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上海瑞威資產管理股份有限公司

**Shanghai Realway Capital Assets Management Co., Ltd.**

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

**(Stock Code: 1835)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai Realway Capital Assets Management Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) for the year ended 31 December 2022 (the “**Year**”, the “**Reporting Period**”), together with comparative figures for the year ended 31 December 2021.

### **HIGHLIGHTS**

- The Group recognised revenue of approximately RMB36.8 million for the Year, representing a year-on-year decrease of approximately 32.2% as compared to the revenue of approximately RMB54.2 million recognised in the previous year.
- The Group recognised a loss of approximately RMB34.6 million for the Year, representing a year-on-year decrease of 12.1% as compared to the loss of approximately RMB39.4 million recognised in the previous year.
- The Group’s loss per Share for the Year was approximately RMB22.49 cents.
- The Board does not recommend the distribution of final dividend for the Year.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

|  | Notes | 2022<br>RMB'000        | 2021<br>RMB'000        |
|--|-------|------------------------|------------------------|
| <b>REVENUE</b>   | 5     | <u>36,753</u>          | <u>54,200</u>          |
| Other income and gains   | 5     | 640                    | 3,987                  |
| Administrative expenses  |       | (44,751)               | (51,286)               |
| Impairment losses reversed/(recognised) on trade receivables   | 9     | 7,418                  | (30,062)               |
| Decrease in fair value of investments in associates or joint ventures at fair value through profit or loss | 11    | (28,000)               | (8,093)                |
| Increase in fair value of financial assets at fair value through profit or loss                            |       | 153                    | –                      |
| Other expenses   |       | (651)                  | (979)                  |
| Finance costs  |       | (506)                  | (269)                  |
| Share of losses of:  |       |                        |                        |
| Joint ventures   |       | (2,760)                | (8,029)                |
| An associate   |       | <u>184</u>             | <u>(897)</u>           |
| <b>LOSS BEFORE TAX</b>   |       | <u>(31,520)</u>        | <u>(41,428)</u>        |
| Income tax (expense)/credit  | 6     | <u>(3,093)</u>         | <u>2,046</u>           |
| <b>LOSS FOR THE YEAR</b>   |       | <u><u>(34,613)</u></u> | <u><u>(39,382)</u></u> |
| Attributable to:   |       |                        |                        |
| Owners of the parent   |       | (34,493)               | (39,227)               |
| Non-controlling interests  |       | <u>(120)</u>           | <u>(155)</u>           |
|  |       | <u><u>(34,613)</u></u> | <u><u>(39,382)</u></u> |
| <b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>                                |       |                        |                        |
| Basic and diluted  |       |                        |                        |
| — For loss for the year (RMB cents)  | 8     | <u><u>(22.49)</u></u>  | <u><u>(25.58)</u></u>  |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

|  | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>LOSS FOR THE YEAR</b>   | <b><u>(34,613)</u></b> | <b><u>(39,382)</u></b> |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:    |                        |                        |
| Exchange differences:  |                        |                        |
| Exchange differences on translation of foreign operations  | <u>143</u>             | <u>(56)</u>            |
| Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods | <u>143</u>             | <u>(56)</u>            |
| <b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>                                      | <b><u>143</u></b>      | <b><u>(56)</u></b>     |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>   | <b><u>(34,470)</u></b> | <b><u>(39,438)</u></b> |
| Attributable to:   |                        |                        |
| Owners of the parent   | <u>(34,350)</u>        | <u>(39,283)</u>        |
| Non-controlling interests  | <u>(120)</u>           | <u>(155)</u>           |
|  | <b><u>(34,470)</u></b> | <b><u>(39,438)</u></b> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 December 2022*

|   | <i>Notes</i> | <b>2022</b>           | 2021           |
|---|--------------|-----------------------|----------------|
|   |              | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| <b>NON-CURRENT ASSETS</b>   |              |                       |                |
| Property, plant and equipment   |              | <b>564</b>            | 823            |
| Right-of-use assets   |              | <b>2,255</b>          | 4,471          |
| Other intangible assets   |              | <b>373</b>            | 643            |
| Investments in joint ventures   |              | <b>254</b>            | 2,814          |
| Investment in an associate  |              | <b>5,433</b>          | 5,249          |
| Investments in associates or joint ventures at fair value through profit or loss (“IAFV”) | <i>11</i>    | <b>43,742</b>         | 126,789        |
| Deferred tax assets   |              | <b>11,626</b>         | 13,828         |
|   |              | <hr/>                 | <hr/>          |
| Total non-current assets  |              | <b>64,247</b>         | 154,617        |
| <b>CURRENT ASSETS</b>   |              |                       |                |
| Trade receivables   | <i>9</i>     | <b>89,618</b>         | 87,452         |
| Prepayments, deposits and other receivables   | <i>10</i>    | <b>6,676</b>          | 7,340          |
| Investments in associates or joint ventures at fair value through profit or loss (“IAFV”) | <i>11</i>    | <b>168,417</b>        | 112,370        |
| Financial assets at fair value through profit or loss (“FVTPL”)                           |              | <b>20,153</b>         | –              |
| Dividend receivables  |              | <b>101</b>            | 2,931          |
| Cash and cash equivalents   |              | <b>13,173</b>         | 26,846         |
|   |              | <hr/>                 | <hr/>          |
| Total current assets  |              | <b>298,138</b>        | 236,939        |
| <b>CURRENT LIABILITIES</b>  |              |                       |                |
| Other payables and accruals   | <i>12</i>    | <b>27,231</b>         | 15,858         |
| Advances from funds managed   |              | <b>300</b>            | –              |
| Lease liabilities   |              | <b>2,053</b>          | 2,303          |
| Tax payable   |              | <b>1,852</b>          | 4,504          |
|   |              | <hr/>                 | <hr/>          |
| Total current liabilities   |              | <b>31,436</b>         | 22,665         |
|   |              | <hr/>                 | <hr/>          |
| <b>NET CURRENT ASSETS</b>   |              | <b>266,702</b>        | 214,274        |
|   |              | <hr/>                 | <hr/>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>  |              | <b>330,949</b>        | 368,891        |
|   |              | <hr/>                 | <hr/>          |

|  | <i>Notes</i> | <b>2022</b><br><b>RMB'000</b> | 2021<br><i>RMB'000</i> |
|--|--------------|-------------------------------|------------------------|
| <b>NON-CURRENT LIABILITIES</b>                     |              |                               |                        |
| Lease liabilities                                  |              | <u>474</u>                    | <u>2,527</u>           |
| Total non-current liabilities                      |              | <u>474</u>                    | <u>2,527</u>           |
| <b>NET ASSETS</b>                                  |              | <u><b>330,475</b></u>         | <u>366,364</u>         |
| <b>EQUITY</b>                                      |              |                               |                        |
| <b>Equity attributable to owners of the parent</b> |              |                               |                        |
| Share capital                                      |              | 153,340                       | 153,340                |
| Reserves   |              | <u>176,350</u>                | <u>210,700</u>         |
|  |              | <u>329,690</u>                | <u>364,040</u>         |
| <b>Non-controlling interests</b>                   |              | <u>785</u>                    | <u>2,324</u>           |
| <b>TOTAL EQUITY</b>                                |              | <u><b>330,475</b></u>         | <u>366,364</u>         |

# NOTES TO FINANCIAL STATEMENTS

31 December 2022

## 1. CORPORATE AND GROUP INFORMATION

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

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

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

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

## 2. BASIS OF PREPARATION

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

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

|   |  |
|---|--|
| Amendments to IFRS 3                          | <i>Reference to the Conceptual Framework</i>   |
| Amendments to IAS 16                          | <i>Property, Plant and Equipment: Proceeds before Intended Use</i>                   |
| Amendments to IAS 37                          | <i>Onerous Contracts — Cost of Fulfilling a Contract</i>                             |
| <i>Annual Improvements to IFRSs 2018–2020</i> | Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 |

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

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC- 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:
  - IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

#### 4. OPERATING SEGMENT INFORMATION

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

##### Geographical information

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

##### Information about a major customer

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

Revenue from Customer A of approximately RMB6,219,000 accounted for 10% or more of the Group's revenue for the year ended 31 December 2022 (2021: No revenue from a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue).

#### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

|  | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <i>Revenue from contracts with customers</i> | <u>36,753</u>          | <u>54,200</u>          |

##### Revenue from contracts with customers

###### (i) Disaggregated revenue information

|  | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Timing of revenue recognition</b>     |                        |                        |
| Services transferred over time           | <u>36,753</u>          | <u>54,200</u>          |
| <b>Types of services</b>                 |                        |                        |
| Rendering of fund management services    | 23,688                 | 44,421                 |
| Rendering of fund establishment services | –                      | 5,611                  |
| Rendering of consulting services         | <u>13,065</u>          | <u>4,168</u>           |
|  | <u>36,753</u>          | <u>54,200</u>          |

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

An analysis of other income and gains is as follows:

|  | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Other income</b>  |                        |                        |
| Dividend income from IAFV                                  | –                      | 1,784                  |
| Interest income  | 24                     | 179                    |
| Gain on disposal of a joint venture                        | –                      | 15                     |
|  | <u>–</u>               | <u>15</u>              |
| Subtotal   | <u>24</u>              | <u>1,978</u>           |
| <b>Gains</b>   |                        |                        |
| Government grants  | 616                    | 1,910                  |
| Gain on disposal of items of property, plant and equipment | –                      | 99                     |
|  | <u>–</u>               | <u>99</u>              |
| Subtotal   | <u>616</u>             | <u>2,009</u>           |
| Total  | <u><u>640</u></u>      | <u><u>3,987</u></u>    |

## 6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2022. Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax at a rate of 25% for the year, except that small-scale enterprises with minimal profits were qualified to apply income tax rate of 2.5% (2021: 2.5%).

|   | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Current income tax charge for the year — Mainland China | 891                    | 4,063                  |
| Deferred tax  | 2,202                  | (6,109)                |
|   | <u>2,202</u>           | <u>(6,109)</u>         |
| Total tax charge/(credit) for the year                  | <u><u>3,093</u></u>    | <u><u>(2,046)</u></u>  |

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/(credit) at the effective tax rate is as follows:

|  | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Loss before tax  | <u>(31,520)</u>        | <u>(41,428)</u>        |
| Tax at the statutory tax rate (25%)  | (7,880)                | (10,357)               |
| Expenses not deductible for tax  | 72                     | 109                    |
| Lower tax rate for small-scale enterprises with minimal profits              | (614)                  | (142)                  |
| Tax losses and deductible temporary differences utilised from previous years | (16)                   | (32)                   |
| Unrecognised deductible temporary differences and tax losses                 | 10,887                 | 6,144                  |
| Profits and losses attributable to joint ventures and an associate           | <u>644</u>             | <u>2,232</u>           |
| Total tax charge/(credit) for the year at the effective rate                 | <u>3,093</u>           | <u>(2,046)</u>         |

Tax payable in the consolidated statement of financial position represents:

|                                  | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|----------------------------------|------------------------|------------------------|
| PRC corporate income tax payable | <u>1,852</u>           | <u>4,504</u>           |

## 7. DIVIDENDS

No dividends have been proposed by the directors for the year ended 31 December 2022 (2021: Nil).

## 8. 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 (2021: 153,340,000) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculation of basic loss per share is based on:

|  | 2022<br><i>RMB'000</i> | 2021<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Loss</b>  |                        |                        |
| Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation | <u>(34,493)</u>        | <u>(39,227)</u>        |

|  | <b>Number of shares</b>   |                    |
|--|---------------------------|--------------------|
|  | <b>2022</b>               | 2021               |
| <b>Shares</b>  |                           |                    |
| Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation | <b><u>153,340,000</u></b> | <u>153,340,000</u> |

## 9. TRADE RECEIVABLES

|                   | <b>2022</b>            | 2021            |
|-------------------|------------------------|-----------------|
|                   | <b><i>RMB'000</i></b>  | <i>RMB'000</i>  |
| Trade receivables | <b>122,924</b>         | 128,176         |
| Impairment        | <b><u>(33,306)</u></b> | <u>(40,724)</u> |
|                   | <b><u>89,618</u></b>   | <u>87,452</u>   |

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

As at 31 December 2022, the amount due from joint ventures was RMB2,466,000 (2021: RMB716,000) and the amount due from associates was RMB21,985,000 (2021: RMB21,007,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

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

|               | <b>2022</b>           | 2021           |
|---------------|-----------------------|----------------|
|               | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| Within 1 year | <b>18,365</b>         | 34,552         |
| 1 to 2 years  | <b>23,225</b>         | 23,128         |
| Over 2 years  | <b><u>48,028</u></b>  | <u>29,772</u>  |
| Total         | <b><u>89,618</u></b>  | <u>87,452</u>  |

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

|                          | <b>2022</b>           | 2021           |
|--------------------------|-----------------------|----------------|
|                          | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| At beginning of the year | <b>40,724</b>         | 10,662         |
| Impairment losses        | <b>39</b>             | 30,062         |
| Amount reversed          | <b>(7,457)</b>        | –              |
|                          | <hr/>                 | <hr/>          |
| At end of the year       | <b><u>33,306</u></b>  | <u>40,724</u>  |

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

#### 10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|                          | <b>2022</b>           | 2021           |
|--------------------------|-----------------------|----------------|
|                          | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| Prepayments              | <b>989</b>            | 1,296          |
| Deposits                 | <b>1,019</b>          | 1,070          |
| Due from related parties | <b>332</b>            | 131            |
| Other receivables        | <b>4,336</b>          | 4,843          |
|                          | <hr/>                 | <hr/>          |
|                          | <b><u>6,676</u></b>   | <u>7,340</u>   |

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. Management of the Company considers that the balances will be fully settled, so loss allowance was assessed to be not significant as at the balance sheet date.

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

|   | <b>2022</b>           | 2021           |
|---|-----------------------|----------------|
|   | <b>RMB'000</b>        | RMB'000        |
| Unlisted investments in associates or joint ventures, at fair value | <b><u>212,159</u></b> | <u>239,159</u> |

The Group, as an investment fund manager, measured the above investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 at 31 December 2022.

The movements in investments in associates or joint ventures at fair value through profit or loss for the year ended 31 December 2022 are as follows:

|                                  | <b>Cost</b>     | <b>Increase/<br/>(decrease)</b> |                 |
|----------------------------------|-----------------|---------------------------------|-----------------|
|                                  | <b>RMB'000</b>  | <b>in fair value</b>            | <b>Total</b>    |
|                                  | <b>RMB'000</b>  | <b>of IAFV</b>                  | <b>RMB'000</b>  |
|                                  | <b>RMB'000</b>  | <b>RMB'000</b>                  | <b>RMB'000</b>  |
| At 1 January 2021                | 226,000         | (7,180)                         | 218,820         |
| Movements                        | –               | (8,093)                         | (8,093)         |
| Addition                         | 60,000          | –                               | 60,000          |
| Derecognition and/or realisation | <u>(31,568)</u> | <u>–</u>                        | <u>(31,568)</u> |
| At 31 December 2021              | <u>254,432</u>  | <u>(15,273)</u>                 | <u>239,159</u>  |
| Comprising:                      |                 |                                 |                 |
| Current portion                  | 110,000         | 2,370                           | 112,370         |
| Non-current portion              | <u>144,432</u>  | <u>(17,643)</u>                 | <u>126,789</u>  |
| At 1 January 2022                | <b>254,432</b>  | <b>(15,273)</b>                 | <b>239,159</b>  |
| Movements                        | –               | <b>(28,000)</b>                 | <b>(28,000)</b> |
| Addition                         | <u>1,000</u>    | <u>–</u>                        | <u>1,000</u>    |
| At 31 December 2022              | <u>255,432</u>  | <u>(43,273)</u>                 | <u>212,159</u>  |
| Comprising:                      |                 |                                 |                 |
| Current portion                  | 206,432         | <b>(38,015)</b>                 | <b>168,417</b>  |
| Non-current portion              | <u>49,000</u>   | <u>(5,258)</u>                  | <u>43,742</u>   |

## 12. OTHER PAYABLES AND ACCRUALS

|                             | 2022           | 2021           |
|-----------------------------|----------------|----------------|
|                             | <i>RMB'000</i> | <i>RMB'000</i> |
| Payroll and welfare payable | 4,306          | 4,800          |
| Taxes and surcharges        | 1,404          | 1,436          |
| Accruals                    | 1,921          | 1,280          |
| Due to related parties      | 18,947         | 8,059          |
| Others                      | 653            | 283            |
|                             | <u>27,231</u>  | <u>15,858</u>  |

Other payables are unsecured, non-interest-bearing and repayable on demand, except for amounts due to a related party of RMB14,080,000 as at 31 December 2022 which bear interest at fixed interest rates 5.0% per annum and will mature in August 2023. The fair values of other payables at the end of the years 2022 and 2021 approximated to their corresponding carrying amounts.

## 13. EVENT AFTER THE REPORTING PERIOD

In February 2023, Shanghai Realway Qiaofang Investment Management Company Limited, a subsidiary of the Group, completed its liquidation. The event has no significant effects on the consolidated financial statements of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY REVIEW

In 2022, the issues in the international financial environment became more severe and complex, and the downward pressure on the world economy increased significantly. China was hit by unexpected challenges such as multiple outbreaks of the coronavirus disease pandemic (the “**Pandemic**”) and extreme high temperature weather, and the Chinese economy was under the triple pressure of shrinking demand, supply shock and expected weakening. In the real estate industry, with the “Three Red Lines” policy control, the credit crisis of real estate enterprises and the continuous impact of the Pandemic on the real estate market demand, industry confidence continued to weaken. Under the overall downward market environment, the real estate asset management industry is also facing greater pressure.

In terms of policies, in order to promote the stable and virtuous cycle development of the real estate market, fiscal and taxation policies and personal housing loan policies have been introduced successively, and the support for real estate has been gradually increased, which aimed to restore market confidence. In the field of operational real estate, the regulatory authorities also took a clear attitude and rapidly promoted the development of China’s domestic market for public REITs. The scope of REITs pilot programme has been continuously expanded, the issuing entities have become increasingly abundant, and the fundraising, investment, management and exit of the real estate stock market has become increasingly smooth. In November 2022, the China Securities Regulatory Commission (the “**CSRC**”) decided to adjust and optimize five measures in real estate equity financing, including the resumption of merger and acquisition and reorganisation of real estate-related listed companies and supporting financing; resumption of refinancing of listed real estate enterprises and real estate-related listed companies; adjust and improve the listing policy of real estate enterprises in overseas markets; further enables REITs to play the role in revitalising the existing assets of real estate enterprises and actively play the role of private equity investment funds.

It is worth noting that in terms of private equity investment funds, the CSRC will carry out a pilot programme for private real estate investment funds, allowing qualified private equity fund managers to set up real estate private investment funds, introduce institutional funds, invest in existing residential real estate, commercial real estate, infrastructure and facilities, promote real estate enterprises to revitalise operational real estate and explore new development models. Under the background that the real estate industry has transitioned from the development era to the real estate asset management era, the market is gradually returning to rationality, and the role of asset manager is becoming increasingly important. The real estate asset management industry will expect in a new round of development opportunities.

## BUSINESS REVIEW

The Group is an asset management company, mainly engaging in fund management, investment management in relation to the establishment of the relevant funds and the sourcing of investors and investment consultation services specialising in the management of real estate and distressed asset in the PRC. The Group manages two broad types of funds, namely (i) fund(s) structured and managed for the purpose of directly investing in a specific real estate investment project and distressed asset project (“**Project Fund(s)**”); and (ii) flexible funds structured and managed, or co-managed, by the Group which may invest in designated types of funds under the Group’s portfolio instead of making direct investment into investment projects and are permitted to invest in multiple investment projects indirectly through a number of funds at the same time (“**FOF(s)**”). The Group’s managed funds invest in three main categories of portfolio assets, namely commercial real estate projects, distressed assets projects, and urbanisation and redevelopment projects.

### *Fund management business*

During the Year, the outbreak of the Pandemic in various cities in Mainland China has resulted in different levels of lockdown or restrictions, which had a strong impact on the Chinese economy and the domestic real estate industry. A number of real estate developers have successively experienced debt defaults, and the Group’s real estate fund management business has also been significantly affected. The Group has adopted a more prudent investment strategy in the expansion of new projects, and there were no new investment projects during the Year. During the Reporting Period, the Group was committed to the operation and disposal of existing projects. In terms of asset operation, the Group flexibly adjusted the operation strategy and refined management to improve the operation efficiency of projects and realize the revitalization and value enhancement of assets. In terms of project disposal, the Group completed the allocation of project funds for three commercial real estate projects and two urbanisation and redevelopment projects during the Year. As the funds managed by the Group gradually entered the liquidation period or completed liquidation, the Group’s regular management fee income for the year was approximately RMB23.8 million, representing a decrease of approximately 45.4% as compared with approximately RMB43.7 million for the previous year. As at 31 December 2022, the size of the assets under management (“**AUM**”) of the funds managed by the Group was RMB3,367.8 million.

### Investment advisory business

During the Year, the Group's investment advisory business recorded an advisory fee income of approximately RMB13.1 million, representing an increase of approximately RMB8.9 million as compared to the previous year. On the one hand, it benefited from the continuous rapid growth in the income from the existing investment advisory projects of Shanghai Ruichu Business Advisory Co.,Ltd.\* (上海芮楚商務諮詢有限公司), a wholly-owned subsidiary of the Group, since the commencement of its investment advisory services in the previous year. On the other hand, it cooperated with the subsidiaries of Longfor Group Holdings Limited (“**Longfor Group**”), a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 0960), to provide pre-investment advisory, research and post-investment management services for its real estate development projects in Hefei during the Year. The above factors led to a significant increase in the advisory fee income for the Year as compared to the previous year.

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

|   | As at 31 December 2022 |                    | As at 31 December 2021 |                    |
|---|------------------------|--------------------|------------------------|--------------------|
|   | Number of funds        | AUM<br>RMB million | Number of funds        | AUM<br>RMB million |
| Project Funds                           | 11                     | 2,977.3            | 16                     | 4,170.0            |
| FOFs                                    | 8                      | 787.9              | 8                      | 787.9              |
| Less: FOFs investments in Project Funds | —                      | (397.4)            | —                      | (660.6)            |
| <b>Total</b>                            | <b>19</b>              | <b>3,367.8</b>     | <b>24</b>              | <b>4,297.3</b>     |

Set out below is a breakdown of fund AUM by portfolio asset type as at the end of relevant years:

|   | As at 31 December 2022 |                    |                 | As at 31 December 2021 |                    |                 |
|---|------------------------|--------------------|-----------------|------------------------|--------------------|-----------------|
|   | Number of projects     | AUM<br>RMB million | Proportion<br>% | Number of projects     | AUM<br>RMB million | Proportion<br>% |
| Commercial real estate projects         | 7                      | 1,823.8            | 54.9%           | 8                      | 2,177.8            | 51.2%           |
| Urbanisation and redevelopment projects | 5                      | 601.4              | 18.1%           | 5                      | 1,173.2            | 27.6%           |
| Distressed assets projects              | 4                      | 899.4              | 27.0%           | 4                      | 899.4              | 21.2%           |
| <b>Total</b>                            | <b>16</b>              | <b>3,324.6</b>     | <b>100.0%</b>   | <b>17</b>              | <b>4,250.4</b>     | <b>100.0%</b>   |

*Note:* The amount which FOFs had invested in Project Funds was eliminated from the breakdown of the AUM by fund to avoid double counting.

Two commercial real estate projects, namely the Yanan Project\* (延安項目) and the Zhongheng Project\* (眾恒項目) with a combined size of RMB186.2 million, two urbanisation and redevelopment projects, namely the Chengdu Project\* (成都項目) and the Shengsi Project\* (嵯泗項目) with a combined size of RMB80.8 million and a distressed assets projects, namely the Yundu Project\* (雲都項目) with a size of RMB80.3 million, invested by our FOF is included in the breakdown of fund AUM by portfolio asset type although the Project Fund investment specified has not been established.

## **FUTURE OUTLOOK**

Looking forward to 2023, with the optimization and adjustment of pandemic prevention policies by the Chinese government, various diplomatic relations will gradually recover, and macroeconomic policies will continue to support economic recovery, and the recovery momentum of China's economy will be obvious. In the field of real estate private equity investment, favorable policies have also been introduced. In order to fully utilise the advantages of diversified asset allocation and professional investment operation of private equity funds and meet the reasonable financing needs in the field of real estate, in February 2023, the CSRC launched the pilot work of real estate private equity investment funds, aiming to promote the revitalization of existing assets in the real estate market and support the private equity industry to perform the function of serving the real economy.

From the perspective of international experience, real estate private investment funds have always been an important asset allocation direction for institutional investors and high-net-worth clients. Under the trend of increasing existing real estate in China, more capital will flow to the field of real estate private funds and accelerate the development of the industry. It is expected that the proportion of real estate private investment funds in private funds will increase significantly, and professional real estate asset management institutions will also usher in a broad development space.

Under this background, the Group will consider the situation and follow the trend, and focus on the following development strategies in 2023:

- (1) At the strategy level, the Group will focus on the exploration and development of its main business, fully leverage the advantages of the listed company platform, integrate high-quality resources through external investment, mergers and acquisitions, and introduction of strategic investors, so as to inject new vitality into the development of the Company and improve the sustainable operation capability and profitability.

- (2) At the business level, the Group will continue to focus on the three major business directions of fund management, wealth management and investment advisory:
- Fund management business: With the gradual release of policy bonus, the Company will conduct in-depth research on industry policies, focusing on the cultivation and reserve of leased housing, commercial properties, infrastructure and facilities and distressed asset projects, and accelerate the issuance of Pre REITs and asset securitization products.
  - Wealth management business: In addition to maintaining and developing high-net-worth investors, in 2023, the Group will also expand various types of institutional funds at home and abroad, attract professional institutional investors such as state-owned capital, insurance funds and trust funds to participate in fund investment, and direct more long-term capital to the real estate private fund sector.
  - Investment advisory business: The Group will leverage on its experience in real estate investment and operation accumulated over the years, leverage on the professional advantages of asset managers, integrate industry resources, assist real estate and distressed asset projects of large enterprises and financial institutions, act as investment and financing consultants, and provide a series of services such as transaction scheme design, financing and post-investment management.
- (3) At the management level, the Group will strictly comply with regulatory requirements, comply with laws and regulations, and further improve the Company's risk management and control system, strengthen risk control measures, improve corporate governance and reduce operational risks by continuously strengthening the internal management.

With the real estate industry shifting from an incremental market to a stock market, the real estate private equity investment fund has become a major development direction in the new era, helping real estate to enter a development model that generates sustainable cash flow from operation, so as to promote the revitalization of operating real estate and achieve a virtuous cycle and healthy development of the entire real estate industry. For real estate asset management institutions, asset managers with both asset operation empowerment and comprehensive fund management service capabilities have great room for development. The Group will seize the opportunities with a forward-looking strategic vision, make use of capital and professional forces to serve the real economy with financial services, promote the positive development of the industry, to become a leading real estate asset management company in China.

## FINANCIAL REVIEW

### REVENUE

The Group derived its revenue mainly from the regular management fees, performance fees, and one-off fund establishment fees charged on the Project Funds and FOFs established and managed by it and the advisory fees charged for investment advisory services provided to cooperative partners as needed. During the Year, we recognised revenue of approximately RMB36.8 million, representing a decrease of approximately RMB17.4 million or a drop of approximately 32.2% as compared to the corresponding period last year, which was mainly due to the decrease in regular management fees, and one-off fund establishment fees from Project Funds.

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

|                                   | For the year ended 31 December |               |                 | Rate of        |
|-----------------------------------|--------------------------------|---------------|-----------------|----------------|
|                                   | 2022                           | 2021          | Change          | Change         |
|                                   | (RMB'000)                      | (RMB'000)     | (RMB'000)       | (%)            |
| <b>Project Funds</b>              |                                |               |                 |                |
| — regular management fees         | 18,863                         | 34,443        | (15,580)        | (45.2%)        |
| — performance fees                | 1                              | 1,101         | (1,100)         | (99.9%)        |
| — one-off fund establishment fees | —                              | 5,611         | (5,611)         | (100.0%)       |
| <b>Sub-total</b>                  | <b>18,864</b>                  | <b>41,155</b> | <b>(22,291)</b> | <b>(54.2%)</b> |
| <b>FOFs</b>                       |                                |               |                 |                |
| — regular management fees         | 4,984                          | 9,212         | (4,228)         | (45.9%)        |
| — performance fees                | —                              | —             | —               | —              |
| — one-off fund establishment fees | —                              | —             | —               | —              |
| <b>Sub-total</b>                  | <b>4,984</b>                   | <b>9,212</b>  | <b>(4,228)</b>  | <b>(45.9%)</b> |
| <b>Advisory fees</b>              | <b>13,065</b>                  | <b>4,168</b>  | <b>8,897</b>    | <b>213.5%</b>  |
| Less: sales-related taxes         | (160)                          | (335)         | 175             | (52.2%)        |
| <b>Total</b>                      | <b>36,753</b>                  | <b>54,200</b> | <b>(17,447)</b> | <b>(32.2%)</b> |

## **Regular Management Fees**

Our revenue from regular management fees for the Year was approximately RMB23.8 million, accounting for approximately 64.9% of our total revenue for the Year and representing a decrease of RMB19.8 million as compared to the year ended 31 December 2021, which was mainly due to the strong impact of the Pandemic in China on the development of the real estate industry during the Year. The Group's real estate fund management business was affected, the disposal of existing projects invested by the Group's managed funds was not as fast as expected, and the Group ceased to receive regular management fees from certain funds which entered into liquidation. In addition, due to the sluggish performance of the real estate market, the Group adopted a more prudent investment strategy, which, together with the Pandemic control measures, resulted in the hindrance of new business expansion and thus no new investment projects were acquired during the Year, resulting in a significant decrease in regular management fees as compared to last year.

## **One-off Fund Establishment Fees**

One-off fund establishment fees represent the fees charged by the Group in relation to the establishment of the funds and investors sourcing. As the Group had no new investment projects during the Year and there were also no new funds set up, therefore, there was no revenue from one-off fund establishment fees for the Year, as compared with that of approximately RMB5.6 million for the year ended 31 December 2021.

## **Advisory Fees**

Advisory fees are the relevant fees charged for the specific investment advisory services for particular projects offered by the Group as a professional service provider. During the Year, the Group recorded revenue from advisory fees of approximately RMB13.1 million, representing a significant increase of approximately RMB8.9 million or 213.5% as compared to last year, which was mainly attributed to the continuous rapid growth in revenue of Shanghai Ruichu Business Advisory Co., Ltd.\* (上海芮楚商務諮詢有限公司), a wholly-owned subsidiary of the Group, from its ongoing investment advisory projects since it commenced its investment advisory services in the previous year. At the same time, it also cooperated with a subsidiary of the Longfor Group to provide pre-investment advisory services, research and post-investment management services for its property development project in Hefei during the Year. The above factors resulted in a substantial increase in advisory fee income for the Year as compared to the previous year.

## OTHER INCOME AND GAINS

Other income and gains of the Group decreased approximately 83.9% from approximately RMB4.0 million for the year ended 31 December 2021 to approximately RMB0.6 million for the Year, partly due to the decrease in government grants received during the Year, and partly due to the fact that the Group did not receive dividend income derived from IAFV during the Year.

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

|   | For the year ended 31 December |              |                | Rate of        |
|---|--------------------------------|--------------|----------------|----------------|
|   | 2022                           | 2021         | Change         | Change         |
|   | (RMB'000)                      | (RMB'000)    | (RMB'000)      | (%)            |
| Government grants   | 616                            | 1,910        | (1,294)        | (67.7%)        |
| Interest income   | 24                             | 179          | (155)          | (86.6%)        |
| Dividend income from IAFV                                     | –                              | 1,784        | (1,784)        | (100.0%)       |
| Gain on disposal of items of property,<br>plant and equipment | –                              | 99           | (99)           | (100.0%)       |
| Gain on disposal of joint ventures                            | –                              | 15           | (15)           | (100.0%)       |
| <b>Total</b>  | <b>640</b>                     | <b>3,987</b> | <b>(3,347)</b> | <b>(83.9%)</b> |

## ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the Year were approximately RMB44.8 million, representing a decrease of approximately RMB6.5 million or approximately 12.7% year-on-year as compared to approximately RMB51.3 million recognised in the previous year, which was mainly due to the Group's effective cost control and working capital management measures to optimize the deployment of employees and enhance per capita efficiency. Human resources costs for the Year decreased by approximately RMB4.9 million as compared to last year and property and office expenses decreased by approximately RMB1.4 million in total.

## **IMPAIRMENT LOSS REVERSED/(RECOGNISED) 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.

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

For the Year, the Group reversed net impairment losses on trade receivables of approximately RMB7.4 million, which was mainly due to: (i) the good performance of the management fee collection of some funds managed by the Group during the Year; and (ii) the decrease in the probability of default of some funds after the assessment under the ECL model.

For the year ended 31 December 2021, the Group made provision for impairment losses on trade receivables of approximately RMB30.1 million based on the ECL model, which was mainly due to the combined effect of negative factors such as emphasis on control in the real estate industry, strong financial regulation and the Pandemic, the slow progress of disposal of underlying assets of fund investments managed by the Group and realization of related funds, which to a certain extent prolonged the Group's collection cycle of management fee receivables from related funds. The management made corresponding provision for impairment losses on receivables based on their judgment of ECL.

The Board considers that the significant assumptions, models and parameters used in the calculation of the ECL provision for the Year are on a fair and reasonable basis. The Group will continue to make reasonable and prudent assessment on the recoverability of trade receivables based on the economic situation and the impact of the Pandemic on the projects.

### **DECREASE IN 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 be continued to use in the future.

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

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

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

The fair value of IAFV for the Year decreased by approximately RMB28.0 million as compared with last year, which was mainly attributable to: (i) the shopping malls invested by the Group, such as Fuzhou Project\* (福州項目) and Huaqiao Cheng Project\* (華僑城項目), were suspended for several times in 2022 due to the significant impact of the pandemic prevention and control on the operation of commercial real estate; meanwhile, the shopping malls actively responded to the national policies and fulfilled their social responsibilities by waiving part of the rent for the tenants, resulting in poor operating revenue and financial performance of the projects; as a result, the fair value of the Group's investments in these projects decreased by approximately RMB22.3 million during the Year; and (ii) with the extension of the fund terms of six funds managed by the Group, the increase in fund operating costs resulted in the decrease in fair value of IAFV of approximately RMB4.4 million during the Year.

### **SHARE OF LOSSES OF JOINT VENTURES**

The Group's share of losses of joint ventures for the Year was approximately RMB2.8 million, and was mainly due to the recognition of losses of RMB2.4 million for Guangzhou Zhongshunyi Management Consultancy Co., Ltd.\* (廣州中順易管理諮詢有限公司) (“**Guangzhou Zhongshunyi**”), in which the Group holds 35% equity investment, on a pro-rata basis according to the equity method of accounting. Due to the impact of the Pandemic, the main business teams of Guangzhou Zhongshunyi in Beijing, Henan and other cities experienced difficulties in business development due to frequent lockdown and control, together with the insufficient scale of new products launched during the Year, the operating income was seriously affected.

### **INCOME TAX EXPENSE**

Income tax expenses of the Group for the Year was approximately RMB3.1 million, as compared to approximately RMB2.0 million of income tax credit of last year, which was mainly due to the decrease in loss before tax and the increase in unrecognized deductible temporary differences and tax losses. The income tax rate applicable to the Company's entities ranged from 2.5% to 25% during the Year.

### **LOSS FOR THE YEAR**

Our loss for the Year was approximately RMB34.6 million, representing a decrease of approximately RMB4.8 million or approximately 12.1% from approximately RMB39.4 million for the year ended 31 December 2021, which was mainly due to the combined effect of the reversal of impairment loss on trade receivables and the decline of administrative expenses, which was partly off set by the decrease in revenue and the decrease in fair value of IAFV.

## **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 2022, the cash and cash equivalents of the Group was approximately RMB13.2 million (31 December 2021: RMB26.8 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 2022, the Group's interest-bearing liabilities included amount due to a related party amounted to approximately RMB14.1 million (31 December 2021: Nil) bearing interest at fixed interest rates 5.0% per annum and will be matured in August 2023. The interest bearing liabilities were denominated in RMB. As at 31 December 2022, the Group's gearing ratio (calculated as total interest-bearing liabilities divided by total equity) was approximately 4.3% (31 December 2021: Nil).

## **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 2022, the Group did not have any pledge on its assets. As at 31 December 2022, the Group did not have any charges on the Group's 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 (2021: Nil).

## **COMMITMENTS**

The Group did not have any significant commitments as at 31 December 2022 (31 December 2021: Nil).

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

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

There was no specific plan for material investments or capital assets as at 31 December 2022. In the event that the Group engages in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Listing Rules as and when appropriate.

## **CAPITAL EXPENDITURES**

As at 31 December 2022, the Group did not have any significant capital expenditures.

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Group did not have any contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2022, the Group employed a total of 91 employees (31 December 2021: 105 employees). The Group has adopted an employee compensation policy which takes into account factors such as external market competitiveness and internal fairness, and provides diversified training and individual development plans for its employees. The Group has a clear promotion policy that gives eligible employees career progression opportunities.

## SIGNIFICANT INVESTMENTS HELD

As at 31 December 2022, IAFV of the Group was approximately RMB212.2 million, representing a decrease of approximately RMB27.0 million as compared to approximately RMB239.2 million as at 31 December 2021. Details are as follows:

| Name of fund  | Type of investment project  | Cost of investment<br>(RMB'000) | Percentage of fund equity | Dividends received for the Year<br>(RMB'000) | Fair value as at 31 December 2022<br>(RMB'000) | Percentage of the total asset value of the Group as at 31 December 2022 | Unrealised gains/(losses) related to changes in fair value during the Year<br>(RMB'000) | Fair value as at 31 December 2021<br>(RMB'000) | Source of funds                                      |
|---|---|---------------------------------|---------------------------|--|--|---|---|--|--|
| 1 FOF IV <sup>(Note 1)</sup>  | Distressed assets projects  | 96,432                          | 50.0%                     | -  | 78,404   | 21.6%   | (18,028)  | 86,148   | Internal resources                                   |
| 2 Hangzhou Fuyang Huiyun Investment Management Partnership (Limited Partnership)*<br>(杭州富陽匯真投資管理合夥企業(有限合夥)) | Commercial real estate projects   | 60,000                          | 19.9%                     | -  | 49,314   | 13.6%   | (10,686)  | 69,864   | Internal resources                                   |
| 3 FOF IX <sup>(Note 2)</sup>  | Commercial real estate projects   | 48,000                          | 78.7%                     | -  | 42,739   | 11.8%   | (5,261)   | 40,641   | Proceeds from the Share Offer<br><sup>(Note 5)</sup> |
| 4 FOF III <sup>(Note 3)</sup>   | Commercial real estate projects, urbanization and redevelopment projects and distressed assets projects | 30,000                          | 10.0%                     | -  | 17,785   | 4.9%  | (12,215)  | 21,191   | Internal resources                                   |
| 5 FOF VIII <sup>(Note 4)</sup>  | Urbanisation and redevelopment projects and commercial real estate projects                             | 20,000                          | 12.5%                     | -  | 22,915   | 6.3%  | 2,915   | 21,315   | Proceeds from the Share Offer<br><sup>(Note 5)</sup> |
| 6 Tianjin Runshi Shenwei Equity Investment Partnership (Limited Partnership)*<br>(天津潤石申威股權投資合夥企業(有限合夥))     | Commercial real estate projects   | 1,000                           | 0.1%                      | -  | 1,002  | 0.3%  | 2   | -  | Internal resources                                   |
|   |   | 255,432                         |                           | -  | 212,159  |   | (43,273)  | 239,159  |  |

### Notes:

- FOF IV refers to Shanghai Weiyi Investment Limited Partnership\* (上海威弋投資合夥企業(有限合夥)), a FOF established and jointly managed by the Group in the form of limited partnership in September 2016.
- FOF IX refers to Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership)\* (杭州富陽匯嶸投資管理合夥企業(有限合夥)), a FOF established and jointly managed by the Group in the form of limited partnership in January 2019.
- FOF III refers to Realway Development No. 3 Unit Trust Fund\* (瑞威發展三號契約型私募基金), a FOF established by the Group in the form of trust fund in August 2016.
- FOF VIII refers to Realway Development No. 5 Unit Trust Fund\* (瑞威發展五號契約型私募基金), a FOF established by the Group in the form of trust fund in December 2017.
- Share Offer refers to the share offer conducted by the Company in connection with its listing on the Stock Exchange in 2018.

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.

## **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\* (深圳新喬園項目), 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\* (深圳新喬園項目) received RMB5,000,000 and RMB2,000,000 respectively, in settlement of the third installment of the equity transfer consideration from Hai Shi Urban Renew. On 12 January 2021, the case was heard in SIETAC. The Fuyang Huiguan Fund submitted an amended application for arbitration to the SIETAC according to the arbitration hearing on the same day, requesting Hai Shi Urban Renew to pay the outstanding third and fourth installments of the equity transfer consideration, damages for overdue payments, legal fees and other fees payable to the Fuyang Huiguan Fund, and the total amount related to the arbitration claim is temporarily approximately RMB82,644,514.

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

As of 30 March 2023, Fuyang Huiguan Fund has not received the amount involved in the Settlement Execution Agreement from Hai Shi Urban Renew. After several reminders, Shanghai Ruixiang, the fund manager, confirmed that Hai Shi Urban Renew was unable to fulfill and execute the settlement 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 promote the execution procedures and accelerate the recovery of property of the Fuyang Huiguan Fund. At the same time, Shanghai Ruixiang will also actively assist Hai Shi Urban Renew in fulfilling its payment obligations by actively sourcing and referring investors to jointly acquire the equity interests in Shenzhen Xinqiaowei Project\* (深圳新喬園項目).

The investment size of FOF VIII, for which Shanghai Ruixiang, a wholly-owned subsidiary of the Company, acted as a fund manager in Fuyang Huiguan Fund as at 31 December 2022 was approximately RMB40.5 million.

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

## **CORPORATE GOVERNANCE PRACTICES**

It is always one of the Group's top priorities to adhere to and comply with the generally accepted standards laid down by the principles and practices of corporate governance. The Board believes that good corporate governance is one of the factors leading to the Company's success and balancing the interests among our Shareholders, clients and employees and is committed to its ongoing efforts to enhance the efficiency and effectiveness of such principles and practices. During the Year, the Company had adopted and complied with the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), save and except for the deviation from Code Provision C.2.1 of the CG Code.

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

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

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

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

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

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

### **SHARE OPTION SCHEME**

As at 31 December 2022, the Company has no share option scheme in place.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “**AGM**”) will be held on Friday, 30 June 2023. Shareholders should refer to the circular of the Company, the notice of the AGM and the enclosed form of proxy to be dispatched by the Company for details regarding the AGM.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the eligibility to attend and vote at the AGM, the register of members of the Company (“**Register of Members**”) will be closed from Wednesday, 31 May 2023 to Friday, 30 June 2023, both days inclusive, during which period no transfer of the shares of the Company (“**Shares**”) will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company’s H Share registrar, Tricor Investor Services Limited, at 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 Area, Shanghai (for domestic Shareholders), no later than 4:30 p.m. on Tuesday, 30 May 2023 for registration.

## **COMPETING INTERESTS**

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

## **EVENTS AFTER REPORTING PERIOD**

Save for the events set out in note 13 to the audited consolidated financial statements in this announcement, there is no significant event occurring after the Year and up to the date of this announcement.

## **SCOPE OF WORK OF AUDITOR**

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

## **AUDIT COMMITTEE**

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

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

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

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

Shanghai, the PRC, 30 March 2023

*As at the date of this announcement, the Board of the Company comprises Mr. Zhu Ping, Mr. Duan Kejian and Ms. Chen Min as executive Directors; Mr. Wang Xuyang and Mr. Cheng Jun as non-executive Directors; and Ms. Yang Huifang, Mr. Shang Jian and Mr. Zhu Hongchao as independent non-executive Directors.*

\* *for identification purpose only*