. Lu"), aged 40, 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 10 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 Attorneys-At-Law (上海邦信陽律師事務所) (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's degree of laws in July 2006.

**Ms. WANG Juanping (王娟萍)** ("Ms. Wang"), aged 55, 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 Attorneys-At-Law (上海邦信陽律師事務所) (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)) from February 2002 to April 2015.

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

# Biographical Details of Directors, Supervisors and Senior Management

## SENIOR MANAGEMENT

**Mr. Song Hao (宋昊) ("Mr. Song")**, aged 37, joined the Company in January 2011 and was appointed as the Group's Chief Operating Officer in January 2021, currently primarily responsible for the Group's wealth management business operations. Prior to joining the Company, he was a paralegal of Shanghai office of Boss & Young Attorneys-At-Law (上海邦信陽律師事務所) (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)) from July 2009 to December 2010. Mr. Song has obtained PRC Fund Qualification Certificate\* (基金從業人員資格考試成績合格證) in May 2017 and is qualified to practice in fund investment and management. Mr. Song has extensive investment experience and has profound attainments in product design, fund operation and wealth management.

Mr. Song obtained his bachelor degree in law from East China University of Political Science and Law in July 2009. In June 2018, Mr. Song obtained an Executive Master of Business Administration from Fudan University.

**Mr. WAN Fang (萬方) ("Mr. Wan")**, aged 45, joined the Company in May 2013, and was appointed as the vice president of the Group in November 2023 and is primarily responsible for the Group's property investment, special assets and assets disposal. 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's degree of business administration from Fudan University (復旦大學) in July 2001, and further obtained his master's degree of business administration from Fudan University in June 2009.

**Mr. SUN Mao (孫懋) ("Mr. Sun")**, aged 40, joined the Company in December 2010 and is currently serving as the chief financial officer and the vice president of the Group responsible for the Group's accounting and financial management, strategic development and operational planning of the Group. Prior to joining the Company, from January 2008 to March 2010, he has been working at Ernst & Young Hua Ming LLP with his last position being a senior auditor. From April 2010 to December 2010, he has been working at Siemens Shanghai Medical Equipment Ltd. (上海西門子醫療器械有限公司) as a senior financial analyst.

Mr. Sun obtained a master of business administration degree from Shanghai Jiao Tong University in 2013 and became a member of the Chinese Institute of Certified Public Accountant (中國註冊會計師協會) in 2010. Mr. Sun has obtained PRC Fund Qualification Certificate\* (基金從業人員資格考試成績合格證) in June 2017 and is qualified to practice in fund investment and management. Mr. Sun has over 10 years of experience in accounting, auditing, financial management and corporate management.



# Biographical Details of Directors, Supervisors and Senior Management

## COMPANY SECRETARY

**Ms. LAU Wai Yee (劉惠儀) ("Ms. Lau")**, aged 58, was appointed as the company secretary of the Group on 13 October 2019. Ms. Lau has over 35 years of experience in corporate secretarial and compliance fields. She started working as a company secretarial assistant in KPMG in 1987. Thereafter, she was employed as an assistant company secretarial manager of Deloitte in 1994 and a corporate services manager under the Tax Division of Arthur Andersen in 1999. Ms. Lau also worked as a corporate services manager of PricewaterhouseCoopers (PwC) and Tricor Services Limited in 2002 and 2003 respectively. In 2004, she started her first own business consulting company providing corporate and compliance consulting services to multinational clients, offshore companies as well as private and listed companies. She sold the company in 2012 and started a new consulting company in 2014, namely Immanuel Consulting Limited, a professional service company specializing in integrated business and corporate services. She is currently the director of Immanuel Consulting Limited.

Ms. Lau has become a governance professional since 1990. She is a fellow member of both The Hong Kong Chartered Governance Institute ("HKCGI") (formerly known as The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute in the United Kingdom and a fellow member of The Hong Kong Institute of Directors. Ms. Lau is a holder of the Practitioner's Endorsement from HKCGI.

# Management Discussion and Analysis

## INDUSTRY REVIEW

A slowdown in worldwide economic growth and escalating divergence attributable to the tighter financial environment, stagnant growth of trade and sluggish consumer demand were observed in 2023. The Chinese economy withstood external risks and challenges as well as the downward pressure brought about by the interplay of various internal factors, the annual GDP increased by 5.2% compared with last year, demonstrating a recovery and upward trend in general.

Given that China's property market remained at the stage of adjustment in 2023 and the downward trend had not yet been reversed, both the investment growth rate of property development and sales were at record lows. In spite of the easing policies, the improvement of market confidence and expectations had yet to be seen, and the insufficient domestic demand remained an issue. As for equity investment, under the complicated and difficult external circumstances, the downward trend in overall equity investment market in China continued in 2023. According to Zero2IPO Research Centre, there were 6,980 new funds in China in 2023 with an aggregate size of approximately RMB1,824.5 billion, representing a year-on-year decrease of 15.5%. The investment market has cooled off with an investment amount of approximately RMB692.8 billion, representing a year-on-year decrease of 23.7%. There were 3,946 fund exits, representing a year-on-year decrease of 9.6%, suggesting that various investment institutions acting with more prudence.

As regards policies, in the real estate fund sector, 2023 China Securities Regulatory Commission launched the pilot work of real estate private investment fund to facilitate revitalization of existing assets in the real estate market and assist the private equity fund industry to give full play to the role of serving the real economy, giving an important policy guarantee for promoting the development of real estate private equity fund. At the same time, industry regulatory policies were also introduced during the Year with the issue of the "Regulation on the Supervision and Administration of Private Investment Funds" (《私募投資基金監督管理條例》) and "Measures for the Supervision and Administration of Private Investment Funds (Consultation Draft)" (《私募投資基金監督管理辦法(徵求意見稿)》) as an indication of further upgrading the supervisory system and increasing regulatory efforts in the private equity fund industry, contributing to the regulatory development in the industry.

## BUSINESS REVIEW

As an asset management company in the PRC, the Group is mainly engaged in fund management specialising in real estate and distressed asset, investment advisory business, wealth management business in relation to the sales of funds and assets allocation, and real estate leasing business.

### Fund management business

The Group manages two broad types of funds, namely (i) fund(s) structured and managed for the purpose of directly investing in a specific real estate investment project and distressed asset project ("**Project Fund(s)**"); and (ii) flexible funds structured and managed, or co-managed, by the Group which may invest in designated types of funds under the Group's portfolio assets 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.

# Management Discussion and Analysis

For the Year, given the persistent downward pressure on the property market, the Group focused on enhancing the quality and efficiency of its existing projects while exiting some in an orderly manner, and no new investment project was launched in respect of the real estate fund management business during the Reporting Period. In connection with operation of existing projects, for non-held properties, with recovery of China's economy and society resuming to normal operation in full together with the implementation of a series of easing real estate policies, the Group adjusted its marketing strategies in a timely manner and increased its efforts on properties sales. For properties held, the Group strengthened the investment and operation, upgrading as well as financing and replacement of these projects by leveraging its own professional capabilities and collaborating with high-quality partners, which was conducive to revitalising the assets to generate stable cash flow, and as a result, the key indicators of project operation showed a marked improvement during the Year. For distressed asset projects, the Group also deployed its resources to expedite debt collection and disposal as well as sales and promotion work, so as to accelerate the recovery of the fund properties. In connection with the disposal of existing projects, the Group carried out the exit work in a proper and orderly manner. During the Reporting Period, eight funds under the management of the Group made liquidated distributions to the fund unit holders by way of monetary and non-monetary distributions.

As at 31 December 2023, the Group's managed funds invested in 14 commercial real estate, urbanisation and redevelopment, distressed asset projects located in Shanghai, Zhejiang, Jiangsu, Sichuan, Shenzhen, Henan and other locations in the PRC with assets under management ("AUM") of RMB2,183.6 million.

Set out below is a breakdown of the AUM by type of funds as at the end of relevant years <sup>(Note 1)</sup>:

	As at 31 December 2023 AUM RMB million	As at 31 December 2022 AUM RMB million
Project Funds	1,795.6	2,977.3
FOFs	569.6	787.9
Less: FOFs investments in Project Funds	(181.6)	(397.4)
<b>Total</b>	<b>2,183.6</b>	<b>3,367.8</b>

Set out below is a breakdown of fund AUM by portfolio asset type as at the end of relevant years <sup>(Note 2)</sup>:

	As at 31 December 2023			As at 31 December 2022		
	Number of projects	AUM RMB million	Proportion %	Number of projects	AUM RMB million	Proportion %
Commercial real estate projects	6	1,301.4	59.6%	7	1,823.8	54.9%
Urbanisation and redevelopment projects	5	621.0	28.4%	5	601.4	18.1%
Distressed assets projects	3	261.2	12.0%	4	899.4	27.0%
<b>Total</b>	<b>14</b>	<b>2,183.6</b>	<b>100.0%</b>	<b>16</b>	<b>3,324.6</b>	<b>100.0%</b>

Notes:

1. The amount which FOFs had invested in Project Funds was eliminated from the breakdown of the AUM by type of funds to avoid double counting.
2. Projects invested by our FOFs with specified Project Fund investment that has not been established are included in the breakdown of fund AUM by portfolio asset type. As at 31 December 2023, the total management scale directly invested by our FOFs with specified Project Fund investment that has not been established amounted to RMB388.0 million (31 December 2022: RMB347.3 million).

# Management Discussion and Analysis

## Investment advisory business

As a professional service institution, the Group provides special investment advisory services such as mergers and acquisitions and reorganisations, bankruptcy collection and post-investment management for real estate, distressed assets or special opportunity projects. During the Reporting Period, the Group provided investment advisory services for a total of eleven projects, including three new investment advisory projects in this year. Investment advisory business contributed an advisory fee income of approximately RMB6.7 million to the Group.

## Wealth Management Business

The Group is committed to deepening the engagement within the wealth management industry and provides professional asset allocation services for high-net-worth individuals, institutional investors and family offices in China, with products covering private equity investment funds, private securities funds and public funds. During the Reporting Period, the Group did not issue or sell products and no revenue was generated from the wealth management business.

## Real Estate Leasing Business

Based on the long-term development and diversified investment strategy formulated by the Group, in July 2023, the Group acquired two companies holding two shops located in Chengdu, Sichuan Province with a total gross floor area of 3,381.67 square metres. Leveraging on its extensive experience accumulated in the commercial real estate sector, the Group will enhance the revenue of the shops with its professional commercial operation and management capabilities, achieving capital appreciation in future. The acquisition fulfilled diversified investment objectives of the Group and broadened its sources of income, contributing rental income of approximately RMB1.4 million to the Group in the second half of 2023.

## FINANCIAL REVIEW

### Revenue

The Group derived its revenue mainly from the management fees charged on the Project Funds and FOFs established and managed by it, the advisory fees charged for investment advisory services and rental fees charged on leasing real estate. During the Reporting Period, the Group recognised revenue of approximately RMB17.9 million, representing a decrease of approximately RMB18.9 million or a drop of approximately 51.4% as compared to the corresponding period last year, which was mainly due to the decreases in fund management fees income and advisory fee income.

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

	For the year ended 31 December			
	2023 (RMB'000)	2022 (RMB'000)	Change (RMB'000)	Rate of Change (%)
Fund management fee income	9,792	23,687	(13,895)	(58.7%)
Fund performance fee income	-	1	(1)	(100.0%)
Advisory fee income	6,725	13,065	(6,340)	(48.5%)
Rental fee income	1,355	-	1,355	100.0%
Total	17,872	36,753	(18,881)	(51.4%)



# Management Discussion and Analysis

## Fund management fee income

Our revenue from fund management fees for the Year was approximately RMB9.8 million, accounting for approximately 54.8% of our total revenue for the Year and representing a decrease of approximately RMB13.9 million as compared to the year ended 31 December 2022, which was mainly due to the continuing downward trend in China's real estate industry and the market confidence and expectations had yet to be improved. No new projects were launched for the Group's fund management business during the Year. The Group ceased to receive management fees from certain funds which entered into liquidation successively among existing projects, resulting in a significant decrease in fund management fee income as compared to last year.

## Advisory fee income

During the Year, the Group recorded advisory fee income of approximately RMB6.7 million, representing a decrease of approximately RMB6.3 million or 48.5% as compared to last year due to insufficient market demand caused by the adjustment effect of the real estate industry, which resulted in a decrease in advisory fee income contributed by new projects on the one hand. On the other hand, advisory fee charged by the Group from existing projects also decreased with the successive cessation of existing projects.

## Rental fee income

The rental fee income refers to the income of approximately RMB1.4 million received by the Group through leasing properties after the acquisition of companies holding two shops in Chengdu, Sichuan Province in July 2023. For more details, please refer to the discloseable transaction announcements of the Company dated 6 July 2023 and 5 January 2024.

## OTHER INCOME AND GAINS

Our other income and gains for the Year was approximately RMB5.8 million, representing an increase of approximately RMB5.1 million as compared to last year, which was mainly due to investment income of approximately RMB2.8 million and gain on debt waiver of approximately RMB2.2 million recognised for the Year, as compared to no such income and gain last year.

## ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the Year were approximately RMB38.2 million, representing a decrease of approximately RMB6.6 million or approximately 14.6% year-on-year as compared to approximately RMB44.8 million recognised in the previous year, which was mainly due to the achievement of cost reduction and efficiency increment with measures adopted by the Group, among which there were decreases of RMB5.1 million and RMB1.6 million in human resources costs and business advisory expenses as compared to last year respectively.

## IMPAIRMENT LOSSES REVERSED ON TRADE RECEIVABLES

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

As at the end of the Year, the Group carried out a comprehensive assessment on the receivables, taking into account various factors such as the past collection, ageing, financial position of the debtors and macroeconomic environment of each receivable. The Group reversed a net impairment loss on trade receivables of approximately RMB6.7 million, which was mainly due to the receipt of management fees of some funds during the Year, of which impairment losses on trade receivables were recognised in previous years.

## INCREASE/(DECREASE) IN FAIR VALUE OF IAFV

As part of the Group's ordinary and usual course of business, the Group has been making investments in the funds structured and managed by itself. Such investments were recognised as IAFV at fair value through profit or loss in the Group's financial statements and such accounting treatment will continue to apply in the future.

# Management Discussion and Analysis

The Group, as an investment fund manager, measures the above investments in associate(s) or joint venture(s) at fair value through profit or loss in accordance with IFRS 9. Related real estate investments or financial assets held by these associates or joint ventures classifies as level 3 hierarchy of fair value measurement, which is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

The fair value of IAFV for the Year increased by approximately RMB1.8 million as compared with last year, which was mainly attributable to (i) its committed and paid-up underlying interests of Hangzhou Fuyang Huiyun Investment Management Partnership (Limited Partnership)\* (杭州富陽匯算投資管理合夥企業(有限合夥)) ("Fuyang Huiyun Fund") transferred by the Company through public auction for the Year, and the unrealised fair value loss of approximately RMB10.7 million recognised in prior years in respect of this investment was credited to other expense accounts upon realisation for the Year, leading to an increase in the fair value of IAFV of approximately RMB10.7 million; (ii) downturn in the property industry and insufficient market confidence leading to a drop in the valuation of the underlying assets of projects such as the Zhongheng Project\*(眾恒項目), the Yanan Project\*(延安項目) invested by the Group, leading to a decrease in the fair value of IAFV of approximately RMB8.9 million. The combination of the factors aforementioned resulted in an increase in the fair value of IAFV of approximately RMB1.8 million for the Year.

## DECREASE IN FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss mainly include (i) RMB20.0 million of wealth management products subscribed by the Group as detailed in the discloseable transaction announcements of the Company dated 28 December 2023 and 11 January 2024; and (ii) liquidation of FOF IV (Shanghai Weiyi Investment Partnership (Limited Partnership)\* (上海威弋投資合夥企業(有限合夥)) during the Year, and as a result, the two distressed debts were allocated to the Group, the fair values of the debts upon assessment amounted to approximately RMB13.4 million and RMB3.6 million, respectively, in the liquidation process with their respective original values of approximately RMB19.0 million and RMB4.0 million.

As at the end of the Year, the Group considered factors including financial and operating conditions of the debtors of the two debts, the ways of disposal of the debts, the difficulty in recovering the debts, comprehensive market conditions, and built a valuation model to determine their fair values based on historical experience and market assumptions. During the Year, the fair value of financial assets at fair value through profit or loss decreased by approximately RMB6.0 million, which was mainly due to the decrease in the fair value of the two distressed debts upon assessment.

## OTHER EXPENSES

During the Year, the Group recorded other expenses of approximately RMB34.7 million, as compared to other expenses of approximately RMB0.7 million for the corresponding period last year. The significant increase in other expenses was due to the transfer of underlying interests of Fuyang Huiyun Fund by the Company for the consideration of approximately RMB25.3 million through public auction, with its initial investment cost of such underlying interests amounting to RMB60.0 million. The transfer resulted in an investment loss of approximately RMB34.7 million (please refer to the discloseable transaction announcement of the Company dated 15 June 2023 for details).

# Management Discussion and Analysis

## INCOME TAX EXPENSE

Income tax expenses of the Group for the Year was approximately RMB8.0 million, increasing by approximately RMB5.0 million as compared with income tax expenses last year, which was mainly due to the increase in unrecognized deductible temporary differences and tax losses. The income tax rate applicable to the Group's entities ranged from 5% to 25% during the Year.

## LOSS FOR THE YEAR

Our loss for the Year was approximately RMB57.9 million, representing an increase of approximately RMB23.3 million or approximately 67.4% from approximately RMB34.6 million for the year ended 31 December 2022, which was mainly due to decrease in revenue and the increase in other expenses as detailed above.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group regularly reviews the liquidity status and actively manages liquidity and financial resources in light of changes in the economic environment and business development needs. As at 31 December 2023, the cash and cash equivalents of the Group was approximately RMB12.6 million (31 December 2022: approximately RMB13.2 million), which are mainly held in RMB.

The Group did not use any financial instruments for hedging purpose during the Year.

## GEARING RATIO

As at 31 December 2023, the Group's interest-bearing liabilities amounted to approximately RMB24.2 million (31 December 2022: approximately RMB14.1 million), among which, (i) amount due to a related party amounted to approximately RMB9.7 million bearing interest at fixed interest rates of 5.0% per annum and will be matured in August 2024; (ii) amount due to third parties amounted to approximately RMB14.5 million bearing interest at fixed interest rates of 11.3% per annum and will be matured in June 2024. The interest bearing liabilities were denominated in RMB. As at 31 December 2023, the Group's gearing ratio (calculated as total interest-bearing liabilities divided by total equity) was approximately 8.9% (31 December 2022: approximately 4.3%).

## TREASURY POLICIES

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

## PLEDGE OF ASSETS AND CHARGE ON ASSETS

As at 31 December 2023, the Group did not have any pledge or charges on its assets.

## FOREIGN EXCHANGE RISK

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

## CAPITAL STRUCTURE

There has been no change in the capital structure of the Company since its listing on 13 November 2018.

## FINAL DIVIDEND

In order to reserve resources for the business development of the Group, the Board did not recommend the declaration of a final dividend for the Year (2022: Nil).

# Management Discussion and Analysis

## COMMITMENTS

The Group did not have any significant commitments as at 31 December 2023 (31 December 2022: Nil).

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 15 June 2023, the Company transferred its committed and paid-up underlying interests of Fuyang Huiyun Fund to Xiamen Haobo Commercial Management Co., Ltd.\* (廈門灝博商業管理有限公司) through public auction at a consideration of RMB25,330,688. The transfer was completed on 15 June 2023. Upon completion, the Company has ceased to be a limited partner of Fuyang Huiyun Fund and is no longer entitled to any rights and obligations in relation to its underlying interests of Fuyang Huiyun Fund. The financial results of Fuyang Huiyun Fund is no longer consolidated into the Group's consolidated financial statements as the Company's IAFV. For more details, please refer to the discloseable transaction announcement of the Company dated 15 June 2023.

On 6 July 2023, Shanghai Ruichu Business Advisory Co., Ltd.\* (上海芮楚商務諮詢有限公司) ("**Ruichu Business**") (a wholly-owned subsidiary of the Company) and Realway Capital Assets Management (Beijing) Co., Ltd.\* (北京瑞威資產管理有限公司) ("**Beijing Realway**") (a wholly-owned subsidiary of the Company) entered into equity transfer agreements with Hangzhou Pengbo Daxiang Industrial Co., Ltd.\* (杭州彭博大向實業有限公司) ("**Pengbo Daxiang**"), pursuant to which (i) Ruichu Business and Beijing Realway have conditionally agreed to acquire and Pengbo Daxiang has conditionally agreed to sell 99% and 1% equity interest in Chengdu Ruiruibing Commercial Management Co., Ltd.\* (成都芮瑞炳商業管理有限責任公司) at the consideration of RMB20,295,000 and RMB205,000, respectively; and (ii) Ruichu Business and Beijing Realway have conditionally agreed to acquire and Pengbo Daxiang has conditionally agreed to sell 99% and 1% equity interest in Chengdu Ruihanchao Commercial Management Co., Ltd.\* (成都芮翰超商業管理有限責任公司) at a consideration of RMB25,740,000 and RMB260,000, respectively. For more details, please refer to the discloseable transaction announcements of the Company dated 6 July 2023 and 5 January 2024.

Save as disclosed above and in this annual report, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Year.

## CAPITAL EXPENDITURES

As at 31 December 2023, the Group did not have any significant capital expenditures.

## CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any contingent liabilities.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed a total of 73 employees (31 December 2022: 91 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.



# Management Discussion and Analysis

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

As at 31 December 2023, IAFV of the Group was approximately RMB136.0 million, representing a decrease of approximately RMB76.2 million from approximately RMB212.2 million as at 31 December 2022, details of which are as follows:

Name of fund	Type of investment project	Initial investment cost (RMB'000)	Percentage of fund equity	Dividends received for the Year (RMB'000)	Fair values as at 31 December 2023 (RMB'000)	Percentage of the total asset value of the Group as at 31 December 2023	Unrealised gains/(losses) related to changes in fair value during the Year (RMB'000)	Fair value as at 31 December 2022 (RMB'000)	Source of funds
1	Shanghai Ruixi Investment Enterprise (Limited Partnership)* (上海瑞習投資企業(有限合夥)) <sup>(Note 1)</sup>	48,377	43.6%	-	50,296	15.1%	1,919	-	Internal resources
2	FOF IX <sup>(Note 2)</sup>	48,000	78.7%	-	35,225	10.5%	(12,775)	42,739	Proceeds from the Share Offer <sup>(Note 5)</sup>
3	Ningbo Meishan Bonded Harbor Ruichong Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區瑞翀投資管理合夥企業(有限合夥)) <sup>(Note 1)</sup>	30,119	6.0%	-	14,695	4.4%	(15,424)	-	Internal resources
4	FOF III <sup>(Note 3)</sup>	30,000	10.0%	-	16,918	5.1%	(13,082)	17,785	Internal resources
5	FOF VIII <sup>(Note 4)</sup>	20,000	14.4%	-	17,886	5.4%	(2,114)	22,915	Proceeds from the Share Offer <sup>(Note 5)</sup>
6	Tianjin Runshi Shenwei Equity Investment Partnership (Limited Partnership)* (天津潤石申威股權投資合夥企業(有限合夥))	1,000	0.1%	-	974	0.3%	(26)	1,002	Internal resources
7	FOF IV <sup>(Note 1)</sup>	-	-	-	-	-	-	78,404	Internal resources
8	Hangzhou Fuyang Huiyun Investment Management Partnership (Limited Partnership)* (杭州富陽匯嶸投資管理合夥企業(有限合夥))	-	-	-	-	-	-	49,314	Internal resources
		177,496		-	135,994		(41,502)	212,159	

### Notes:

- FOF IV refers to Shanghai Weiyi Investment Partnership (Limited Partnership)\* (上海威弋投資合夥企業(有限合夥)), a FOF established and jointly managed by the Group in the form of limited partnership in September 2016. FOF IV was liquidated for the Year and the Group obtained limited partnership shares of Shanghai Ruixi Investment Enterprise (Limited Partnership) and Ningbo Meishan Bonded Harbor Ruichong Investment Management Partnership (Limited Partnership) from FOF IV by way of non-monetary distribution according to the liquidation plan.
- FOF IX refers to Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership)\* (杭州富陽匯嶸投資管理合夥企業(有限合夥)), a FOF established and jointly managed by the Group in the form of limited partnership in January 2019.
- FOF III refers to Realway Development No. 3 Unit Trust Fund\* (瑞威發展三號契約型私募基金), a FOF established by the Group in the form of trust fund in August 2016.

# Management Discussion and Analysis

- FOF VIII refers to Realway Development No. 5 Unit Trust Fund\* (瑞威發展五號契約型私募基金), a FOF established by the Group in the form of trust fund in December 2017.
- Share Offer refers to the share offer conducted by the Company in connection with its listing on the Stock Exchange in 2018.

The Group adopts prudent and pragmatic investment strategies over its investments to generate investment return with a view to better utilise the capital and funds of the Group. Factors including but not limited to investment project feasibility, financial performance, prospect, the reputation and level of experience of the investee company or business partner and associated risk of the investment are considered in making investment decisions. The Group shall continue to operate a diversified investment portfolio and closely monitor the investment performance and market trends to adjust our investment strategy in FOFs and Project Funds.

## INVESTMENTS IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2023, investments in financial assets at fair value through profit or loss of the Group was approximately RMB37.0 million, of which RMB20.0 million represented financial products subscribed by the Group from Changan Fund Management Co., Ltd.\* (長安基金管理有限公司) on 28 December 2023, which accounted for over 5% of total assets of the Group as at the end of the Reporting Period, details of which are as follows:

Names of financial assets	Issuer and manager of financial assets	Initial investment cost (RMB'000)	Shares held	Interest received for the Year (RMB'000)	Fair values	Percentage of the total asset value of the Group as at 31 December 2023	Unrealised gains related to changes in fair value during the Year (RMB'000)
			as at 31 December 2023 ('000)		as at 31 December 2023 (RMB'000)		
Changan Monetary Market Securities Investment Fund B* (長安貨幣市場證券投資基金B類) (740602) <sup>Note 1</sup>	Changan Fund Management Co., Ltd. <sup>Note 2</sup>	20,000	20,000	-	20,000	6.0%	-

Notes:

- Changan Monetary Market Securities Investment Fund B (740602) is a monetary market securities investment fund which is non-principal guaranteed with floating return. Performance comparison benchmark is 7-day notice deposit interest rate for the same period (after tax). For details please refer to the discloseable transaction announcements of the Company dated 28 December 2023 and 11 January 2024.
- Changan Fund Management Co., Ltd. is a company established in the PRC with limited liability and its principal business scope includes management of public offering of securities investment funds, fund sales and asset management for specific clients.

The subscription of wealth management products is made by the Group for the purpose of capital management to improve the utilisation of capital and to increase the income derived from idle funds. Rational and effective utilisation of idle internal funds in phases is expected to enhance the overall capital efficiency of the Group, which is in line with the Group's core objectives of improving the capital structure and ensuring the safety of capital. The Directors are of the view that the risk level of the subscription is relatively low and the Group is expected to achieve a higher rate of return as compared to time deposits with commercial banks in the PRC. The subscription was financed by the internal resources of the Group. The Directors have also considered the daily working capital requirements of the Group and believe that the subscription will not adversely affect the daily working capital requirements of the Group. The Directors believe that the subscription are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Group will pursue opportunities to utilise its idle cash through investment in suitable financial products continually.

Save as disclosed above, as at 31 December 2023, The Group had no other investments in financial assets that accounted for over 5% of total assets individually.

# Management Discussion and Analysis

## SUMMARY OF INVESTMENT PROPERTIES

As at 31 December 2023, the investment properties of the Group are set out as follows:

Address	Leasing Term	Purpose	Permanent GFA ownership (square metres)
Room 1, 2nd Floor, No. 7 Xinxiwang Road, Wuhou District, Chengdu, Sichuan Province, the PRC	Long-term	Commercial	1,585.48 No
Room 1, 3rd Floor, No. 7 Xinxiwang Road, Wuhou District, Chengdu, Sichuan Province, the PRC	Not rented <sup>Note</sup>	Commercial	1,796.19 No

Note: The lessee of the property has failed to pay rent pursuant to the lease agreement since 1 October 2023 and has closed down the shop for cessation of normal operation without authorisation since 10 November 2023, for which the Group has engaged a legal adviser in the PRC and will actively take legal actions in order to protect the Group's legitimate rights. Based on the current assessment of the Board and the legal adviser, such legal action will not have any material adverse impact on the Group's business operations or financial position. Also, the Group will proactively seek for a new lessee by using its own resources.

## ARBITRATION RELATING TO OUR SIGNIFICANT INVESTMENTS HELD

On 10 February 2020, Hangzhou Fuyang Huiguan Investment Management Partnership (Limited Partnership)\* (杭州富陽匯冠投資管理合夥企業(有限合夥)) ("Fuyang Huiguan Fund"), for which Shanghai Ruixiang Investment Management Co., Ltd\* (上海瑞襄投資管理有限公司) ("Shanghai Ruixiang"), a wholly-owned subsidiary of the Company, acts as a fund manager, filed an application to Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) ("SIETAC") for arbitration against Shenzhen City Hai Shi Urban Renew Co. Ltd\* (深圳市海石城市更新有限公司) ("Hai Shi Urban Renew") in respect of its default in payment of consideration for the transfer of equity interests in the Shenzhen Xinqiaowei Project\* (深圳新喬圍項目), demanding Hai Shi Urban Renew pay to Fuyang Huiguan Fund the outstanding third installment of the equity transfer consideration, late payment penalty and related legal costs. The total amount sought in this arbitration tentatively amounts to approximately RMB38,063,000. On 17 March 2020 and 22 May 2020, Shenzhen Xinqiaowei Project\* (深圳新喬圍項目) received RMB5,000,000 and RMB2,000,000 respectively, in settlement of the third installment of the equity transfer consideration from Hai Shi Urban Renew. On 12 January 2021, the case was heard in SIETAC. The Fuyang Huiguan Fund submitted an amended application for arbitration to the SIETAC according to the arbitration hearing on the same day, requesting Hai Shi Urban Renew to pay the outstanding third and fourth installments of the equity transfer consideration, damages for overdue payments, legal fees and other fees payable to the Fuyang Huiguan Fund, and the total amount related to the arbitration claim is temporarily approximately RMB82,644,514.

# Management Discussion and Analysis

On 2 April 2021, SIETAC made a final arbitral award on this case, that Hai Shi Urban Renew should pay the outstanding third and fourth installments of the equity transfer consideration, damages for overdue payments, legal fees and other fees payable to the Fuyang Huiguan Fund, and the total amount is temporarily approximately RMB69,722,494 (of which the damages for overdue payments shall be accrued up to the actual payment date). Subsequently, Hai Shi Urban Renew has not complied with the final arbitral award and the fund manager, Shanghai Ruixiang continued to negotiate with Hai Shi Urban Renew. On 22 December 2021, Fuyang Huiguan Fund and Hai Shi Urban Renew entered into a settlement execution agreement (the “**Settlement Execution Agreement**”) and agreed that (i) Hai Shi Urban Renew shall pay RMB20,000,000 to Fuyang Huiguan Fund for the partial settlement of the third installment of the equity transfer consideration by 31 March 2022; (ii) Hai Shi Urban Renew shall pay RMB43,000,000 to Fuyang Huiguan Fund for the settlement of the remaining third and fourth installment of the equity transfer consideration by 30 May 2022 and RMB25,000,000 as the liquidated damages and other expenses as set out in the arbitral award; and (iii) Hai Shi Urban Renew shall pay compensation in an amount of RMB8,875,000 to Fuyang Huiguan Fund by 30 May 2022.

On 21 April 2023, Fuyang Huiguan Fund commenced liquidation by distributing the executory claims held by it on Hai Shi Urban Renew in the amount of RMB97,606,244 and the default claims since 21 April 2023 to the date of actual payment in a non-monetary manner to the limited partner, Hangzhou Fuyang Huijing Investment Management Partnership (Limited Partnership)\* (杭州富陽匯旌投資管理合夥企業(有限合夥)) (“**Fuyang Huijing**”), in accordance with the liquidation plan. The investment size of FOF VIII, for which Shanghai Ruixiang, a wholly-owned subsidiary of the Company, acted as a fund manager in Fuyang Huijing as at 31 December 2023 was approximately RMB40.2 million.

As of the date of this annual report, Fuyang Huijing has not received the amount set out in the Settlement Execution Agreement from Hai Shi Urban Renew. After several reminders, Shanghai Ruixiang, confirmed that Hai Shi Urban Renew was unable to fulfill the Settlement Execution Agreement in a short period of time. Shanghai Ruixiang has applied to the court to resume the execution procedures and started to investigate other property clues of Hai Shi Urban Renew. Shanghai Ruixiang has frozen the bank accounts and part of the property of Hai Shi Urban Renew through judicial preservation procedures, which is currently still within the validity period of judicial seizure. Shanghai Ruixiang will fully cooperate with the court to facilitate the execution procedures, urge Hai Shi Urban Renew in fulfilling its payment obligations and accelerate the recovery of property of the Fuyang Huijing.

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

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plans for material investments or capital assets as at 31 December 2023. In the event that the Group participates in any plans for material investments or capital assets, the Company will make announcement(s) in compliance with the relevant rules of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as and when appropriate.

# Directors' Report

## PRINCIPAL PLACE OF BUSINESS

The Company is a company established and has its registered office in the People's Republic of China. The Company's principal place of business in Hong Kong is 29/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong and the Company's principal place of business in the PRC is Unit 706-707, 7th Floor, Century Link Tower 1, No. 1198 Century Avenue, Pudong New District, Shanghai, the PRC.

## 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 financial statements.

## RESULTS

The results of the Group for the Year and the financial information of the Group as at 31 December 2023 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, 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 "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Discussions on the Group's environmental policies and performance, compliance with the relevant laws and regulations that have a significant impact on the Group, and key relationships with its customers and suppliers that have a significant impact on the Group and on which the Group's success depends are set forth in the sections headed "Environmental Policies and Performance", "Compliance with Relevant Laws and Regulations" and "Major Customers and Suppliers" in this report of the Directors. The abovementioned discussions form part of the business review as contained in this report of the Directors.

## FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities of the Group for the last five financial years are set out on page 5 of this annual report. This summary does not form part of the audited consolidated financial statements.

## FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year.

## ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Friday, 14 June 2024. 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 will be closed from Wednesday, 15 May 2024 to Friday, 14 June 2024, both days inclusive, during which period no transfer of the shares of the Company (the "Shares") will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H shareholders) or to the Company's principal place of office in the PRC at Unit 706-707, 7th Floor, Century Link Tower 1, No. 1198 Century Avenue, Pudong New District, Shanghai, the PRC (for domestic shareholders), no later than 4:30 p.m. on Tuesday, 14 May 2024 (Hong Kong time) for registration.



# Directors' Report

## 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, 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, 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 the community 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	25.8%
– the five largest customers combined	53.4%

During the Year, the five largest customers are independent third parties. None of the Directors or any of their close associates or the Shareholders (who, to the best knowledge of the Directors, owns more than 5% of the number of the Company's issued Shares) has any beneficial interest in the Group's five largest customers.

The Group is engaged in the provision of services as a 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 "Management Discussion and Analysis" of this annual report.

## SUBSIDIARIES

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

## PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced 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 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 IAFV and the fair value changes of our IAFV may materially and adversely affect our financial position and results of operations;

# Directors' Report

- 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; and
- 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 2023 is as follows:

Class of shares	Number of issued shares	Approximate percentage of the total issued share capital
Domestic shares of the Company ("Domestic Shares")	115,000,000	75.0
H shares of the Company ("H Shares")	38,340,000	25.0
<b>Total</b>	<b>153,340,000</b>	<b>100.0</b>

No additional Shares were issued during the Year. Details of the movements in the share capital of the Company are set out in note 25 to the financial statements.

## PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, for the Year and as at the date of this annual report, the Company had maintained sufficient public float as required under the Listing Rules.

## RESERVES

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out on page 95 in the consolidated statement of changes in equity and note 35 to the financial statements of this annual report.

## DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had no reserve available for distribution.

## BANK LOANS AND OTHER BORROWINGS

Save as disclosed in notes 23 and 30 to the financial statements of this annual report, the Group had no outstanding loans or borrowings as at 31 December 2023.

# Directors' Report

## DIRECTORS

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

### Executive Directors

Mr. ZHU Ping (朱平) (*Chairman and Chief Executive Officer*)

Mr. DUAN Kejian (段克儉)

Ms. CHEN Min (陳敏)

### Non-executive Directors

Mr. CHENG Jun (成軍)

Mr. WANG Xuyang (王旭陽)

### Independent non-executive Directors

Mr. SHANG Jian (尚健)

Ms. YANG Huifang (楊惠芳)

Mr. ZHU Hongchao (朱洪超)

## SUPERVISORS

Ms. CAI Luyi (蔡璐懿)

Mr. LU Xili (陸希立)

Ms. WANG Juanping (王娟萍)

## DIRECTORS, SUPERVISORS 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 6 to 11 in this annual 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 Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the Year.

## DIRECTORS' AND SUPERVISORS' SERVICE CONTRACT

All Directors (except for Mr. Zhu Hongchao) have signed a service contract with the Company for a term of three years commencing from 28 May 2021, which may be renewable subject to both parties' agreement. Mr. Zhu Hongchao has been appointed and has signed a service contract with the Company for a term of three years commencing from 1 July 2022, which may also 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 28 May 2021, which may be renewable subject to both parties' agreement. None of the Directors or Supervisors has entered or has proposed to enter into any service contracts with the Company or any of its subsidiaries 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 the section headed "RELATED PARTY TRANSACTIONS" in this annual report, no Director or entity connected with a 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 and up to the date of this annual report.

# Directors' Report

## CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "RELATED PARTY TRANSACTIONS" in this annual report, there was no contract of significance between the Company or any of its subsidiaries, and a controlling Shareholder or any of its subsidiaries during the Year or contract of significance for the provision of services to the Company or its subsidiaries by a controlling Shareholder or any of its subsidiaries during the Year.

## 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 by the Board 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, Supervisors and five highest paid individuals during the Reporting Period are set out in notes 9 and 10 to the 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. Please refer to note 2.4 to the financial statements for details of 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 2023, 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) (the "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 Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange are as follows:

Director	Class of Shares held	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholdings in the relevant class of Shares <sup>(2)</sup>	Approximate percentage of shareholdings in the total share capital of the Company <sup>(3)</sup>
Mr. ZHU Ping (朱平) <sup>(4)</sup>	Domestic Shares	Interest in a controlled corporation	115,000,000(L)	100.0	75.0

Notes:

- (L) denotes a long position.
- The calculation is based on the percentage of shareholdings in the Domestic Shares in issue as at 31 December 2023.
- The calculation is based on the total number of 153,340,000 Shares in issue as at 31 December 2023.
- 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)\* (上海威匯投資合夥企業(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.

# Directors' Report

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

As at 31 December 2023, 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	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholdings in the relevant class of Shares <sup>(2)</sup>	Approximate percentage of shareholdings in the total share capital of the Company <sup>(3)</sup>
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(L)	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(L)	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(L)	13.0	9.8
Shanghai Weihui Investments Partnership (Limited Partnership)* (上海威匯投資合夥企業(有限合夥))	Domestic Shares	Beneficial owner	13,875,000(L)	12.1	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(L)	6.2	4.6
Sun Jinyong	H Shares	Beneficial owner	4,132,000(L)	10.8	2.7
Gao Yue	H Shares	Beneficial owner	3,985,600(L)	10.4	2.6
Zhu Lei	H Shares	Beneficial owner	3,592,800(L)	9.4	2.3
Wang Youlin	H Shares	Beneficial owner	3,375,200(L)	8.8	2.2
Wang Qiong	H Shares	Beneficial owner	2,392,800(L)	6.2	1.6
Dai Yanmin	H Shares	Beneficial owner	2,258,800(L)	5.9	1.5
Yin Bo	H Shares	Beneficial owner	2,010,000(L)	5.2	1.3
Everbright Focused Value Fund	H Shares	Beneficial owner	2,000,000(L)	5.2	1.3
China Everbright Fund Management Limited <sup>(4)</sup>	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
China Everbright Assets Management Holdings Limited <sup>(5)</sup>	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
China Everbright Limited <sup>(6)</sup>	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
Honorich Holdings Limited <sup>(7)</sup>	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
Datten Investments Limited <sup>(8)</sup>	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
China Everbright Holdings Company Limited <sup>(9)</sup>	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
China Everbright Group Ltd. <sup>(10)</sup>	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
Central Huijin Investment Ltd. <sup>(11)</sup>	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
Everbright Absolute Return Investment Holdings Limited <sup>(12)</sup>	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3



# Directors' Report

## Notes:

1. (L) denotes a long position.
2. The calculation is based on the percentage of shareholdings in the relevant class of Shares in issue as at 31 December 2023.
3. The calculation is based on the total number of 153,340,000 Shares in issue as at 31 December 2023.
4. China Everbright Fund Management Limited is the investment manager and holds all the management shares 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. Everbright Focused Value Fund is under the control of Everbright Absolute Return Investment Holdings Limited. By virtue of the SFO, Everbright Absolute Return Investment Holdings Limited is deemed to be interested in all the H Shares which Everbright Focused Value Fund is interested in.

# Directors' Report

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

During the Year, 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.

## SHARE OPTION SCHEME AND SHARE AWARD SCHEME

During the Year, the Company has not implemented any share option scheme or share award scheme.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, 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 of the Company (the "**Articles of Association**") or the law of PRC applicable to the Company that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

## TAX RELIEF

The Company is not aware of any relief from taxation available to its shareholders by reason of their holding of the Shares.

## 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 which are disclosed in note 30 to the financial statements do not constitute non-exempt connected transactions required to be disclosed under the Listing Rules.

## CHARITABLE DONATION

During the Year, the Group did not make any significant charitable donation (2022: approximately RMB400,000).

## DEED OF NON-COMPETITION

To avoid any future competition, Mr. Zhu, 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.

# Directors' Report

## 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 during the Year and up to the date of 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;

# Directors' Report

- (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 during the Year and up 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 during the Year and up to the date of this report.

## DIRECTORS' COMPETING INTERESTS

Save as disclosed in this annual 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 of the Group, which would require disclosure under Rule 8.10 of the Listing Rules.

## SIGNIFICANT LEGAL PROCEEDINGS

During the Year, the Company was not engaged in any litigation or arbitration of material importance.

## PERMITTED INDEMNITY PROVISION

During the Year, 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

There were no material post balance sheet events during the Year.

## AUDIT COMMITTEE

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.

## 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 AGM. A resolution for their reappointment as auditor of the Company will be proposed at the forthcoming AGM. The consolidated financial statements for the Year have been audited by Ernst & Young.

The Company did not change auditors over the past three years.

By order of the Board  
**Shanghai Realway Capital Assets Management Co., Ltd.**  
**Mr. Zhu Ping**  
*Chairman*  
Shanghai, PRC, 28 March 2024

\* For identification purpose only

# Supervisors' Report

## 1. COMPOSITION OF THE SUPERVISORY COMMITTEE

As of 31 December 2023, the supervisory committee of the Company (the "**Supervisory Committee**") consisted of three members (the "**Supervisors**") comprising one employee representative Supervisor and two external shareholder representative 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.

The composition of the Supervisory Committee 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 2023

In 2023, being accountable to all Shareholders, the members of the Supervisory Committee 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 2023, 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	Actual Attendance/ Expected Attendance
Ms. CAI Luyi (Chairman)	2/2
Mr. LU Xili	2/2
Ms. WANG Juanping	2/2



# Supervisors' Report

## (ii) Supervising the Directors and Senior Management of the Company in their performance of duties

In 2023, 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 of the Company in their performance of duties.

## (iii) Monitoring Company's Operation

In 2023, the members of the Supervisory Committee participated in discussions of major operating decisions, reviewed proposals submitted to the Board for consideration and examined and monitored the operation of the Company through attending Board meetings and general meetings of the Shareholders held by the Company. The Supervisory Committee is of the opinion that the business activities of the Company complied with relevant laws and regulations and the Articles of Association. Meanwhile, the Directors and senior management of the Company have diligently performed their duties and earnestly implemented the resolutions of the general meetings of the Shareholders to safeguard the interests of the Shareholders and the benefit of the Company. In the course of examining the operation of the Company and supervising the performance of duties of the Directors and senior management, the Supervisory Committee has not found any of their behaviors that contravened any applicable laws and regulations or the Articles of Association or any issues that has caused damage to the interests of the Shareholders and the Company.

## 3. INDEPENDENT OPINIONS ON RELEVANT MATTERS

### (i) Lawful operation

During the Reporting Period, the Company operated and managed its businesses in accordance with the laws and regulations. The Company's operational decision-making processes were legitimate. The Directors and other senior management were loyal, diligent and dedicated in the business operations and management processes, and they were not found to have breached any laws, regulations or the Articles of Association or harmed the interests of the Shareholders.

### (ii) Financial position

The Supervisory Committee reviewed the financial system and financial position of the Company in a comprehensive and thorough manner and was of the opinion that the financial report for the Year presented a true and objective view of the financial position and operating results of the Company. The audit report with an unqualified audit opinion issued and the assessment on the relevant matters conducted by the accounting firm were objective and fair.

### (iii) Internal control system

Upon deliberation of the self-assessment report of internal control of the Company, the Supervisory Committee was of the view that a relatively comprehensive internal control system had been developed and could be effectively implemented, and the self-assessment report of the Company reflected the establishment and implementation of the internal control system of the Company were in truthful and objective manner.

# Supervisors' Report

## 4. MAJOR INITIATIVES FOR 2024

The Supervisory Committee will strictly comply with the laws and regulations, Articles of Association and the terms of reference of the Supervisory Committee 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:

- (i) to convene meetings of the Supervisory Committee according to the actual situation of the Company and review and consider various resolutions;
- (ii) 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 operational risks; and
- (iii) diligently, responsibly and actively 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, 28 March 2024

# Corporate Governance Report

## CORPORATE GOVERNANCE

It is always one of the Group's top priorities to adhere to and comply with the generally accepted standards laid down by the principles and practices of corporate governance. The Board believes that good corporate governance is one of the factors leading to the Company's success and balancing the interests among our Shareholders, clients and employees and is committed to its ongoing efforts to enhance the efficiency and effectiveness of such principles and practices. During the Year, the Company had adopted and complied with the principles and code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code ("**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules, save and except for the deviation from Code Provision C.2.1 of the CG Code.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, the roles of chairman (the "**Chairman**") and chief executive officer (the "**Chief Executive Officer**") of the Company were both performed by Mr. Zhu Ping. Details of such deviation is set out in the section headed "Chairman and Chief Executive Officer" below in this corporate governance report.

## Corporate Culture

A good corporate culture is essential to the realization of the Group's vision and strategy. The Board has shaped a corporate culture with the following core principles to guide the behavior of employees and to ensure that the Group's vision, values and strategies are consistent with the corporate culture.

- **Responsibility:** The Group respects the spirit of contract and humanity, and consistently places "Concern and satisfaction for the needs of investors, partners, employees and shareholders" as the Group's responsibility;
- **Sharing:** According to the Group's business philosophy, all participants should enjoy the opportunity to grow and benefit, which is the Group's sharing culture and the fundamental source of corporate cohesion;
- **Innovation:** As the external environment is always changing, the Group's culture of innovation is to meet challenges with respect and humility, and to seek innovation and change, which is also the driving force to the stable growth of the corporation.

The above corporate culture reflects the core values of the Group and is an important support for the implementation of the strategic objectives. The Group will continue to strengthen its corporate culture in the course of strategic planning, in order to realize the Group's vision to become an outstanding asset management company and provide assistance to the economic transformation of China.

# Corporate Governance Report

## 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 Remuneration Committee and the Nomination Committee (each a "Board Committee" and collectively the "Board Committees"), to oversee different areas of the Company's affairs.

During the year ended 31 December 2023 and up to the date of this annual report, there was no change in the structure of the Board, which currently comprises eight Directors and its composition is set out as follows:

### Executive Directors

Mr. ZHU Ping (朱平) (*Chairman and Chief Executive Officer*)

Mr. DUAN Kejian (段克儉)

Ms. CHEN Min (陳敏)

### Non-executive Directors

Mr. CHENG Jun (成軍)

Mr. WANG Xuyang (王旭陽)

### Independent non-executive Directors

Mr. SHANG Jian (尚健)

Ms. YANG Huifang (楊惠芳)

Mr. ZHU Hongchao (朱洪超)

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 6 to 9 in this annual report. The latest list of Directors identifying their roles and functions is maintained on the websites of the Stock Exchange and the Company.

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 or appointment letter 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.

# Corporate Governance Report

## 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 policy has been developed to ensure that the Board has access to independent views and opinions. The Company recognises 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.

### Objective

This Policy aims to set out the approach to achieving diversity for the Board.

### 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 the appointment of the Board should be based on merit of the candidate which 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 Nomination Committee is responsible for reviewing the structure, size and composition of the Board from time to time and make suggestions on any proposed appointments to the Board taking into account the strategies of the Company and the recommendation of the members of the Nomination Committee, and is responsible for the appointment of new Directors 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, in particular, the Chairman of the Board.

### Measurable Objectives

The Nomination Committee will review annually the structure, size and composition of the Board, review the Diversity Policy, and where appropriate, make recommendations on changes to the Board to ensure the effectiveness of the policy. In relation to reviewing and assessing the Board composition, the 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.

During the Year, the Nomination Committee has reviewed the implementation and effectiveness of the Diversity Policy and discussed the above measurable objectives. The Board and the Nomination Committee are of the opinion that all measurable objectives have been met and that the Board is sufficiently diverse.

### Disclosure and publication

A summary of the Diversity Policy and any measurable objectives which the Board has set for implementing the Diversity Policy, and progress on achieving those objectives are disclosed in this corporate governance report.

The Board attaches great importance to the gender mix: women now hold 25% of the total directorships at Company level, which is in line or higher than the ratio for most of the listed companies. The Company has achieved gender diversity at the Board level and intends to maintain at least the current level of female representation. The Company will also consider gender diversity during recruitment of senior management, and ensure that sufficient resources are available to provide appropriate training and career development, in order to build a pipeline of potential successors to the Board and maintain gender diversity.



# Corporate Governance Report

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/her 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 "Biographical Details of Directors, Supervisors 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 Directors and the 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 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, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Year, the positions of the Chairman and the Chief Executive Officer of the Company were both held by Mr. Zhu.

As Mr. Zhu now serves as both the Chairman and the Chief Executive Officer, such practice deviates from code provision C.2.1 of the CG Code. The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Zhu 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 C.2.1 of the CG Code is appropriate in such circumstance and is of the view that this management structure is effective for the Group's operations. Having taken into account the Group's established risk management and internal control measures as more particularly set out in the prospectus of the Company dated 31 October 2018, the Directors believe that the Board (which holds at least four regular meetings each year to discuss the Group's business and operation issues) is appropriately structured with balance of power to provide sufficient check and balance to protect the interests of the Group and its Shareholders.

## Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years, and is subject to termination by either party by giving not less than three months' written notice and retirement by rotation and re-election at least once every three years in accordance with the Articles of Association.

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, and is subject to termination by either party by giving not less than one month's written notice and retirement by rotation and re-election at least once every three years in accordance with the Articles of Association.

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 structure, size and composition of the Board and make suggestions on any proposed appointments to the Board taking into account the strategies of the Company and the Board, taking into account the recommendation of the Nomination Committee, is responsible for the appointment of new Directors 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, in particular, the Chairman of the Board.

# Corporate Governance Report

## 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 statutes, 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, 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 themed trainings provided by lawyer.

According to the records provided by the Directors, a summary of training received by the Directors during the Year is as follows:

<b>Name of Director</b>	<b>Type of continuous professional development programmes</b>
<i>Executive Directors</i>	
Mr. ZHU Ping	A, B
Mr. DUAN Kejian	A, B
Ms. CHEN Min	A, B
<i>Non-executive Directors</i>	
Mr. CHENG Jun	A, B
Mr. WANG Xuyang	A, B
<i>Independent non-executive Directors</i>	
Mr. SHANG Jian	A, B
Ms. YANG Huifang	A, B
Mr. ZHU Hongchao	A, B

A – Attending seminars/conferences/forums/briefings/programmes relevant to the business or director's duties

B – Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

## BOARD MEETINGS

The Board meets regularly and at least four times each year at approximately quarterly intervals to discuss the Group's overall strategies, operations and financial performance. Directors may participate in meetings either in person or through electronic means of communication. All Directors are given not less than 14 days' notice for regular Board meetings. For other Board and Board Committees meetings, reasonable notice will be given.

The minutes of the Board meetings and Board Committees meetings are drafted and kept by the company secretary of the Company. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The company secretary of the Company will distribute the draft meeting minutes to all Directors for their comment and final version of the meeting minutes to all Directors for their record within reasonable time after holding of the meetings.

# Corporate Governance Report

During the Year, the Board held a total of 5 Board meetings. Each Director's attendance record for the Board meetings, Board Committees meetings and general meetings (including Shareholders' class meeting) is set out as follow:

Name of Director	Board	Actual Attendance/Expected Attendance			General Meeting
		Audit Committee	Remuneration Committee	Nomination Committee	
<i>Executive Directors</i>					
Mr. ZHU Ping	5/5	N/A	N/A	1/1	1/1
Mr. DUAN Kejian	5/5	N/A	N/A	N/A	1/1
Ms. CHEN Min	5/5	N/A	1/1	N/A	1/1
<i>Non-executive Directors</i>					
Mr. CHENG Jun	5/5	N/A	N/A	N/A	0/1
Mr. WANG Xuyang	5/5	N/A	N/A	N/A	0/1
<i>Independent non-executive Directors</i>					
Mr. SHANG Jian	5/5	2/2	N/A	1/1	1/1
Ms. YANG Huifang	5/5	2/2	1/1	1/1	1/1
Mr. ZHU Hongchao	5/5	2/2	1/1	N/A	1/1

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The role of the independent non-executive Director is to provide independent and objective opinion 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 an annual confirmation of his/her 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 AND SUPERVISORS

The Company has adopted a code for securities transactions by Directors and a code for securities transactions by Supervisors as its own codes of conduct governing Directors' and Supervisors' dealings in the Company's securities (the "**Securities Dealing Code**") on terms no less exacting than the standards required by the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

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

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

# Corporate Governance Report

## 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 recognises 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 relevant matters; and
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

## BOARD COMMITTEES

### Audit Committee

As at 31 December 2023, the Audit Committee comprised three members, namely Ms. Yang (chairman), Mr. Shang and Mr. Zhu Hongchao. 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; and
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.

# Corporate Governance Report

For the Year, 2 meetings of the Audit Committee were held to discuss and consider the following matters:

- review the annual report for the year ended 31 December 2022 and the interim report for the six months ended 30 June 2023;
- review the Auditor's report in relation to the audit plan and strategy of the Group; and
- 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, effectiveness of the internal audit function 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:

<b>Directors</b>	<b>Actual Attendance/ Expected Attendance</b>
Ms. YANG Huifang ( <i>Chairman</i> )	2/2
Mr. SHANG Jian	2/2
Mr. ZHU Hongchao	2/2

## Nomination Committee

As at 31 December 2023, the Nomination Committee comprised three members, namely Mr. Zhu (chairman), Mr. Shang and Ms. Yang. Mr. Zhu is an executive Director and the Chairman of the Board while Mr. Shang and Ms. Yang 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 education background, skills, knowledge and experience and the diversity aspect) 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 members of senior management and select or make recommendations to the Board on the selection of individuals nominated for directorships or senior management positions;
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;
5. to establish a list of qualified candidates for senior management positions, to formulate procedures and standards for selection and appointment of senior management personnel, and to conduct preliminary reviews on the qualifications and conditions of relevant candidates, and make suggestions to the Board; and
6. to formulate and review the Diversity Policy on the member of the Board as appropriate.

# Corporate Governance Report

## 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.

For the Year, 1 meeting of the Nomination Committee was held to review the structure, composition, size and diversity of the Board and relevant recommendations were made to the Board, which included the re-election of retiring Directors.

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

Directors	Actual Attendance/ Expected Attendance
Mr. ZHU Ping ( <i>Chairman</i> )	1/1
Mr. SHANG Jian	1/1
Ms. YANG Huifang	1/1

## Remuneration Committee

As at 31 December 2023, the Remuneration Committee comprised three members, namely Mr. Zhu Hongchao (chairman), Ms. Chen and Ms. Yang. Mr. Zhu Hongchao and Ms. Yang are independent non-executive Directors while Ms. Chen is an executive Director.

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, including but not limited to 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 reasonable;
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;
8. to review the incentives schemes and service contracts of the Directors;



# Corporate Governance Report

9. 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; and
10. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

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

For the Year, 1 meeting of the Remuneration Committee was held to discuss and consider the following matters:

- the remuneration policy of the Company and its subsidiaries;
- assessing performance of the Directors; and
- the remuneration of Directors and proposed adjustment to the Board.

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

<b>Directors</b>	<b>Actual Attendance/ Expected Attendance</b>
Mr. ZHU Hongchao ( <i>Chairman</i> )	1/1
Ms. YANG Huifang	1/1
Ms. CHEN Min	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 6 to 11 of this annual report, for the Year are set out below:

<b>Remuneration band (RMB)</b>	<b>Number of individual</b>
0-1,000,000	10
1,000,001-1,500,000	1

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Year 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 pages 86 to 91 of this annual report.

# Corporate Governance Report

## AUDITOR'S REMUNERATION

For the Year, the remuneration paid to the external auditors of the Group amounted to approximately RMB2.1 million for audit services. No remuneration was paid to the external auditors by the Group for non-audit services during the Year.

## EMPLOYEE DIVERSITY

As at 31 December 2023, the gender ratio of all employees of the Group, including senior management, is as follows:

Gender	31 December 2023	
	Number of Employees	Ratio
Female	33	45%
Male	40	55%
<b>Total</b>	<b>73</b>	<b>100%</b>

The Group's recruitment strategy is to hire the right employees for the right positions, and to achieve diversity among all employees, including senior management, in terms of gender, age, culture, educational background, professional experience, skills and knowledge. As of 31 December 2023, the number of female employees of the Group accounted for approximately 45% of the total number of employees and gender diversity of employees has been achieved.

The Group will continue to take measures to promote diversity at all levels, including developing appropriate recruitment measures to consider diverse candidates, set up talent management and training programs to provide equal development opportunities for employees of different genders, and developing a broad and diversified experienced team.

During the Year, the Board is not aware of any factors and circumstances that make it more challenging or irrelevant for all employees, including senior management, to achieve gender diversity.

## SUPERVISORY COMMITTEE

The Supervisory Committee 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 Supervisory Committee include reviewing periodical reports including financial reports prepared by the Board 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

Ms. Lau has been serving as the company secretary of the Company since 13 October 2019, in possession of the qualifications and experience required as a company secretary under Rule 3.28 of the Listing Rules. Ms. Lau is a director of Immanuel Consulting Limited, a licensed trust and corporate service provider specializing in integrated business and corporate services. Her biographical details are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" in this annual report. Ms. Chen, our executive Director, is the main contact person of Ms. Lau at the Company when she fulfills her duties.

During the Year, Ms. Lau has received relevant professional training of no less than 15 hours and has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

# Corporate Governance Report

## 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 CG Code 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 (the "**Risk Management Committee**") serving as the second line of defense, and the Audit Committee 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 standardised 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. The Group has put in place an information disclosure management system to make appropriate disclosures in accordance with the Listing Rules and the requirements of the Asset Management Association of China. 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 functional 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 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 daily risk management and internal control review and making reports accordingly to the Audit Committee.

# Corporate Governance Report

The Company has established and implemented procedures for (i) collection, evaluation and publication of information to ensure timely reporting of inside information to the Board and the Shareholders; and (ii) responding to external enquiries about the Group's affairs. With a view to identifying, handling and disseminating inside information in compliance with the SFO, procedures including preclearance on dealing in Company's securities by designated Director, notification of blackout period and securities dealing restrictions to relevant Directors and employees, identification of project by code name and dissemination of information on a need-to-know basis have been implemented by the Group to guard against possible mishandling of inside information within the Group.

The Group has established an anti-corruption policy requiring all employees to comply with the Anti-Fraud and Anti-Bribery Management System to prevent all types of fraud, malpractice and malfeasance, and the anti-corruption policy forms part of the Group's corporate governance framework. The Group encourages its employees and companies with whom it does business to report and uncover fraud and bribery and strives to achieve the highest standards of ethical conduct in its operations.

The Group has set up a dedicated email address to receive reports of fraud and bribery, maintains strict confidentiality on all procedures from receiving reports to the investigation, prohibits the disclosure of data of the whistleblower or to the person(s) or the department being reported, and prevents the casual circulation of reporting materials to the public. The Audit Committee shall be informed of the nature of the reports received, the status of the examination and the results of handling of such reports. The Audit Committee reviews the whistleblower policy annually to ensure its effectiveness.

For the Reporting Period, 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 2023 and the year of 2024, 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, 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 for the past year. 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 adequate.

## 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**").

# Corporate Governance Report

## 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 to convene an EGM 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 as soon as possible;
- (b) if the Board agrees to convene an EGM, 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 EGM, or gives no response within ten days upon receipt of such proposal, Shareholders individually or in aggregate holding 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 EGM, 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; and
- (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 individually or in aggregate holding 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 of the Company 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 clear issues and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative rules and 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](mailto:ir@realwaycapital.com)).

# Corporate Governance Report

## DIVIDEND POLICY

The Company may distribute dividends by way of cash or by other means that the Board considers appropriate. The Board determines whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment based on the Group's results of operations, cash flows, financial condition, the Shareholders' interests, the general business conditions and strategies, the capital requirements, the payment by the Company's subsidiaries of cash dividends to the Company and other factors as may be considered relevant at such time by the Board.

## CONSTITUTIONAL DOCUMENTS

During the Year, the Company did not make any amendments to its Articles of Association. An up-to-date version of the Articles of Association has been published on the websites of the Company and the Stock Exchange.

## INVESTOR RELATIONS AND COMMUNICATION WITH ITS SHAREHOLDERS

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 uses various channels to communicate with its shareholders: (i) issuing annual reports, interim reports, announcements and circulars to provide shareholders with information on recent business developments and financial performance; (ii) annual general meetings and extraordinary general meetings to provide a platform for Shareholders to communicate directly with the Directors and senior management, so as to express their views and exchange ideas; (iii) establish the Company's website (<https://www.realwaycapital.com>) to provide additional communication channels to the public and Shareholders. All corporate communications and updates are available to the public on the Company's website; (iv) updates on key information are provided to Shareholders and investors through the Stock Exchange's website and the Company's website; and (v) the Company's share registrar in Hong Kong is available to Shareholders for share registration, dividend payment and related matters.

The Board regularly reviews the existing communication channels with Shareholders and investors to ensure that they are working effectively and to provide suggestions for improvement where necessary. During the Year, the Board reviewed the implementation of the Shareholder Communication Policy and considered it appropriate and effective.



# Environmental, 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 the Group during the Year.

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules and based on the actual situation of the Group, and has complied with the “comply or explain” provisions set out in Part C of the Environmental, Social and Governance Reporting Guide. The Report is published annually in each financial year together with the Annual Report of the Company for the year.

The Report covered the major revenue business of the Group, namely fund management, investment advisory and wealth management business in China. The scope of disclosure included the performance on environmental, social and governance of the following 4 operation sites generating major revenues during the Year:

- (1) Shanghai
- (2) Beijing
- (3) Tianjin
- (4) Hangzhou

The scope of ESG information for the Year disclosed in the Report is substantially the same as last year’s. If the scope and boundaries of the specific contents vary, they are noted in the relevant section of the Report.

## 2. REPORTING PRINCIPLES

- **Materiality:** The Group regularly makes reference to the industry sustainability standards at the local and international level and strives to integrate with them. At the same time, regular communication with stakeholders of various aspects is used to identify the most concerned and important sustainability topics for the Group. Those sustainability topics will also be incorporated into the company’s development policies under the overall strategy of the company’s operations. During the Year, the Group also conducted stakeholder surveys to identify their expectations on the Group and developed appropriate strategies to respond to their views and needs.
- **Quantitative:** The Group is committed to quantifying and disclosing key performance indicators and data within the environmental and social categories, and whenever feasible, explaining the methods of data collection and calculation to enhance transparency of the data.
- **Balance:** In order to maintain the balance of reporting content, fair disclosure of sustainability performance and challenges related to the Group and stakeholders is provided with impartial information to the public.
- **Consistency:** The Group adheres to the “Environmental, Social and Governance Reporting Guide” of the Stock Exchange for disclosure, which allows the Company to make meaningful annual comparisons of past performance under the same framework, and to disclose updated calculation methods of relevant data when necessary.

# Environmental, Social and Governance Report

## 3. BOARD'S GOVERNANCE ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE TOPICS

After experiencing the pandemic in the past three years, the Group has adopted a prudent investment and steady management strategy in business development, safeguarding the healthy and stable operation of the Company. The Board continues to oversee the relevant environmental, social and governance (ESG) matters, ensuring operations in continued compliance with local laws and regulations while also safeguarding the interests of the Group and its stakeholders, and thereby enhancing the corporate brand image.

The Group collects ESG information on a regular basis through different functional departments and working groups, and then consolidates, analyses and discloses performance in the Report. At the annual meeting of the Board, board members will review ESG performance disclosed in the Report, assessing suitability with the Group's business strategy and the status of compliance and identifying the sustainability topics being material to the Group and stakeholders, so as to make appropriate decisions. The Board includes, but are not limited to, the following authorities and responsibilities in ESG leadership:

- o Review and approval of ESG goals, and monitoring of ESG performance
- o Regular review with ESG working groups or committees on the effectiveness of ESG plans and achievement of ESG goals, as well as provision of guidance on ESG strategies
- o Review and approval of ESG reports, results of stakeholder engagement and materiality assessment

### ESG Governance Structure



# Environmental, Social and Governance Report

Through regular reporting by the ESG working groups or committees and the ESG reporting information formulated annually, the Board will evaluate the potential risks indicated in the ESG information, prioritize the management of the ESG topics with significant impacts, and formulate effective preventive and control measures in order to ensure the sustainable development of the Group.

In the post-pandemic era of 2023, China's economy continues to recover and the Group will continue the development strategy while controlling the operational costs and strengthening the control on compliance risk. The Group strives to achieve better performance in the gradually recovering market circumstance. According to the risk evaluation conducted by the Board in the Year, the quality of project management, customer service, and prevention of corruption/bribery and money laundering are relatively material topics for governance, therefore the Group is committed to providing comprehensive training to ensure employees have adequate knowledge on investment products, possess soft skills in handling customer service matters, and maintain a vigilant attitude towards probity acts.

In terms of environmental management, the Board considers the operational strategies to reduce environmental impact and to respond to climate change as two relatively material ESG topics, consequently a taskforce has been established to address the relevant ESG challenges and opportunities and, where appropriate, adjust the design or combination of investment products. In addition, the Group continues to develop and implement relevant measures for office operation and facility management for reduction in both greenhouse gas emission and energy use.

Looking ahead, the Group will continue to enhance its business framework, including continuity in operating diversified investment portfolios and closely monitoring investment performance and market trends so as to adjust fund investment strategies, with an aim to expand the Group's sustainable development and to explore investment opportunities in green finance and low-carbon industries.

# Environmental, Social and Governance Report

## 4. COMMUNICATION WITH STAKEHOLDERS

The Group convenes annual general meeting with shareholders to provide an effective channel for the Board to exchange opinions with shareholders. The Group's overall business performance is disclosed to all investors in our annual report and interim report every year. For those customers and suppliers in close connection with the Group, they could be communicated through email and teleconferences with our customer service staff to raise their opinions and requests.

In addition, for assuring the regulatory compliance of business operation, the Group pays close attention to the opinions of regulatory authorities, responds and follows up in a timely manner. Relevant platform and teams are also established for identifying and responding to the community needs.

<b>Group's stakeholders</b>	<b>Main means of communication</b>
<b>Shareholders</b>	The Company's website Annual report and interim report Annual General Meeting of Shareholders and other general meetings
<b>Suppliers</b>	Supplier survey Company press releases, financial and other data relating to the Company's business
<b>Customers</b>	Customer survey Investor activities, investor quarterly/annual report Phone conference, visits and meetings
<b>Community</b>	Volunteering activities Charitable activities
<b>Government/Regulators</b>	Policy announcement Regulatory communications On-site inspection, phone conference

# Environmental, Social and Governance Report

## 5. MATERIALITY ASSESSMENT

In order to better understand the ESG awareness and expectations of our stakeholders, in addition to the above stakeholder communication channels, the Group conducted a survey of stakeholders this Year and proceeded the following three steps to prepare and conduct the materiality assessment:

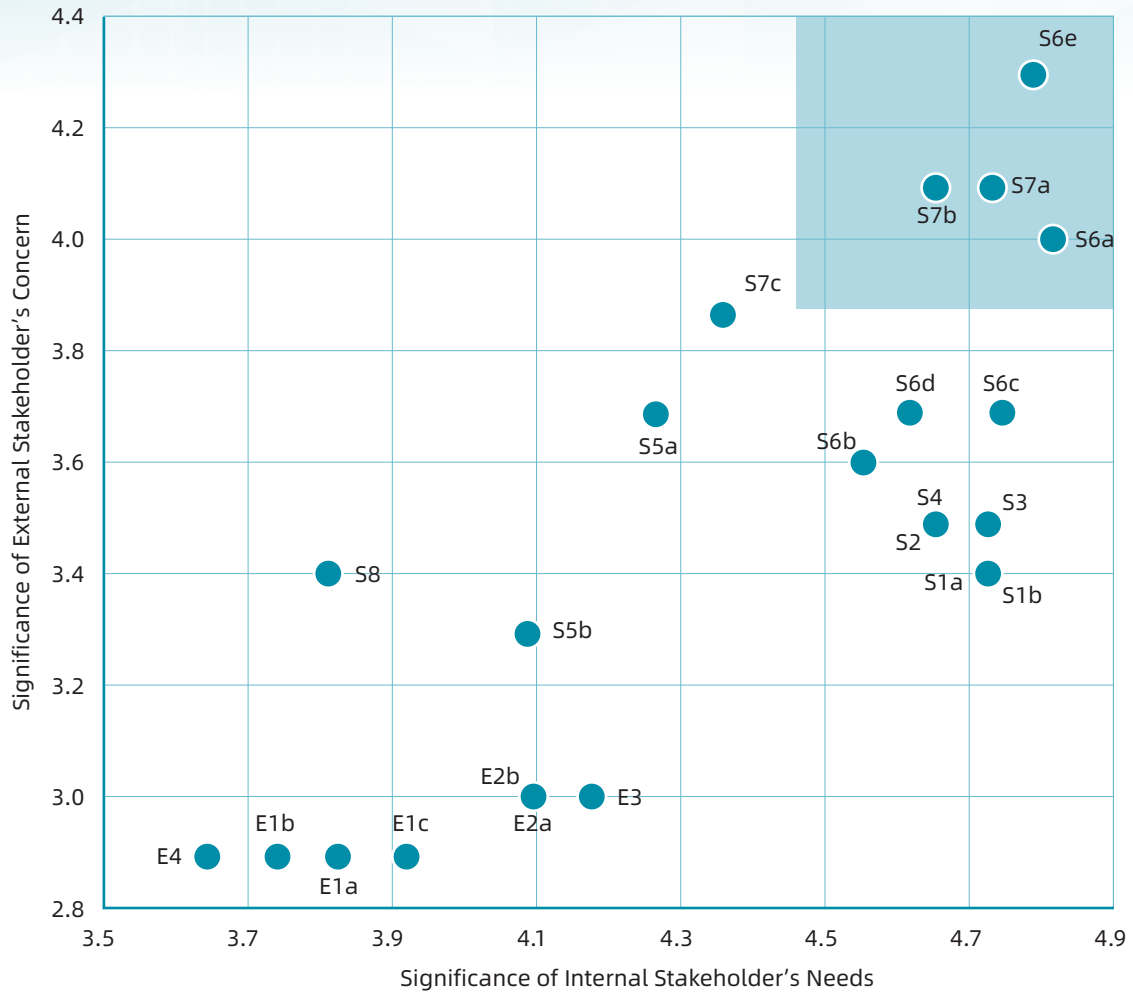
Step 1	Identify topics on ESG	In accordance with the Stock Exchange's Environmental, Social and Governance Reporting Guide as the framework for materiality assessment, and taking into account factors such as corporate development strategies, industry trends, regulatory and market requirements, the stakeholder questionnaire was developed to conduct survey on 23 sustainability (ESG) topics in four categories: namely environmental protection, employment and labour management, operating practices and community investment.
Step 2	Identify stakeholders and set up questionnaires	The stakeholders identified as utmost important to the Group are our customers, suppliers and employees. According to their respective perceptions and expectations, specific content of the topics was formulated in their respective questionnaires. The questionnaires were then distributed to the sampled stakeholders, whose feedback was collected within the specified time frame.
Step 3	Evaluate and identify material topics	Through statistical analysis of survey feedback from external stakeholders, and review of the Group's strategies and the priorities of internal stakeholders, data of both external and internal demands was consolidated for plotting the "ESG Materiality Matrix Diagram". From the aforesaid 23 sustainability topics, the ESG material topics of the Group were identified (within the <b>blue</b> square in the upper right corner of the matrix diagram on next page).

### "Materiality Assessment" based on 23 Sustainability Topics

Legend	ESG topics	Legend	ESG topics
E1a	Control for emission of air pollutants/greenhouse gas	S4	Prevention of child and forced labour
E1b	Wastewater treatment	S5a	Supply chain management
E1c	Solid waste handling	S5b	Green procurement
E2a	Energy conservation	S6a	Product/service quality
E2b	Water conservation	S6b	Customers' health and safety
E3	Operations minimizing environmental impacts	S6c	Customer service and complaint handling mechanism
E4	Strategy against climate change	S6d	Intellectual property right protection
S1a	Employment and staff benefits	S6e	Customer data privacy protection
S1b	Equal, anti-discrimination, and diversified working environment	S7a	Corporate governance
S2	Occupational safety and health	S7b	Prevention of corruption/bribery and money laundering
S3	Employee development and training	S7c	Anti-competitive practices
		S8	Community investment

# Environmental, Social and Governance Report

ESG Materiality Matrix Diagram



During the materiality assessment in the Year (2023), two of the material ESG topics identified were the same as those of last year (2022). The remaining two ESG topics were different amongst these two years (identified as *italic text* in the table below): "prevention of corruption/bribery and money laundering" and "product/service quality", which indicated the increasing trend of stakeholders' concerns on these topics in the Year, whereas the relevant company's policies and measures for the aforesaid material ESG topics were depicted in Section 6.2.7 and Section 6.2.6 of this Report respectively.

**Year 2022**

Information Security and Personal Data Protection  
 Corporate Governance  
 Anti-Competitive Behaviour  
 Intellectual Property Right Protection

**Year 2023**

Information Security and Personal Data Protection  
 (Customer data privacy protection)  
 Corporate Governance  
*Prevention of corruption/bribery and money laundering*  
*Product/service quality*



# Environmental, Social and Governance Report

## 6. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

### 6.1 Environmental

#### 6.1.1 Environment and Natural Resources

Belonging to a 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. Although water consumption in the office operation was insignificant and consequently it was not necessary to establish targets on water use efficiency, but the Group was still striving to set the following environmental targets for contributing to environmental protection:

Environmental targets	Directional statements	Measures taken during the Year
Energy use efficiency	<ol style="list-style-type: none"> <li>Adopt alternative means to reduce the number of times that the company's vehicles are used, in order to reduce fuel consumption.</li> </ol>	<ol style="list-style-type: none"> <li>Adoption of "Tencent Meeting" software for internal meeting arrangement, thereby reducing the number of business trips for intra-company meetings and hence reducing the use of vehicles.</li> <li>Alignment of vehicle procurement policy with the Group's emission reduction goals. At the end of the Year, the Group replaced one of its fuel-powered vehicles with an electric vehicle, aiming to reduce emissions from transportation.</li> </ol>
Emission reduction	<ol style="list-style-type: none"> <li>Reduce the need in purchase of external electricity, thereby reducing the generation of indirect greenhouse gases (GHG);</li> <li>Reduce emissions from direct sources of greenhouse gases (GHG).</li> </ol>	<ol style="list-style-type: none"> <li>Turned on air-conditioners in office only when the temperature falls below or rises above the specified standard during the winter and summer period respectively, for reducing power use from air-conditioning in office and, thereby reducing GHG generated indirectly from power consumption.</li> <li>Reduction in use of vehicles and replacement of fuel-powered vehicles by electric vehicles, hence reduced gaseous emissions incurred from fuel consumption, and at the same time, reduced the number of business trip meeting through the use of video, teleconferencing or other electronic online communication tool in order to reduce GHG emission incurred from use of transportation.</li> </ol>

# Environmental, Social and Governance Report

Environmental targets	Directional statements	Measures taken during the Year
Waste reduction	1. Reduce paper waste generated from the office operation.	<ol style="list-style-type: none"> <li>1. Strengthened electronic operations and file management to reduce paper consumption in offices.</li> <li>2. Maximized the use of papers on both sides, for example, double-sided printing adopted whenever feasible and in non-confidential situations.</li> <li>3. Maximized the use of multimedia presentation in the meeting, for reducing the use of paper-based printout.</li> </ol>

## 6.1.2 Use of Resources

The funds and investment management business operating by the Group belongs to financial business. The key consumption for such business activities 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.

### (i) Statistics of Resource Consumption

The main resources consumed by the Group in the Year were still power consumption in office, gasoline consumption by vehicles, and paper. Relatively, water consumption was not significant. Owing to the implementation of lockdown measures by government in response to the pandemic in the previous year (2022), the Shanghai office, which served as the headquarters of the Group, suspended operations for nearly three months. This resulted in a lower baseline for energy consumption in 2022. As a result, consumption of various energy sources had increased when compared to the previous year. As compared with the previous year, the consumption of municipal electricity, gasoline, and paper had increased by about 38%, 136%, and 20% respectively.

The diagram below illustrated total consumption of various resources consolidated from all operating sites for the Year:



Power consumption  
**54,626 kWh**



Gasoline consumption  
**4,345 litres**



Paper consumption  
**390 kg**

Resource consumption	Unit	Year 2023	Year 2022
Electricity	kWh	<b>54,626</b>	39,512
Gasoline	litre	<b>4,345</b>	1,840
Paper	kilogram	<b>390</b>	326

# Environmental, Social and Governance Report

**(ii) Energy conservation measures**

Main energy consumption amongst the office operations is electricity. Apart from installation of energy-saving LED lights throughout the office areas, the Group has also instructed employees to follow the appropriate energy conservation measures, such as: employees shall turn off the power supply of facilities during non-office hours, air-conditioning shall be set at an appropriate temperature to reduce unnecessary energy consumption.

**(iii) Water conservation measures**

Water consumption equipment in the office areas of the Group was managed by the property management offices where they were located, which did not provide specific monthly records of water consumption by the Group due to centralized management. Under the general office operations, water consumption is relatively insignificant and consequently the Group has not put in any specified water conservation measures. During the Year, there was no issue in sourcing water that was fit for purpose.

**(iv) Paper conservation measures**

During 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, in order to improve the efficiency 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 centrally stored in electronic folders. This minimizes the wastage of papers from duplicated printing by employees in the same department.

## 6.1.3 Emission

The fund and investment management business 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, with regard to business activities involving GHG 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.

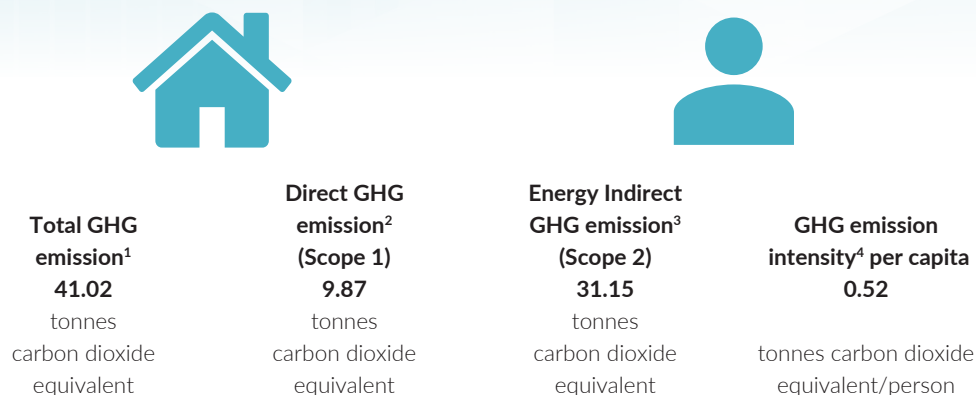
**(i) Control of GHG emission**

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 reducing 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 mitigate its carbon emissions.

# Environmental, Social and Governance Report

The diagram below identified the total GHG emission in the Year and the GHG emission intensity calculated on the basis of the number of employees:



In view of suspension of the Shanghai office operation of the Group for around three months in the previous year due to pandemic control measures, the total volume of GHG emission by the Group increased by about 51% as compared to the previous year. In the same period, from the perspective of calculating the GHG emission intensity per capita, the GHG emission intensity was consequently increased by about 73%.

	Unit	Year 2023	Year 2022
Direct GHG Emission (Scope 1)	tonne carbon dioxide equivalent	9.87	7.41
Energy Indirect GHG Emission (Scope 2)	tonne carbon dioxide equivalent	31.15	19.73
<b>Total GHG Emission</b>	<b>tonne carbon dioxide equivalent</b>	<b>41.02</b>	27.14
<b>GHG Emission Intensity<sup>5</sup> per Capita</b>	<b>tonne carbon dioxide equivalent/person</b>	<b>0.52</b>	0.30

<sup>1</sup> Global Warming Potential (GWP) adopted in this GHG calculation were based on the values disclosed in the Sixth Assessment Report (AR6) of Intergovernmental Panel on Climate Change (IPCC).

<sup>2</sup> Direct GHG emission was originated from gasoline consumption by vehicles. Method of calculation was based on "2006 IPCC Guidelines for National Greenhouse Gas Inventories".

<sup>3</sup> Energy indirect GHG emission was originated from consumption of electricity purchased from external source. Regional grid emission factors used in the calculation were referenced to the values issued by National Development and Reform Commission (NDRC) in People's Republic of China.

<sup>4</sup> The base unit for calculating GHG emission intensity is the monthly average number of employees in the reporting year.

<sup>5</sup> GHG emission intensity per capita was calculated on the basis of monthly average number of employees in the reporting year.

# Environmental, Social and Governance Report

## *(ii) 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<sup>6</sup>. The Group strictly adheres to the local waste disposal regulations in the local areas of business, including the waste classification regulations in the cities where the operating offices are located. Pursuant to the relevant requirements, the Group conducted training to all employees, and allocated rubbish bins configured for classification. In the Year, the Group keeps on monitoring and assures that employees proceed waste collection and disposal in accordance with the four categories of wastes: dry wastes, wet wastes, hazardous wastes and recyclable wastes aiming to reduce the disposal of non-hazardous waste.

During the Reporting Period, the Group did not identify any non-compliance with relevant laws and regulations that have a significant impact on the Company relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

## **6.1.4 Climate Change**

Various countries around the world have made different efforts and breakthroughs in mitigation of climate change, and the Group is also committed to addressing the impact of climate change. Based on the continued focus on the transformation and upgrading of the real estate asset sector in China, the Group is dedicated to identifying innovative investment opportunities in green and low-carbon industries. Details of relevant activities in the Reporting Period were described in "Section 6.2.8 – Community Investment" of this Report.

In addition to the business strategy against climate change, the Group is fully aware of impact on the office operation because of climate change, which particularly leads to extreme weather and consequently incurs damage or work delay caused by typhoons and rainstorms. Management assesses the risks incurred by climate change and has identified the possible impacts of climate change on business operations, and eventually adopted the following policies to address climate change:

### *(i) Response to operational impacts incurred from climate change*

The Group has developed guidelines for work arrangement in adverse weather, which guide employees to respond to possible emergencies such as being unable to work because of flooding or typhoon strikes in the event of typhoon and rainstorm weather warnings. Before typhoon strikes, employees are requested to check that all windows are closed and regularly inspected to ensure that office areas will not be damaged. Moreover, in order to raise employees' awareness of disaster preparedness and to familiarize them with emergency response measures, the Group provides appropriate training to ensure that employees possess relevant knowledge and skills to tackle with the impacts of extreme weather on the enterprise.

### *(ii) Mitigation against operational impacts incurred from climate change*

Apart from formulating the abovementioned preparedness plans in response to climate change, the Group is also dedicated to saving the use of electricity, with the use of energy-saving lighting in the office areas, in order to reduce emission of energy indirect GHG. Also, the policy of prioritizing local procurement is in place for reducing GHG emission incurred from transportation, thereby mitigating the magnitude of climate change.

<sup>6</sup> The non-hazardous wastes generated by the Group in the Reporting Period was mainly scrap paper. In the actual operation, the Group has already largely adopted electronic processes and hence the amount of paper wastes was not significant. Such paper wastes were collected and subsequently handled by the property management agencies of the buildings where the Group's offices were located, and therefore the Group did not record the weight of paper wastes generated and the content recycled.

# Environmental, Social and Governance Report

## 6.2 Social

### 6.2.1 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 is also available in electronic version for easy access by employees. In addition, any updates to the handbook will be publicly displayed for employee awareness and feedback to ensure that they are implemented without apparent disagreement.

#### (i) *Recruitment and promotion*

The Group has formulated and issued the “Realway Capital’s Management Measures for Recruitment” to stipulate its recruitment procedures and systems.

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.

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.

#### (ii) *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.



# Environmental, Social and Governance Report

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.

**(iii) Statistical information related to employment**

During the Reporting Period, the Group did not identify any non-compliance with relevant laws and regulations that have a significant impact on the Company relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

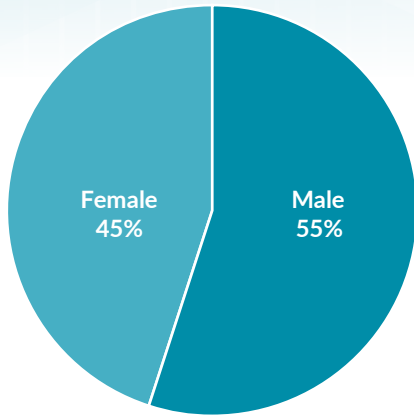
As at 31 December 2023, there was a total of 73 employees, amongst which 67 employees were on full-time basis. All employees were situated in Mainland China. In the Year, the overall monthly average employee turnover rate was 4.59%, while the turnover rate was 3.47% in the previous year.

	Number of employees <sup>7</sup>	
	Year 2023	Year 2022
<b>Gender</b>		
Male	40	42
Female	33	46
<b>Employee category</b>		
Senior management	15	18
Middle management	17	13
Supervisor	21	21
General staff	20	36
<b>Age group</b>		
16–24 years old	4	8
25–34 years old	32	36
35–44 years old	23	28
45–54 years old	10	14
55–64 years old	4	2

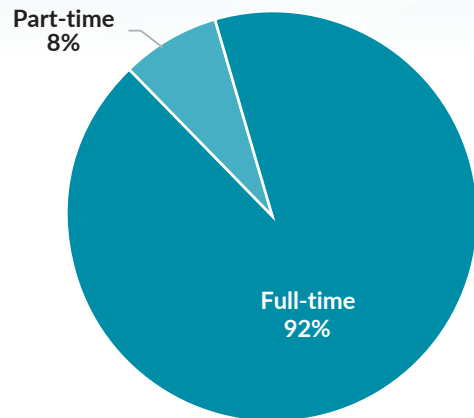
<sup>7</sup> The statistics was disclosed for the number of persons as of the end of December in the reporting year.

# Environmental, Social and Governance Report

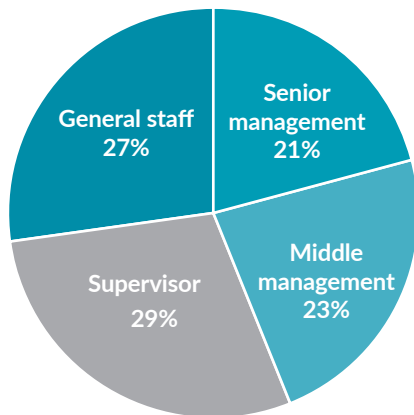
Proportion of employees by gender



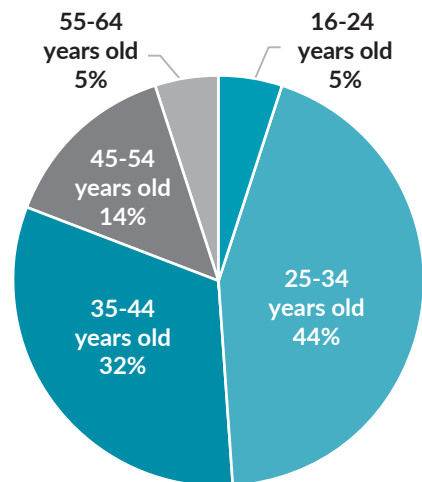
Proportion of employees by employment type



Proportion of employees by employee ranking



Proportion of employees by age group

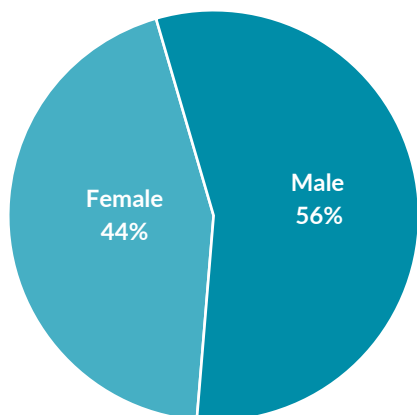


# Environmental, Social and Governance Report

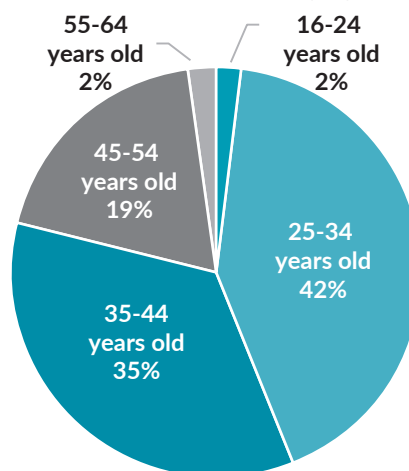
Based on monthly average calculation, the following diagrams and tables set forth the statistical number of employees and employee turnover rate of the various classifications:

	Monthly Average Employee Turnover Rate	
	Year 2023	Year 2022
<b>Gender</b>		
Male	4.81%	2.91%
Female	4.22%	4.04%
<b>Employee ranking</b>		
Senior management	1.08%	1.39%
Middle management	1.71%	3.87%
Supervisor	4.73%	2.01%
General staff	8.02%	5.24%
<b>Age group</b>		
16-24 years old	1.39%	7.79%
25-34 years old	4.85%	3.10%
35-44 years old	4.91%	3.71%
45-54 years old	5.21%	1.83%
55-64 years old	4.17%	8.33%

Proportion of employee turnover by gender



Proportion of employee turnover by age group



# Environmental, Social and Governance Report

## 6.2.2 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.

### (i) *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 posting of fire evacuation route plans in the obvious places of corridors, 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.

### (ii) *Employee training*

In addition to the management of premises and equipment, the Group endeavours to provide adequate training for employees. Office-related safety training is provided to new 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 response to the extreme weather incurred from climate change in recent years, the Group has established clear guideline for governing the work arrangement in case of typhoon and rainstorm.

### (iii) *Caring of employee health*

The Group has provided office employees with appropriate equipment, for example: chairs with armrests and height adjustment, for mitigating health risks incurred to employees from inappropriate equipment. Also, the Group is concerned about the mental health of employees, grievance communication channel is set up for employees to voice out any issues which inhibit their family life or other aspirations to achieve work-life balance.

### (iv) *Performance on occupational health and safety*

During the Reporting Period, the Group did not identify any non-compliance with relevant laws and regulations that have a significant impact on the Company relating to providing a safe working environment and protecting employees from occupational hazards, and there was no working day lost due to work-related injuries. In addition, there was no incident of work-related fatality over the past three years (including the Year).

# Environmental, Social and Governance Report

## 6.2.3 Development and Training

### (i) *Employee training system*

The Group has established comprehensive staff training system, covering both new and existing employees, as well as the deployment of online training platform for applicable topics, which facilitated employees to learn independently for enhancing efficiency of learning. Apart from those courses with confidentiality requirements, such as external courses and relevant courses conducted by external tutors, in-house courses will be put online as much as possible for easy access by employees.

For newly hired employees, the Group has arranged with training topics on corporate culture, company introduction, internal control measures, financial processes, and practical knowledge of private and public funds, etc., during the Year for the purpose of helping them quickly integrate into the Company and understand the business operations.

For existing employees, the training program is tailored to meet the business needs and relevant job requirements each year. For applicable professional topics, the Group also considers introducing external tutors or arranging employees to participate in the training programs organized by external institutions. Training courses of the Year covered the following topics, aimed at expanding and enhancing professional skills of employees.

- o Industry trends and product knowledge
- o Personal management skills

#### **Names of Training Classes**

#### **Tutor**

##### **Industry Trends and Product Knowledge**

Training on legal provisions of “Measures for the Supervision and Administration of Private Investment Funds (consultation paper)”	External
Financial Ecosystem of REITs: Asset Management in Pre-REITs and Post-REITs	External
ESG Empowering China’s Commercial Real Estate	External
Impact of Artificial Intelligence on Industry Digitization from the perspectives of ChatGPT	External

##### **Personal Management Skills**

Enhancing Execution with the P.L.A.N. Methodology	External
Customer-Centric Approach	External
Stress Management Techniques using Positive Psychology	External
Mastering Conflict in the Workplace	External
Developing a Keen Problem-Solving Mindset	External
Processes in the Weaver Office Automation (OA) System	Internal
Harnessing Efficiency through Process Optimization	Internal

# Environmental, Social and Governance Report

For fulfilling the training needs of any special positions, such as new management trainees, mentors will be arranged to engage them in quarterly face-to-face communication and provide appropriate recommendation for raising their competence in an efficient manner.

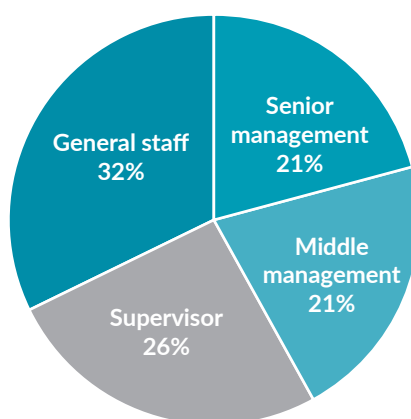
For employees with other training needs, the Group also has policy to sponsor in full their attendance of external training courses for development of their specific capabilities.

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.

**(ii) Employee training performance**

For the operating locations covered by the Report, there was a total of 72 trained employees who attended 1,402 hours of training in the Year. As compared with the previous year, the average proportion of trained employees to the total workforce decreased by around 2.5% while the average training hours per employee increased by around 3.6%.

**Proportion of trained employees by employee ranking**

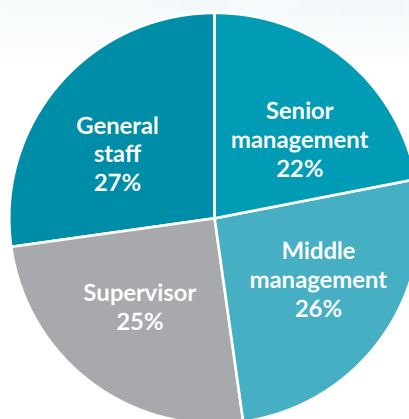


	Average proportion of trained employees <sup>8</sup>	
	Year 2023	Year 2022
<b>Gender</b>		
Male	90.48%	88.37%
Female	91.89%	97.96%
<b>Employee ranking</b>		
Senior management	93.75%	66.36%
Middle management	100.00%	93.33%
Supervisor	86.36%	88.72%
General staff	88.46%	100.00%
<b>Overall average</b>	<b>91.14%</b>	<b>93.48%</b>

<sup>8</sup> This calculation is based on the monthly average number of persons in the reporting year.

# Environmental, Social and Governance Report

Proportion of training hours by employee ranking



	Average training hours per employee <sup>9</sup>	
	Year 2023	Year 2022
<b>Gender</b>		
Male	16.00	15.47
Female	19.73	18.60
<b>Employee ranking</b>		
Senior management	18.88	12.09
Middle management	24.47	17.75
Supervisor	16.09	10.24
General staff	14.58	23.58
<b>Overall average</b>	17.75	17.14

<sup>9</sup> This calculation is based on the monthly average number of persons in the reporting year.



# Environmental, Social and Governance Report

## 6.2.4 Labour Standards

### (i) *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.

### (ii) *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. Relevant policies ensure all employees to work on voluntary basis. All employees have the rights to resign within the employment period in accordance with the notice period as stipulated in the employment contracts.

### (iii) *Handling of non-compliance*

Based on the recruitment system and principle, the Group does not allow the occurrence of child labour or forced labour, and has established the relevant preventive procedures. In event of any non-compliance identified, the Group will adopt the necessary steps to eliminate the non-compliance in accordance with laws.

During the Reporting Period, the Group did not identify any non-compliance with relevant laws and regulations that have a significant impact on the Company relating to preventing child and forced labour.

# Environmental, Social and Governance Report

## 6.2.5 Supply Chain Management

### (i) *Supplier distribution*

In accordance with the practices of the asset management industry, the suppliers of the Group are generally defined as professional service providers and intermediaries related to financial assets, such as fund sales agencies and law firms. In 2023, there was a total of 58 suppliers with whom the Group was in business partnership. Amongst these suppliers, 52 suppliers were located in Mainland China and the remaining 6 suppliers were situated in Hong Kong.

### (ii) *Supplier evaluation and screening*

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. Owing to business needs, 19 new suppliers have been engaged in the Year and all of them are located in Mainland China for providing consultation services. They have been evaluated on the qualification and experience prior to signing for engagement, and the business partnership only commenced after passing evaluation.

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.

### (iii) *Management of environmental and social risks in supply chain*

The Group would prioritize the use of materials and services that do not impose significant environmental impacts and avoid the financial investment products that would have negative impacts on environment or climate change. Furthermore, evaluation would be conducted on the operational compliance of business partners, product non-compliance, and other financial risks such as potential default. The aforesaid practices aim to mitigate environmental and social risks along the supply chain of the Group.

# Environmental, Social and Governance Report

(iv) **Green procurement**

During the procurement process, the Group would prioritize those supplies that could be energy-saving or environmental-friendly, such as energy-saving LED lights, or sourcing from the suppliers who attained certification on environmental management system. Moreover, the Group would strive to seek and explore the opportunities on asset management and sales direction regarding green financial products like ESG-preferred investment. The practices aim to align with the global trend of responsible investment for mitigating the negative impacts on climate change.

Moreover, the Group has formulated regional procurement policy, which prioritizes the use of local (situated in Mainland China and Hong Kong) suppliers and service agencies for reduction of GHG emissions from transportation during the procurement process, being implemented as one of the green procurement measures. In the Year, the suppliers who provided materials to the Group were all located in Mainland China and from this perspective, it could be regarded as local procurement in full.

## 6.2.6 Product Responsibility

Being an asset management company, the Group primarily engages in real estate and distressed assets covering fund management, investment advisory services, wealth management services related to fund sales and asset allocation, as well as real estate leasing services.

The funds managed by the Group are invested in three main categories of portfolio assets: commercial real estate projects, distressed asset projects, and urbanization and redevelopment projects.

(i) **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 by the regulatory authorities or industry associations as a result of violations of any laws or regulations.

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

To strictly monitor the compliance status, the Group has established an independent risk management department for governing the potential risks in the processes of fund and private equity investment management.

# Environmental, Social and Governance Report

## **(ii) 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. Before releasing documents externally and signing agreements, such documents must have passed through the corresponding approval procedures, and could only be released and disclosed after compliance check. 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. Whenever necessary, investigation will be conducted to evaluate any risks of non-compliance with the relevant laws and regulations.

The Group's asset management services have been recognized by the industry, amongst which the "2023 Best Special Opportunity Investor in China" was awarded by the "Shanghai Private Equity Association" during the Year. In 2023, the "China Securities Regulatory Commission" launched the pilot program for China's real estate private equity funds, aiming to set benchmarks for the real estate equity investment industry and promote the best practices within the industry. The "Shanghai Private Equity Association" integrated the use of questionnaire surveys, data analysis, verification, and committee voting and evaluation to introduce the "2023 SHPEA CPERE Annual Awards" list, which showcased outstanding investment institutions, investment managers, and professional institutions in the real estate industry.

## **(iii) Product recall procedure**

Under the product assurance system of the Group, product recall mechanism is also in place, such as handling product recalls incurred from failure in fund filings. Within the time period specified in fund agreements, for those products not completing the fund filings, they will proceed according to agreements to refund the principal to investors after deduction of the associated fees and interests, and will terminate the fund agreement with the fund custodian. Associated refunds and termination of agreements will be proceeded after approval. Fund manager will issue public notice and announce fund cancellation after recall completion. During the Reporting Period, there was no need of initiating product recall mechanism and no recall case was identified.

# Environmental, Social and Governance Report

**(iv) Handling of customer complaints**

The Group has established a comprehensive system for handling complaints and disputes, which has dedicated personnel to handle complaints and disputes from investors in accordance with "Customer Service Guidelines", and has a comprehensive complaint handling process for responding to all kinds of complaints in a timely manner. Complaint case will go through cause analysis to identify the system loopholes which lead to the occurrence of complaints. Relevant corrective and preventive procedures will then be developed to prevent the recurrence of the similar complaints or disputes.

During the Reporting Period, the Group received 6 cases of customer complaints primarily related to the progress in the exit procedure of products or projects of investment advisory services entrusted to be managed by the Group. All relevant matters were addressed and responded to the affected customers by the Group within the Reporting Period. Upon acceptance of customer complaints, the staff will handle and close the complaint cases within the prescribed time limits. After resolution of the complaint case, a post-evaluation analysis was conducted to analyze and summarize the experiences learned from the complaints. The Group has always been valuing customer feedback and actively reviewing its business operations, and is committed to promptly identifying and resolving issues, as well as enhancement of the complaint management system and provision of customers with better services.

During the Reporting Period, the Group did not identify any legal violation related to product responsibility.

**(v) Product promotion**

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

**(vi) 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 the internal training of the Group. For project managers, they are required to obtain the fund practice qualification and pass the examination organised by the Group.

During the Reporting Period, the Group has arranged employees for participation in the following external training programs to enhance their knowledge in market and product development trends, as well as the compliance requirements of the business. The main training topics include:

- (i) Legal provisions of the "Measures for the Supervision and Administration of Private Investment Funds (Consultation Paper)"
- (ii) The Financial Ecosystem of REITs: Asset management of Pre-REITs and Post-REITs
- (iii) ESG empowering China's commercial real estate

# Environmental, Social and Governance Report

## **(vii) Information security management**

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 has documented rules requesting employees not to disclose nor replicate confidential information without prior authorization. Confidential agreements are signed with business partners to request them not to disclose any product information to external parties.

## **(viii) Maintenance of customer information**

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. For confidential information and documentation related to products and customers' intellectual properties, they must be secured and stored by the designated department. Without approval, employees are not allowed to make photocopies or to take the documentation away from the company's premises. 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 unauthorized disclosure of company's information to external parties or any non-compliance with relevant laws and regulations that have a significant impact on the Company relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

## **6.2.7 Anti-corruption**

### **(i) 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", before executing 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 found to be in corrupt practices, the Group will decide to dismiss such employees or transfer such employees 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 cases regarding corrupt practices brought against the Company or its employees.

# Environmental, Social and Governance Report

**(ii) *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 suspected money laundering, report on related violations, conduct internal inspection, organise internal trainings on topics of anti-money laundering, and whenever necessary assist external authorities in the investigations against money laundering.

**(iii) *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 to 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 for follow-up.

**(iv) *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.

During the Reporting Period, the Group did not identify any case in any form for declaring conflicts of interest.

**(v) *Whistleblowing policy***

The Group encourages employees and business associates to report and expose fraudulent and corrupt behaviour and provides an email address for such whistleblowing. The Group strictly maintains confidentiality of the entire whistleblowing process, from the stage of receiving through investigation. Information related to the whistleblower's identity or situation of the whistleblowing case is prohibited from disclosure to the reported person or the related department. Also, the Group prevents the lending of whistleblowing related materials to external parties. The nature of the whistleblowing case, investigation results, and outcomes of handling must be reported to the Audit Committee.



# Environmental, Social and Governance Report

(vi) **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 are 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.

(vii) **Anti-corruption related training**

For assuring employees at all levels understand and clearly fulfill the above-mentioned policies related to anti-corruption, the Group arranges training from time to time for employees who implement the relevant policies, thus the training covered both Board members and general staff.

In the Year, training for general employees aimed to strengthen their awareness on integrity practices. In addition, based on the roles and authorities of the Directors with the integration of practical work scenarios, the Group aimed to instill employees with working principles of integrity practices and legal compliance. In the Year, the Group has arranged trainings related to anti-corruption themes for both Directors and general staff:

- Code of Practices for Fund Investment Managers and Management for Conflict of Interest
- Reputation Risk Management System and Practices for Fund Companies
- Code of Conduct for Fund Industry Practitioners
- Detailed Rules for the Implementation of Integrity Practices for Fund Operating Institutions and Their Employees
- Regulations on Integrity Practices for Securities and Futures Operating Institutions and Their Employees

During the Reporting Period, there were a total of 44 training participants including both Directors and general staff closely related to integrity practices, who were trained up to 268 hours in total.

	<b>Directors</b>	<b>Non-director employees</b>	<b>Total</b>
Number of trainees	8	36	44
Hours of training	23	245	268

# Environmental, Social and Governance Report

## *(viii) 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 Company'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.

During the Reporting Period, the Group did not identify any non-compliance with relevant laws and regulations that have a significant impact on the Company relating to bribery, extortion, fraud and money laundering.

## **6.2.8 Community Investment**

In the "post-pandemic" era of 2023 under slow global economic recovery, and despite the real estate industry still undergoing significant adjustments, the Group remains committed to taking responsibility to actively collaborate with experienced experts such as industry peers, academic research organizations, and financial institutions to jointly discuss and respond to the industry challenges and opportunities in this "post-pandemic" era.

With the aforesaid social responsibility, the Group has collaborated with the "Shanghai Advanced Institute of Finance at Shanghai Jiao Tong University" to co-host two events named "China Real Estate Finance Forum 2023" and the "Seminar on Development of Publicly Offered REITs and Contemporary Topics" for the Year.

# Environmental, Social and Governance Report

## ***“China Real Estate Finance Forum 2023”***

Based on the unprecedented changes in the real estate industry, this professional summit was held at the junction of industry challenges and opportunities, and is beneficial for industry professionals to exchange ideas, focus on values, and gain insights into the future. This summit brought together academic research resources from both local and overseas teams, as well as experienced experts in financial institutions and real estate industry. Under the theme of “Refinement and Transformation,” the summit aimed to share insights with industry peers, upstream and downstream stakeholders in the real estate finance sector, respective academia representatives, and other individuals interested in asset management. Moreover, in the era of promoting sustainable development, global economy fluctuating at low level and numerous challenges impacting the real estate finance industry in China, the summit also aimed to explore how to seize new opportunities in the era of transformation to high-quality development and revolution.

## ***“Seminar on Development of Publicly Offered REITs and Contemporary Topics”***

On the other hand, the Group addressed the strategies to REITs, which was one of the contemporary topics in the current financial sector. Following the official release of the “Notice of Properly, Efficiently, and Effectively Applying for and Recommending Projects of Infrastructure Real Estate Investment Trusts” (No. 236 [2023] on Investment of the National Development and Reform Commission) on 24 March 2023, this “No. 236 document” further expanded the asset types eligible for publicly offered REITs pilot projects, by formally including infrastructure of consumption types into the publicly offered REITs pilot scope. This undoubtedly served as an important driving force for the regular issuance of REITs and played a significant role in promoting the rapid and healthy development of the infrastructure REITs market. Therefore, the Group organized this seminar to convene experts from the financial sector and outstanding corporate leaders in order to explore the opportunities and practical solutions therein.

# Environmental, Social and Governance Report

## APPENDIX 1: HKEX ESG REPORTING GUIDE INDEX TABLE – “ENVIRONMENTAL” AREA

Environmental, Social and Governance Reporting Guide	Description	Section of This Report
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6.1.3 Emission
KPI A1.1	The types of emissions and respective emissions data.	6.1.3 (i) Control of GHG emission
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1.3 (i) Control of GHG emission
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1.3 (ii) Control of solid wastes
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1.3 (ii) Control of solid wastes
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	6.1.3 (i) Control of GHG emission 6.1.1 Environment and Natural Resources
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.1.3 (ii) Control of solid wastes 6.1.1 Environment and natural resources

# Environmental, Social and Governance Report

## Environmental, Social and Governance Reporting Guide

Reporting Guide	Description	Section of This Report
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.1.2 Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	6.1.2 (i) Statistics of Resource Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.1.2 (i) Statistics of Resource Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6.1.2 (ii) Energy conservation measures 6.1.1 Environment and Natural Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6.1.2 (iii) Water conservation measures 6.1.1 Environment and Natural Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	6.1.2 (iv) Paper conservation measures
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	6.1.1 Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.1.1 Environment and Natural Resources
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	6.1.4 Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.1.4 (i) Response to operational impacts incurred from climate change 6.1.4 (ii) Mitigation against operational impacts incurred from climate change

# Environmental, Social and Governance Report

## APPENDIX 2: HKEX ESG REPORTING GUIDE INDEX TABLE – “SOCIAL” AREA

Environmental, Social and Governance Reporting Guide	Description	Section of This Report
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	6.2.1 Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	6.2.1 (iii) Statistical information related to employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	6.2.1 (iii) Statistical information related to employment
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	6.2.2 Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6.2.2 (iv) Performance on occupational health and safety
KPI B2.2	Lost days due to work injury.	6.2.2 (iv) Performance on occupational health and safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6.2.2 (i) Workplace management 6.2.2 (ii) Employee training 6.2.2 (iii) Caring of employee health

# Environmental, Social and Governance Report

## Environmental, Social and Governance Reporting Guide

Reporting Guide	Description	Section of This Report
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.2.3 Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.2.3 (ii) Employee training performance
KPI B3.2	The average training hours completed per employee by gender and employee category.	6.2.3 (ii) Employee training performance
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to preventing child and forced labour.	6.2.4 Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.2.4 (i) Prohibition of child labour 6.2.4 (ii) Prohibition of forced labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.2.4 (iii) Handling of non-compliance
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.2.5 Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	6.2.5 (i) Supplier distribution
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	6.2.5 (ii) Supplier evaluation and screening
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.2.5 (iii) Management of environmental and social risks in supply chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.2.5 (iv) Green procurement



# Environmental, Social and Governance Report

## Environmental, Social and Governance Reporting Guide

Reporting Guide	Description	Section of This Report
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6.2.6 Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.2.6 (iii) Product recall procedure
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	6.2.6 (iv) Handling of customer complaints
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.2.6 (vii) Information security management
KPI B6.4	Description of quality assurance process and recall procedures.	6.2.6 (ii) Quality management 6.2.6 (iii) Product recall procedure
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	6.2.6 (vii) Information security management 6.2.6 (viii) Maintenance of customer information

# Environmental, Social and Governance Report

Environmental, Social and Governance Reporting Guide	Description	Section of This Report
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to bribery, extortion, fraud and money laundering.	6.2.7 Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	6.2.7 (i) Anti-business bribery policy
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.2.7 (ii) Anti-money laundering policy 6.2.7 (iii) Principle of fair procurement 6.2.7 (iv) Declaration for conflict of interest 6.2.7 (v) Whistleblowing policy 6.2.7 (vi) Confidentiality of information 6.2.7 (viii) Internal control system
KPI B7.3	Description of anti-corruption training provided to directors and staff.	6.2.7 (vii) Anti-corruption related training
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.2.8 Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6.2.8 Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6.2.8 Community Investment

# Independent Auditor's Report



**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 92 to 148 which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of 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 material accounting policy information.

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 2023, 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.

# Independent Auditor's Report

## KEY AUDIT MATTERS (CONTINUED)

### Key audit matter

### How our audit addressed the key audit matter

#### *Consolidation of structured entities*

During the year, the Group acted as an asset manager for or invested in a few structured entities.

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 2023, the amount of investments in unconsolidated structured entities disclosed in the consolidated statement of financial position was RMB136.0 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 31 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 was required to be consolidated by considering whether the Group (1) had the power to exercise so as to direct the relevant activities of the entity, (2) had exposure or rights to obtain variable returns and (3) had 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.

# Independent Auditor's Report

## KEY AUDIT MATTERS (CONTINUED)

### Key audit matter

### How our audit addressed the key audit matter

#### *Valuation of investments classified as level 3 in the fair value hierarchy*

As at 31 December 2023, the Group's investments classified as level 3 in the fair value hierarchy included investments in associates or joint ventures at fair value through profit or loss, amounting to RMB136.0 million, and the determination of such amount involved assessment of the fair values of the associates and joint ventures' underlying investments in real estate properties or financial assets as at 31 December 2023. The Group recorded gains of RMB1.8 million from changes in the fair values of investments in associates or joint ventures in 2023. 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 joint ventures at fair value through profit or loss due to the significance of the amount and the judgement involved in determining the values of the underlying investments in real estate properties or financial assets held by the associates or joint ventures.

The Group's disclosures of the investments in structured entities are detailed in note 2.4, note 3, note 20, and note 33 to the consolidated financial statements.

We assessed and evaluated the design and operating effectiveness of the key controls of management in performing the valuation of the associates' or joint ventures' 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 ventures' underlying investments in real estate properties or financial assets; by evaluating and testing 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.

# Independent Auditor's Report

## KEY AUDIT MATTERS (CONTINUED)

### Key audit matter

### How our audit addressed the key audit matter

#### *Provision for expected credit losses on trade receivables*

As at 31 December 2023, the Group's provision for expected credit losses on trade receivables were RMB19.7 million, which was significant to the Group.

The Group applied a forward-looking expected credit loss ("ECL") approach to assess the recoverability of trade receivables. The measurement of ECL involves significant judgement and assumptions used in the ECL approach as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions.

The Group's disclosures about trade receivables are included in note 2.4, note 3 and note 18 to the consolidated financial statements.

We assessed and evaluated the design and operating effectiveness of the key controls of management in determining the impairment on trade receivables.

We evaluated management's assessment of the recoverability of trade receivables by reviewing the detailed analysis of the ageing of trade receivables and testing if payments had been received subsequent to the year end, historical payment patterns along with other economic information, any disputes between the parties involved and the correspondence with customers on expected settlement dates.

We reviewed the estimates used to determine the expected credit losses by considering cash collection performance against historical trends and the forward-looking adjustments used in the ECL approach and checked the mathematical accuracy of the calculations.

We assessed the disclosures related to impairment on trade receivables 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.

# Independent Auditor's Report

## 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 issued by the IASB 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, as a body, 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 HKSA's 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 HKSA's, 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.



# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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, actions taken to eliminate threats or safeguards applied.

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 Siu Fung, Terence Ho.

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

28 March 2024

# Consolidated Statement of Profit or Loss

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>REVENUE</b>	5	<b>17,872</b>	36,753
Other income and gains	5	5,756	640
Administrative expenses		(38,229)	(44,751)
Impairment losses reversed on trade receivables	18	6,706	7,418
Impairment losses recognised on other receivables	19	(1,199)	-
Increase/(decrease) in fair value of investments in associates or joint ventures at fair value through profit or loss	20	1,771	(28,000)
(Decrease)/increase in fair value of financial assets at fair value through profit or loss		(5,975)	153
Decrease in fair value of investment properties	14	(322)	-
Other expenses	7	(34,692)	(651)
Finance costs	8	(1,521)	(506)
Share of profits and losses of:			
Joint ventures	16	(254)	(2,760)
An associate	17	205	184
<b>LOSS BEFORE TAX</b>		<b>(49,882)</b>	(31,520)
Income tax expense	11	(8,043)	(3,093)
<b>LOSS FOR THE YEAR</b>		<b>(57,925)</b>	(34,613)
Attributable to:			
Owners of the parent	13	(56,733)	(34,493)
Non-controlling interests		(1,192)	(120)
		(57,925)	(34,613)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic			
– For loss for the year (RMB cents)	13	(37.00)	(22.49)

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
<b>LOSS FOR THE YEAR</b>	<b>(57,925)</b>	<b>(34,613)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	20	143
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	20	143
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>20</b>	<b>143</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b>(57,905)</b>	<b>(34,470)</b>
Attributable to:		
Owners of the parent	(56,713)	(34,350)
Non-controlling interests	(1,192)	(120)
	<b>(57,905)</b>	<b>(34,470)</b>

# Consolidated Statement of Financial Position

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		856	564
Investment properties	14	42,200	-
Right-of-use assets	15(a)	6,294	2,255
Other intangible assets		308	373
Investments in joint ventures	16	-	254
Investment in an associate	17	5,638	5,433
Investments in associates or joint ventures at fair value through profit or loss ("IAFV")	20	36,199	43,742
Deferred tax assets	24	2,900	11,626
<b>Total non-current assets</b>		<b>94,395</b>	<b>64,247</b>
<b>CURRENT ASSETS</b>			
Trade receivables	18	64,937	89,618
Prepayments, other receivables and other assets	19	25,365	6,676
Investments in associates or joint ventures at fair value through profit or loss	20	99,795	168,417
Financial assets at fair value through profit or loss ("FVTPL")	21	37,048	20,153
Dividend receivables		-	101
Cash and cash equivalents	22	12,610	13,173
<b>Total current assets</b>		<b>239,755</b>	<b>298,138</b>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	23	54,472	27,231
Advances from funds managed		-	300
Lease liabilities	15(b)	2,175	2,053
Tax payable	11	-	1,852
<b>Total current liabilities</b>		<b>56,647</b>	<b>31,436</b>
<b>NET CURRENT ASSETS</b>		<b>183,108</b>	<b>266,702</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>277,503</b>	<b>330,949</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	24	275	-
Lease liabilities	15(b)	4,193	474
<b>Total non-current liabilities</b>		<b>4,468</b>	<b>474</b>
<b>Net assets</b>		<b>273,035</b>	<b>330,475</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	25	153,340	153,340
Reserve	26	119,587	176,350
		<b>272,927</b>	<b>329,690</b>
<b>Non-controlling interests</b>		<b>108</b>	<b>785</b>
<b>TOTAL EQUITY</b>		<b>273,035</b>	<b>330,475</b>

Zhu Ping  
Director

Chen Min  
Director

# Consolidated Statement of Changes in Equity

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital	Share premium*	Capital reserve*	Share-based payment reserve*	Statutory surplus reserves*	Exchange fluctuation reserve*	Retained profits/(accumulated losses)*	Total	Non-controlling interests	Total equity
	RMB'000 (note 25)	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021 and 1 January 2022	153,340	158,200	300	4,800	21,226	(16)	26,190	364,040	2,324	366,364
Loss for the year	-	-	-	-	-	-	(34,493)	(34,493)	(120)	(34,613)
Other comprehensive income for the year:										
Exchange differences on transition of foreign operations	-	-	-	-	-	143	-	143	-	143
Total comprehensive loss for the year	-	-	-	-	-	143	(34,493)	(34,350)	(120)	(34,470)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	(1,419)	(1,419)
Appropriations to statutory surplus reserves	-	-	-	-	1,198	-	(1,198)	-	-	-
At 31 December 2022	153,340	158,200*	300*	4,800*	22,424*	127*	(9,501)*	329,690	785	330,475
As at 31 December 2022 and 1 January 2023	153,340	158,200	300	4,800	22,424	127	(9,501)	329,690	785	330,475
Loss for the year	-	-	-	-	-	-	(56,733)	(56,733)	(1,192)	(57,925)
Other comprehensive income for the year:										
Exchange differences on transition of foreign operations	-	-	-	-	-	20	-	20	-	20
Total comprehensive loss for the year	-	-	-	-	-	20	(56,733)	(56,713)	(1,192)	(57,905)
Non-controlling interests on acquisition of a subsidiary	-	-	-	-	-	-	-	-	465	465
Liquidation of a subsidiary	-	-	(50)	-	-	-	-	(50)	50	-
Appropriations to statutory surplus reserves	-	-	-	-	251	-	(251)	-	-	-
At 31 December 2023	153,340	158,200*	250*	4,800*	22,675*	147*	(66,485)*	272,927	108	273,035

\* These reserve accounts comprise the consolidated reserves of RMB119,587,000 (2022: RMB176,350,000) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Loss before tax:		(49,882)	(31,520)
Adjustments for:			
Finance costs	8	1,521	506
Interest income	5	(47)	(24)
Impairment losses on trade receivables	6,18	(6,706)	(7,418)
Impairment losses on other receivables	6,19	1,199	-
Net loss on disposal of items of property, plant and equipment		28	63
Net loss on disposal of items of other intangible assets		-	179
Gain on disposal of a right-of-use asset	15(a), (b)	-	(3)
Changes in fair value of investment properties	14	322	-
Depreciation of property, plant and equipment	6	223	273
Depreciation of right-of-use assets	6,15(a), (c)	1,930	2,144
Amortisation of other intangible assets	6	66	91
Share of profits and losses of:			
Joint ventures	16	254	2,760
An associate	17	(205)	(184)
Decrease/(increase) in fair value of FVTPL	21	5,549	(153)
(Increase)/decrease in fair value of IAFV	20	(1,771)	28,000
Loss on disposal of IAFV		32,322	-
Decrease in trade receivables		31,387	5,252
Decrease in prepayments, other receivables and other assets		1,001	865
Increase in amounts due from related parties		(9)	(1)
(Decrease)/increase in advances from funds managed		(300)	300
(Decrease)/increase in other payables and accruals		(6,367)	485
Decrease in amounts due to related parties		(2,211)	(3,513)
Cash generated/(used in) operations		8,304	(1,898)
Interest received		47	24
Taxes paid		(639)	(3,544)
Net cash flows from/(used in) operating activities		7,712	(5,418)
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Increase in investments in IAFV		-	(1,000)
Disposal of IAFV		25,331	-
Disposal of FVTPL		20,579	-
Acquisition of FVTPL		(20,000)	(20,000)
Dividend income from IAFV		101	2,830
Purchases of items of property, plant and equipment		(562)	(64)
Investments in joint ventures		-	(200)
Disposal of items of property, plant and equipment		19	(12)
Liquidation of a subsidiary		-	(1,419)
Acquisition of a subsidiary		(24,527)	-
Net cash flows from/(used in) investing activities		941	(19,865)

# Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>			
Advances from related parties		-	22,000
Interest paid		(441)	-
Repayment of other loans		(1,850)	-
Repayment of advances from related parties	30(a)	(4,335)	(7,920)
Advances to related parties	30(a)	(400)	(200)
Principal portion of lease liabilities	15	(2,210)	(2,413)
Net cash flows (used in)/from financing activities		(9,236)	11,467
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		(583)	(13,816)
Cash and cash equivalents at beginning of year		13,173	26,846
Effect of foreign exchange rate changes, net		20	143
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
		12,610	13,173
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as stated in the statement of cash flows		12,610	13,173



# Notes to Financial Statements

31 December 2023

## 1. CORPORATE AND GROUP INFORMATION

Shanghai Realway Capital Assets Management Co., Ltd. is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Company is located at Room 26 G-3, 828-838 Zhang Yang Road, Pilot Free Trade Zone, Shanghai, China.

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

- fund management
- financial consulting services to the fund demanding parties
- property lease

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

### Information about subsidiaries

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

Name	Note	Place of incorporation/ registration and business	Nominal value of 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	RMB50,000,000	100	Fund management
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
瑞威(香港)資產管理有限公司 Realway (Hong Kong) Assets Management Limited ("Hong Kong Realway")		Hong Kong	HKD5,000,000	100	Investment management
成都瑞威資產管理有限公司 Realway Capital Assets Management (Chengdu) Co., Ltd. ("Chengdu Realway")	(1)	PRC/Mainland China	RMB10,000,000	55	Investment management
上海威弋投資合夥企業(有限合夥) Shanghai Weiyi Investment Partnership (Limited Partnership) ("Shanghai Weiyi")	(2)	PRC/Mainland China	RMB102,200,000	100	Investment management
成都芮翰超商業管理有限責任公司 Chengdu Ruihanchao Business Management Co., Ltd. ("Chengdu Ruihanchao")	(3)	PRC/Mainland China	RMB20,090,000	99	Property investment and management service
成都芮瑞炳商業管理有限責任公司 Chengdu Ruiuibing Business Management Co., Ltd. ("Chengdu Ruiuibing")	(3)	PRC/Mainland China	RMB23,910,000	99	Property investment and management service

# Notes to Financial Statements

31 December 2023

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### Information about subsidiaries (continued)

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as they do not have an official English name. All these subsidiaries are established in the People's Republic of China with limited liability except for Hong Kong Realway.

Note 1: The company is subsidiary of non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as subsidiary by virtue of the Company's control over it.

Note 2: Shanghai Weiyi, the investment held by the group at 50% of fund equity which mainly investing in distressed assets, entered into a partnership withdrawal agreement with all parties of its shareholders, to distribute assets of RMB111,356,000 to its shareholder Shanghai Kangtian Trading Co., Ltd. After the distribution, the Shanghai Kangtian Trading Co., Ltd achieved withdrawal from the partnership, accordingly Shanghai Weiyi became a wholly-owned subsidiary of the Company. The distribution was completed on 19 July 2023. As at the distribution date, Shanghai Weiyi mainly held several distressed assets projects investments and there was no organised workforce acquired.

Note 3: In order to broaden the sources of income and create value for the shareholders, the Group entered into an equity transfer agreement on 6 July 2023, under which Shanghai Ruichu and Beijing Ruiwei Asset Management Company Limited conditionally acquired 99% and 1% equity interest in Chengdu Ruiuibing at the consideration of RMB20,295,000 and RMB205,000 respectively; and 99% and 1% equity interest in Chengdu Ruihanchao at the consideration of RMB25,740,000 and RMB260,000 respectively. As at the reporting date, Shanghai Ruichu had completed the acquisition of 99% of the equity interest in Chengdu Ruiuibing and Chengdu Ruihanchao.

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

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), (which include all standards and interpretations, International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations) issued by the International Accounting Standards Board (the "IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investments in associates or joint ventures at fair value through profit or loss ("IAFV"), financial assets at fair value through profit or loss and investment properties 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 2023. 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).

# Notes to Financial Statements

31 December 2023

## 2.1 BASIS OF PREPARATION (CONTINUED)

### Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

# Notes to Financial Statements

31 December 2023

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group did not apply the initial recognition exception, the amendments did not have any impact on the financial position or performance of the Group.

The adoption of amendments to IAS 12 did not have any impact on the basic loss per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the year ended 31 December 2023 and 2022.

- (d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> <sup>1</sup>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> <sup>1</sup>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to IAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

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

# Notes to Financial Statements

31 December 2023

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

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 resulting from a downstream transaction when the sale or contribution of assets 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. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES

### 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 has 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 consolidated other comprehensive income, respectively. 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.

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 joint ventures using the equity method if the Group acts as an investment fund manager. Instead, the Group has elected to measure its investments in associates or joint ventures 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*.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Business Combination

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 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.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the assets acquired and liabilities assumed did not constitute a business as defined in IFRS 3, the acquisition has been accounted for as assets acquisition.

In assets acquisition, the considerations allocated to the individual assets and liabilities on the basis of their relative fair value.

### 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 joint ventures and derivative financial instruments 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.



# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Fair value measurement (continued)

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.

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets, deferred tax assets, and financial assets), 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.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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 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 profit or loss in the period in which it arises.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL 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);
  - (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.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Property, plant and equipment and depreciation

Property, plant and equipment, 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 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 year	23.75%
Office equipment	3 to 5 years	18.87% to 31.67%
Leasehold improvements	3 years	33.33%

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 in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL 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.

Intangible assets are amortised evenly over the following periods:

Software	120 months
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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 difference 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 derecognized.

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office buildings	2 to 3 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (continued)

#### Group as a lessee (continued)

##### (b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its internal rate of return at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

##### (c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of office buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

### 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets (continued)

#### Initial recognition and measurement (continued)

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

#### Subsequent measurement

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

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

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 profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents, trade receivables, dividend receivables 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 are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

### 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.

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.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Derecognition of financial assets (continued)

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 expected credit losses (“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. The Group considers that there has been a significant increase in credit risk when the receivables have not yet been received after fund liquidation.

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.

- 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



# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (continued)

#### 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 measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

### 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 and amounts due to related parties.

#### Subsequent measurement

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

#### Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, trade and other payables, and 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 when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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 profit or loss.

### 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 profit or loss.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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.

### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### 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.

### 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.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Income tax (continued)

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, associates 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, and 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, and 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, associates 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.

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, for which it is intended to compensate, are expensed.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 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 with 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 with 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.

The Group derives its revenue mainly from funds management, fund establishment and consulting services. 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;
- (c) Consulting service income is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

### Revenue from other sources

#### Rental income

Rental income is recognised on a time proportion basis over the lease terms.

#### 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.

# Notes to Financial Statements

31 December 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 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 only obligation of the Company with respect to the central pension scheme is to make the required contributions. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

### 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 the statement of 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 the statement of 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.

# Notes to Financial Statements

31 December 2023

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 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 into consideration.

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; and (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 interests in these funds, the management fee charged and performance bonus obtained, will be taken into consideration, and 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.

#### **Provision for expected credit losses on trade receivables**

The key inputs used for the function are probability of default, loss given default and exposure at default which are generally derived from internally developed statistical models and other historical data. At each reporting date, they are adjusted incorporation of forward-looking information to reflect probability-weighted average credit loss. Estimation of ECLs reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and is disclosed in note 18 to the financial statements.

#### **Impairment of non-financial assets (other than goodwill)**

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use 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.

# Notes to Financial Statements

31 December 2023

## 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 measured by 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 31.

#### 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 24 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, all projects have been aggregated as one reportable operating segment.

### Geographical information

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

### Information about a major customer

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

Revenue from Customer A of approximately RMB4,610,000 accounted for 10% or more of the Group's revenue for the year ended 31 December 2023 (2022: Revenue from Customer B of approximately RMB6,219,000 accounted for 10% or more of the Group's revenue).



# Notes to Financial Statements

31 December 2023

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers	16,517	36,753
Revenue from other sources		
Property lease income	1,355	-
Total	17,872	36,753

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

	2023 RMB'000	2022 RMB'000
<b>Types of goods or services</b>		
Rendering of fund management services (note 31 (b))	9,792	23,688
Rendering of consulting services	6,725	13,065
Total	16,517	36,753
<b>Timing of revenue recognition</b>		
Services transferred over time	16,517	36,753

#### (ii) Performance obligations

For fund management service, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these contracts. The majority of the fund management service contracts are for periods of 2 years to 6 years which are the terms of the funds.

For one-off consulting services rendered in a short period of time, there is no unsatisfied performance obligation at the end of the respective periods.

# Notes to Financial Statements

31 December 2023

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### Revenue from contracts with customers (continued)

An analysis of other income and gains is as follows:

	2023 RMB'000	2022 RMB'000
<b>Other income</b>		
Interest income	47	24
<b>Gains</b>		
Government grants	767	616
Investment income	2,774	-
Gain on debt waiver*	2,168	-
Total gains	5,709	616
Total other income and gains	5,756	640

\* According to the agency service agreement, the Group is subject to the payment obligation to the upstream supplier only if the Group can receive relevant settlement payments from the downstream customer. In this year, the Group assessed that they could not receive any payment from the downstream customer due to its credit risk and fully impaired these receivables, accordingly, the payment obligation no longer exists.

## 6. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	Notes	2023 RMB'000	2022 RMB'000
Depreciation of property, plant and equipment		223	273
Depreciation of right-of-use assets	15(a),(c)	1,930	2,144
Amortisation of other intangible assets		66	91
Impairment losses reversed on trade receivables	18	(6,706)	(7,418)
Impairment losses recognised on other receivables	19	1,199	-
Lease payments not included in the measurement of lease liabilities	15(c)	630	384
Auditor's remuneration		2,087	2,097
Employee benefit expense (including directors', supervisors' and chief executive's remuneration (note 9)):			
Wages and salaries		19,757	23,428
Pension scheme contributions and social welfare		4,793	6,223

# Notes to Financial Statements

31 December 2023

## 7. OTHER EXPENSES

	2023 RMB'000	2022 RMB'000
Loss on transfer of fund interests*	34,669	-
Loss on disposal of items of property, plant and equipment	23	240
Charitable contributions	-	400
Others	-	11
Total	34,692	651

\* The Company entered into the transfer agreement with Xiamen Haobo Commercial Management Co., Ltd., in June 2023, pursuant to which the Company agreed to transfer the fund interests of Hangzhou Fuyang Huiyun Investment Management Partnership (Limited Partnership) held by the Company at the cost of RMB60,000,000, to Xiamen Haobo Commercial Management Co., Ltd., at a total consideration of RMB25,330,688. As of 31 December 2022, the fair value of the Company's investment in the fund was approximately RMB49,314,000.

## 8. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities (note 15(c))	82	185
Interest on other loans and interest-bearing borrowings	1,439	321
Total	1,521	506

# Notes to Financial Statements

31 December 2023

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', chief executive's and supervisors' 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:

	2023 RMB'000	2022 RMB'000
Fees	360	338
Other emoluments:		
Salaries, allowances and benefits in kind	1,694	1,589
Pension scheme contributions	344	359
Subtotal	2,038	1,948
Total	2,398	2,286

### (a) Independent non-executive directors

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

	2023 RMB'000	2022 RMB'000
Mr. Shang Jian	120	120
Mr. Liu Yunsheng (resigned on 1 July 2022)	–	40
Ms. Yang Huifang	120	120
Mr. Zhu Hongchao (appointed on 1 July 2022)	120	58
Total	360	338

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

# Notes to Financial Statements

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## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

### (b) Executive directors, non-executive directors and supervisors

	Salaries, allowances and benefits in kind RMB'000	Pension Scheme contributions RMB'000	Total remuneration RMB'000
2023			
Executive directors:			
Mr. Zhu Ping	1,094	-	1,094
Mr. Duan Kejian	120	143	263
Ms. Chen Min	55	106	161
Subtotal	1,269	249	1,518
Non-executive directors:			
Mr. Cheng Jun	120	28	148
Mr. Wang Xuyang	120	-	120
Subtotal	240	28	268
Supervisors:			
Ms. Cai Luyi	185	67	252
Mr. Lu Xili	-	-	-
Ms. Wang Juanping	-	-	-
Subtotal	185	67	252
Total	1,694	344	2,038
2022			
Executive directors:			
Mr. Zhu Ping	960	-	960
Mr. Duan Kejian	136	133	269
Ms. Chen Min	68	133	201
Subtotal	1,164	266	1,430
Non-executive directors:			
Mr. Cheng Jun	120	26	146
Mr. Wang Xuyang	120	-	120
Subtotal	240	26	266
Supervisors:			
Ms. Cai Luyi	185	67	252
Mr. Lu Xili	-	-	-
Ms. Wang Juanping	-	-	-
Subtotal	185	67	252
Total	1,589	359	1,948

Mr. Zhu Ping was also designated as the chief executive officer in January 2010.

There was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the year (2022: Nil).

# Notes to Financial Statements

31 December 2023

## 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2022: one), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2022: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 RMB'000	2022 RMB'000
Salaries, allowances and benefits in kind	2,790	2,709
Pension scheme contributions	571	533
Total	3,361	3,242

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

	Number of employees	
	2023	2022
Nil to RMB1,000,000	4	4
Total	4	4

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## 11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2023. Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax at a rate of 25% for the year, except that small-scale enterprises with minimal profits were qualified to apply income tax rate of 5% (2022: 2.5%).

	2023 RMB'000	2022 RMB'000
Current income tax – Mainland China		
Charge for the year	-	891
Overprovision in prior years	(958)	-
Deferred tax (note 24)	9,001	2,202
Total tax charge for the year	8,043	3,093

# Notes to Financial Statements

31 December 2023

## 11. INCOME TAX (CONTINUED)

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

	2023 RMB'000	2022 RMB'000
Loss before tax	(49,882)	(31,520)
Tax at the statutory tax rate (25%)	(12,471)	(7,880)
Expenses not deductible for tax	90	72
Lower tax rate for small-scale enterprises with minimal profits	1,059	(614)
Tax losses and deductible temporary differences utilised from previous years	–	(16)
Unrecognised deductible temporary differences and tax losses	19,353	10,887
Profits and losses attributable to joint ventures and an associate	12	644
Total tax charge for the year at the effective rate	8,043	3,093

Tax payable in the consolidated statement of financial position represents:

	2023 RMB'000	2022 RMB'000
PRC corporate income tax payable	–	1,852

## 12. DIVIDENDS

No dividends have been proposed by the directors for the year ended 31 December 2023 (2022: Nil).

## 13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 153,340,000 (2022: 153,340,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculation of basic loss per share is based on:

	2023 RMB'000	2022 RMB'000
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(56,733)	(34,493)
	Number of shares	
	2023	2022
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	153,340,000	153,340,000



# Notes to Financial Statements

31 December 2023

## 14. INVESTMENT PROPERTIES

	2023 RMB'000
Carrying amount at 1 January	-
Additions from acquisition	42,522
Net loss from a fair value adjustment	(322)
Carrying amount at 31 December	42,200

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2023 based on valuations performed by Shanghai Fanbo Finance Consulting Co., Ltd., independent professionally qualified valuers, at RMB42,200,000. Each year, the Group's financial controller and the chief executive decide and appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's financial controller and the chief executive have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2023 using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Commercial properties	-	-	42,200	42,200
Total	-	-	42,200	42,200

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Valuation technique	Significant unobservable inputs	Range or weighted average 2023
Comparison method	Adjusted market price (RMB/square metre)	11,974-16,402

The fair value of commercial properties is determined using the comparison method, with reference to comparable market prices per square metre as available in the relevant market to derive the fair value of the properties, and adjustments such as discounts on the transaction price and floor adjustment have been made to account for the difference.

A significant increase/decrease in market price would result in a significant increase/decrease in the fair value of investment properties.

# Notes to Financial Statements

31 December 2023

## 15. LEASES

### The Group as a lessee

The Group has lease contracts for various items of office buildings and other equipment used in its operations. Leases of office buildings generally have lease terms between 1 and 3 years. Other equipment is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office buildings RMB'000
<b>As at 1 January 2022</b>	4,471
Disposal	(72)
Depreciation charge (note 6)	(2,144)
<b>As at 31 December 2022 and 1 January 2023</b>	2,255
Additions	5,969
Depreciation charge (note 6)	(1,930)
<b>As at 31 December 2023</b>	6,294

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January	2,527	4,830
New leases	5,969	-
Disposal	-	(75)
Accretion of interest recognised during the year	82	185
Payments	(2,210)	(2,413)
Carrying amount at 31 December	6,368	2,527
Analysed into:		
Current portion	2,175	2,053
Non-current portion	4,193	474

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

# Notes to Financial Statements

31 December 2023

## 15. LEASES (CONTINUED)

### The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities (note 8)	82	185
Depreciation charge of right-of-use assets (note 6)	1,930	2,144
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2023 (note 6)	608	364
Expense relating to leases of low-value assets (note 6)	22	20
<b>Total amount recognised in profit or loss</b>	<b>2,642</b>	<b>2,713</b>

(d) The total cash outflow for leases are disclosed in note 27(b) to the financial statements, and the Group has not commenced additional leases subsequently.

## 16. INVESTMENTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Share of net assets	-	254

Name	Paid-up capital	Place of registration and business	Percentage of Ownership interest attributable to the Group	Principal activities
Hengqin Huixun Investment Management Co., Ltd.	-	Zhuhai	40	Investment management
Guangzhou Zhongshunyi Management Consultancy Co., Ltd.	RMB22,000,000	Guangzhou	35	Business consultancy
Jiaying Ruicheng Equity Investment Co., Ltd.	-	Jiaying	50	Investment management
Shanghai Realway Yixin Business Information Management Co., Ltd.	RMB1,000,000	Shanghai	40	Business information management

As at 31 December 2023, the subscribed registered capital of Guangzhou Zhongshunyi Management Consultancy Co., Ltd. has not been fully paid by the other shareholder. The Company had fully paid its part.

Shanghai Realway Yixin Business Information Management Co., Ltd. is registered on 29 September 2021. As at 31 December 2023, the subscribed registered capital has not been fully paid yet.

# Notes to Financial Statements

31 December 2023

## 16. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Pursuant to the investment framework agreement and the articles of association of these companies, all shareholder resolutions shall be resolved by shareholders on a unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the year.

Guangzhou Zhongshunyi Management Consultancy Co., Ltd., which is considered a material joint venture of the Group for the year ended 31 December 2023 is mainly engaged in business consultancy in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Guangzhou Zhongshunyi Management Consultancy Co., Ltd., adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2023 RMB'000	2022 RMB'000
Cash and cash equivalents	928	107
Other current assets	37,113	35,062
Current assets	38,041	35,169
Non-current assets	42	50
Financial liabilities, excluding trade and other payables and provisions	(37,084)	(33,347)
Other current liabilities	(9,756)	(9,556)
Current liabilities	(46,840)	(42,903)
Net liabilities	(8,757)	(7,684)
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	35%	35%
Group's share of net liabilities of the joint venture	(3,065)	(2,689)
Acquisition premium adjustment	2,943	2,943
Carrying amount of the investment	-	254
Revenue	13,771	12,118
Interest income	6	27
Depreciation and amortisation	(9)	(20)
Expenses	(14,840)	(19,058)
Loss and total comprehensive loss for the year	(1,072)	(6,933)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the joint ventures' profits and losses for the year	-	334
Share of the joint ventures' total comprehensive loss	-	334

# Notes to Financial Statements

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## 17. INVESTMENTS IN AN ASSOCIATE

	2023 RMB'000	2022 RMB'000
Share of net assets	5,638	5,433

Name	Paid-up capital	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Guangrui Juyao (Qingdao) Wealth Asset Management Co., Ltd.	RMB50,000,000	Qingdao	18	Investment management

Pursuant to the investment framework agreement and the articles of association of Guangrui Juyao (Qingdao) Wealth Asset Management Co., Ltd., the Group only has significant influence on the entity as the other shareholders of this entity have the enough voting power to control and operate the entity. Therefore, it was accounted for as an associate of the Group during the year.

Guangrui Juyao (Qingdao) Wealth Asset Management Co., Ltd., which is considered a material associate of the Group for the year ended 31 December 2023, mainly engages in business consultancy in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Guangrui Juyao (Qingdao) Wealth Asset Management Co., Ltd., adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2023 RMB'000	2022 RMB'000
Current assets	113,162	79,713
Non-current assets	511	170
Current liabilities	(82,351)	(49,699)
Net assets	31,322	30,184
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	18%	18%
Group's share of net assets of the associate	5,638	5,433
Carrying amount of the investment	5,638	5,433
Revenue	176,782	172,540
Profit for the year	1,139	1,023
Total comprehensive profit for the year	1,139	1,023

# Notes to Financial Statements

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## 18. TRADE RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	84,676	122,924
Impairment	(19,739)	(33,306)
	<b>64,937</b>	89,618

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

As at 31 December 2023, the amount due from joint ventures was RMB304,000 (2022: RMB2,466,000) and the amount due from associates was RMB27,443,000 (2022: RMB21,985,000), which are repayable on credit terms similar to those offered to the major customers of the Group (note 30(b)).

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

	2023 RMB'000	2022 RMB'000
Within 1 year	9,041	18,365
1 to 2 years	8,638	23,225
Over 2 years	47,258	48,028
Total	<b>64,937</b>	89,618

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

	2023 RMB'000	2022 RMB'000
At beginning of the year	33,306	40,724
Impairment losses (note 6)	3,899	39
Amount reversed (note 6)	(10,605)	(7,457)
Amount written off as uncollectible	(6,861)	-
At end of year	<b>19,739</b>	33,306

An impairment analysis is performed at each reporting period using a function to measure expected credit losses. The key inputs used for the function are probability of default, loss given default and exposure at default which are generally derived from internally developed statistical models and other historical data. At each reporting date, they are adjusted incorporating forward-looking information to reflect probability-weighted average credit loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

# Notes to Financial Statements

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## 19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 RMB'000	2022 RMB'000
Prepayments	1,450	989
Deposits	931	1,019
Due from related parties (note 30(b))	741	332
Other receivables	4,708	4,336
Due from non-controlling interest of subsidiaries*	18,590	-
Impairment allowance	(1,055)	-
	<b>25,365</b>	<b>6,676</b>

\* The receivables due from non-controlling interest are unsecured, non-interest-bearing and due before 6 July 2024.

The movements in provision for impairment of other receivables are as follows:

	2023 RMB'000
At the beginning of the year	-
Impairment losses, net (note 6)	1,199
Amount written off as uncollectible	(144)
At the end of the year	<b>1,055</b>

The internal credit ratings of amounts due from non-controlling interests of subsidiaries, amounts due from third parties and other deposits were regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 4.5%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB1,055,000 as at 31 December 2023 (2022: Nil).

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

	2023 RMB'000	2022 RMB'000
Unlisted investments in associates or joint ventures, at fair value	135,994	212,159

The Group, as an investment fund manager, measured the above investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 at 31 December 2023.



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

The movements in investments in associates or joint ventures at fair value through profit or loss for the year ended 31 December 2023 are as follows.

	Cost RMB'000	Increase/ (decrease) in fair value of IAFV RMB'000	Total RMB'000
At 1 January 2022	254,432	(15,273)	239,159
Movements	-	(28,000)	(28,000)
Addition	1,000	-	1,000
At 31 December 2022	255,432	(43,273)	212,159
Comprising:			
Current portion	206,432	(38,015)	168,417
Non-current portion	49,000	(5,258)	43,742
At 1 January 2023	<b>255,432</b>	<b>(43,273)</b>	<b>212,159</b>
Movements	-	1,771	1,771
Derecognition and/or realisation	<b>(77,936)</b>	-	<b>(77,936)</b>
At 31 December 2023	<b>177,496</b>	<b>(41,502)</b>	<b>135,994</b>
Comprising:			
Current portion	<b>128,496</b>	<b>(28,701)</b>	<b>99,795</b>
Non-current portion	<b>49,000</b>	<b>(12,801)</b>	<b>36,199</b>

## 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Wealth management products, at fair value*	20,000	20,153
Debt investments	17,048	-
	<b>37,048</b>	20,153

\* These wealth management products were issued by fund companies in Mainland China and they were classified as financial assets at fair value through profit or loss as they were held for trading.

# Notes to Financial Statements

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## 22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2023 RMB'000	2022 RMB'000
Cash and bank balances	12,610	13,173

At the end of the reporting period, the cash and bank balances of the Group denominated in Hong Kong dollars ("HKD") amounted to RMB1,150,000 (2022: RMB1,542,000). 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.

## 23. OTHER PAYABLES AND ACCRUALS

	2023 RMB'000	2022 RMB'000
Payroll and welfare payable	2,206	4,306
Taxes and surcharges	783	1,404
Accruals	2,062	1,921
Due to related parties (note 30 (b))*	12,996	18,947
Payables in connection with acquisition	21,285	-
Interest-bearing borrowings**	14,902	-
Others	238	653
	54,472	27,231

\* Due to related parties are unsecured, non-interest-bearing and repayable on demand, except for an amount due to a related party of RMB10,661,000 as at 31 December 2023, of which the principal amount of RMB9,745,000 (2022: RMB14,080,000) bears interest at fixed interest rates of 5.0% per annum and will mature in August 2024. The fair values of other payables at the end of the years 2023 and 2022 approximated to their corresponding carrying amounts (note 34).

\*\* Interest bearing borrowings are unsecured borrowings which bear interest at 11.3% from individuals of RMB14,902,000, of which the principal amount is RMB14,500,000, which will mature in June 2024 (note 34).

# Notes to Financial Statements

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## 24. DEFERRED TAX

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

### Deferred tax assets

	Lease liabilities RMB'000	Changes in fair value of IAFV RMB'000	Provision for bad debts RMB'000	Total RMB'000
At 1 January 2022	1,208	3,818	9,920	14,946
Deferred tax credited/(charged) to profit or loss during the year (note 11)	(596)	78	(2,257)	(2,775)
At 31 December 2022 and 1 January 2023	<b>612</b>	<b>3,896</b>	<b>7,663</b>	<b>12,171</b>
Deferred tax credited/(charged) to profit or loss during the year (note 11)	<b>882</b>	<b>(3,894)</b>	<b>(4,788)</b>	<b>(7,800)</b>
At 31 December 2023	<b>1,494</b>	<b>2</b>	<b>2,875</b>	<b>4,371</b>

### Deferred tax liabilities

	Right-of-use assets RMB'000	Depreciation of investment properties RMB'000	Total RMB'000
At 1 January 2022	1,118	-	1,118
Deferred tax credited to profit or loss during the year (note 11)	(573)	-	(573)
At 31 December 2022 and 1 January 2023	<b>545</b>	<b>-</b>	<b>545</b>
Deferred tax credited to profit or loss during the year (note 11)	<b>931</b>	<b>270</b>	<b>1,201</b>
At 31 December 2023	<b>1,476</b>	<b>270</b>	<b>1,746</b>

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## 24. DEFERRED TAX (CONTINUED)

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2023, the Group did not recognise deferred tax assets of approximately RMB24,158,000 (2022: RMB9,185,000) in respect of losses amounting to approximately RMB96,632,000 (2022: RMB36,741,000), respectively, that can be carried forward to offset against future taxable income. These tax losses will expire by and including years 2024, 2025, 2026, 2027 and 2028.

For presentation purposes, certain deferred tax assets and liabilities amounting to RMB1,471,000 have been offset in the statement of financial position as at 31 December 2023 (2022: RMB545,000). The following is an analysis of the deferred tax balances of the Group for financial reporting purpose.

	2023 RMB'000	2022 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	2,900	11,626
Net deferred tax liabilities recognised in the consolidated statement of financial position	275	-

## 25. SHARE CAPITAL

	2023 RMB'000	2022 RMB'000
Issued and fully paid: 153,340,000 (2022:153,340,000) ordinary shares	153,340	153,340

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

	Number of shares in issue '000	Share capital RMB'000
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	153,340	153,340

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## 26. 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 95 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) Capital reserve

The capital reserve represents gains and losses generated from equity transactions.

### (c) 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.

### (d) 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.

### (e) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

## 27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

The Group had non-cash additions to (2022: non-cash disposal of) right-of-use assets and lease liabilities of RMB5,969,000 (2022: RMB72,000) and RMB5,969,000 (2022: RMB75,000), respectively, in respect of lease arrangements for buildings.

The Group has a non-cash transaction relating to a subsidiary and refer to the note 2 of "1. CORPORATE AND GROUP INFORMATION" for detail.

### (b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	712	569
Within financing activities	2,210	2,413
	2,922	2,982

# Notes to Financial Statements

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## 28. CONTINGENT LIABILITIES

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

## 29. COMMITMENTS

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

## 30. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions:

	2023 RMB'000	2022 RMB'000
Advances from related companies:		
The ultimate holding company	–	22,000
Repayment of advances from related companies:		
Joint ventures	–	–
The ultimate holding company	4,335	7,920
Advances to related companies:		
Joint ventures	400	200
Services provided by joint ventures and an associate	–	677
Services provided by a company controlled by the ultimate controlling shareholder	25	316
Fund management services rendered to joint ventures and associates	7	4,413
Consulting services rendered to joint ventures	169	688
Interest due to the ultimate holding company	596	321

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved:

# Notes to Financial Statements

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## 30. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Outstanding balances with related parties:

	2023 RMB'000	2022 RMB'000
Due from related companies:		
Trade-related*:		
Joint ventures (note 18)	304	2,466
Associates (note 18)	27,443	21,985
* These amounts are included in trade receivables, refer to note 18.		
Due from related companies:		
Non trade-related:		
Joint ventures	741	332
Due to related companies:		
Trade-related:		
An associate	2,335	4,479
Due to related companies:		
Non trade-related:		
The ultimate holding company	10,661	14,401
Joint ventures	-	59
Company controlled by a close relative of an executive director	-	8

### (c) Compensation of key management personnel of the Group:

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

	2023 RMB'000	2022 RMB'000
Short term employee benefits	3,435	4,037
Post-employment benefits	630	758
Total compensation paid to key management personnel	4,065	4,795



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## 31. 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 are of such significance that indicates that the Group is a principal, in that case the Group will consolidate in such 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, by acting as a 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 structured activities managed by the Group as investments in associates or joint ventures at fair value through profit or loss. As at 31 December 2023, the carrying amounts of the Group's investments in unconsolidated structured entities were RMB136.0 million (2022: RMB212.2 million).

Besides, the Group also acts as a fund manager for some structured activities without any investment. As at 31 December 2023, the management fee arising from these unconsolidated structured activities amounted to RMB9.8 million (2022: RMB19.3 million).

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 2023, the Group managed funds with a total AUM of approximately RMB2,183.6 million (31 December 2022: RMB3,367.8 million).

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## 32. 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:

### Financial assets

	2023 RMB'000	2022 RMB'000
<b>Measured at amortised cost:</b>		
Trade receivables (note 18)	64,937	89,618
Financial assets included in prepayments, other receivables and other assets (note 19, 34)	23,915	5,687
Cash and cash equivalents (note 22)	12,610	13,173
<b>Measured at fair value through profit or loss:</b>		
Financial assets at fair value through profit or loss (note 21)	37,048	20,153
	<b>138,510</b>	<b>128,631</b>

### Financial liabilities

	2023 RMB'000	2022 RMB'000
<b>Other financial liabilities:</b>		
Financial liabilities included in other payables and accruals (note 23)	49,421	19,600

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, 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 valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

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.

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss (note 21)	37,048	20,153	37,048	20,153

# Notes to Financial Statements

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## 33. FAIR VALUE AND FAIR VALUE HIERARCHY

Below is a summary of significant unobservable inputs to the valuation of fair value together with a quantitative sensitivity analysis as at 31 December 2023:

Financial assets	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) and fair value
Investments in associates or joint ventures at fair value through profit or loss:	Level 3	Calculated based on the net asset value of underlying investments	Net asset value of underlying investments	The higher the net asset value of underlying investments, the higher the fair value
– Other real estate projects*	Level 3	Discounted cash flow model	Risk-adjusted discount rates	The lower the risk-adjusted discount rates, the higher the fair value
–Distressed debt assets recoverable*	Level 3	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	Expected recoverable amounts Expected recovery date Discount rates that correspond to the expected risk level	The higher the expected recoverable amounts, the higher the fair value The earlier the expected recovery date, the higher the fair value The lower the discount rates, 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 joint ventures at fair value through profit or loss which were classified as financial assets at IAFV under level 3 hierarchy amounted to RMB135,994,000 as at 31 December 2023 (2022: RMB212,159,000). The significant unobservable input is the net asset 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 RMB6,800,000 as at 31 December 2023 (2022: RMB10,608,000).

The fair values of listed investments which represent wealth management products issued by fund companies in Mainland China are based on quoted market prices.

# Notes to Financial Statements

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## 33. FAIR VALUE AND FAIR VALUE HIERARCHY (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 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	20,000	–	17,048	37,048
Investments in associates or joint ventures at fair value through profit or loss	–	–	135,994	135,994
	20,000	–	153,042	173,042

As at 31 December 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	20,153	–	–	20,153
Investments in associates or joint ventures at fair value through profit or loss	–	–	212,159	212,159
	20,153	–	212,159	232,312

During the year, 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 (2022: Nil).

Refer to note 20 and note 21 for the movements in fair value measurements within Level 3 during the years ended 31 December 2022 and 2023.

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## 34. 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 2023.

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument types 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 fees based on a predetermined fixed percentage of the asset value under management and paid out in the priority of the funds' distributable cash flows, and the directors of the Company are of the opinion that there is credit risk inherent in the Group's outstanding balance of trade receivables as at 31 December 2023.

Management makes periodic collective assessments for financial assets included in prepayments, deposits and other receivables and loan receivables as well as individual assessments on the recoverability of other receivables and loan receivables based on historical settlement records and past experience. The Group classified financial assets included in prepayments, deposits and other receivables and loan receivables in Stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments, deposits and other receivables and loan receivables.

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## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Maximum exposure and year-end staging as at 31 December 2023

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables (note 18)*	-	-	-	64,937	64,937
Financial assets included in prepayments, other receivables and other assets					
– Normal (note 32)**	23,915	-	-	-	23,915
Cash and cash equivalents					
– Not yet past due	12,610	-	-	-	12,610
	36,525	-	-	64,937	101,462

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	89,618	89,618
Financial assets included in prepayments, other receivables and other assets					
– Normal**	5,687	-	-	-	5,687
Cash and cash equivalents					
– Not yet past due	13,173	-	-	-	13,173
	18,860	-	-	89,618	108,478

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 18 to the financial statements.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due, and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

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## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 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, lease liabilities and other interest-bearing loans.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
<b>31 December 2023</b>					
Lease liabilities	-	580	1,800	4,432	6,812

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
<b>31 December 2022</b>					
Lease liabilities	-	606	1,522	478	2,606

### Price risk

The Group is exposed to price risk in respect of the investments in associates or joint ventures 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 33 for details.

### 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 2022 and 2023.

The Group monitors capital using a gearing ratio, which is total interest-bearing liabilities divided by the total equity. The gearing ratios as at the end of each of the reporting periods were as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Total interest-bearing liabilities (note 23)	24,245	14,080
Total equity	273,035	330,475
Gearing ratio	8.88%	4.26%

# Notes to Financial Statements

31 December 2023

## 35. 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:

	2023 RMB'000	2022 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	707	461
Right-of-use assets	3,242	1,176
Other intangible assets	308	373
Investments in subsidiaries	217,939	96,009
Investments in joint ventures	-	254
Investment in an associate	5,638	5,433
Investments in associates or joint ventures at fair value through profit or loss ("IAFV")	35,226	42,739
Deferred tax assets	14	5,766
Total non-current assets	263,074	152,211
<b>CURRENT ASSETS</b>		
Trade receivables	23,215	22,391
Due from related parties	3,287	17,049
Prepayments, other receivables and other assets	1,270	765
Investments in associates or joint ventures at fair value through profit or loss ("IAFV")	34,803	161,134
Dividend receivables	-	101
Cash and cash equivalents	2,211	5,049
Total current assets	64,786	206,489
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	2,115	2,823
Lease liabilities	1,075	1,038
Total current liabilities	3,190	3,861
<b>NET CURRENT LIABILITIES</b>	61,596	202,628
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	324,670	354,839
<b>NON-CURRENT LIABILITIES</b>		
Due to related parties	15,991	31,880
Lease liabilities	2,224	292
Total non-current liabilities	18,215	32,172
<b>Net assets</b>	306,455	322,667
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	153,340	153,340
Reserve	153,115	169,327
<b>TOTAL EQUITY</b>	306,455	322,667



# Notes to Financial Statements

31 December 2023

## 35. 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 and other reserves RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 31 December 2021 and 1 January 2022	163,329	16,294	29,972	209,595
Total comprehensive loss for the year	-	-	(40,268)	(40,268)
At 31 December 2022 and 1 January 2023	<b>163,329</b>	<b>16,294</b>	<b>(10,296)</b>	<b>169,327</b>
Total comprehensive loss for the year	-	-	<b>(16,212)</b>	<b>(16,212)</b>
At 31 December 2023	<b>163,329</b>	<b>16,294</b>	<b>(26,508)</b>	<b>153,115</b>

## 36. EVENTS AFTER THE REPORTING PERIOD

No information is received after the reporting period about conditions that existed at the end of the reporting period.

## 37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.