



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

SHARE OFFER

Sole Sponsor



Alliance Capital Partners Limited
同人融資有限公司

Joint Global Coordinators



Alliance Capital Partners Limited
同人融資有限公司

Joint Bookrunners and Lead Managers



Alliance Capital Partners Limited
同人融資有限公司



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



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)

**LISTING ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF SHARE OFFER**

Number of Offer Shares : 38,340,000 H Shares (subject to the Over-allotment Option)
Number of Placing Shares : 34,506,000 H Shares (subject to re-allocation and the Over-allotment Option)
Number of Public Offer Shares : 3,834,000 new H Shares (subject to re-allocation)
Offer Price : Not more than HK\$7.0 per H Share and expected to be not less than HK\$5.0 per H Share plus brokerage of 1.00%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full in Hong Kong dollars on application subject to refund)
Nominal value : RMB1.00 per H Share
Stock code : 1835
Sole Sponsor



Alliance Capital Partners Limited
同人融資有限公司

Joint Global Coordinators



越秀證券
YUEXU SECURITIES



Alliance Capital Partners Limited
同人融資有限公司

Joint Bookrunners and Lead Managers



越秀證券
YUEXU SECURITIES



Alliance Capital Partners Limited
同人融資有限公司



國信證券(香港)
GUOSEN SECURITIES (HK)



浦銀國際
SPOB INTERNATIONAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies and available for inspection — Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VII to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Company is established, and substantially all of our businesses are located, in PRC. Potential investors in the Company should be aware of the differences in the legal, economic and financial systems between the Mainland and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the Shares of the Company. Such differences and risk factors are set out in the sections headed "Risk factors", "Appendix IV — Summary of Articles of Association" and "Appendix V — Summary of law of the place of the incorporation of the Company" of this prospectus. Potential investors should consider carefully all the information set out of this prospectus and, in particular, the matters discussed in the above-mentioned sections.

The Offer Price is expected to be determined by agreement between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 6 November 2018 or such later time as may be agreed by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), but in any event no later than Friday, 9 November 2018. The Offer Price will be not more than HK\$7.0 per H Share and is currently expected to be not less than HK\$5.0 per H Share. Investors applying for the Public Offer Shares must pay, on application, the maximum Offer Price of HK\$7.0 per H Share, unless otherwise announced, together with a brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$7.0. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Friday, 9 November 2018, the Share Offer will not proceed and will lapse.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) consider it appropriate, the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event no later than the morning of the last day for lodging applications under the Public Offer, cause to be published on the Stock Exchange's website at www.hkexnews.hk and on our Company's website at www.realwaycapital.com. Further details are set out in the sections headed "Structure and conditions of the Share Offer" and "How to apply for the Public Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk factors" of this prospectus.

Prospective investors of the Offer Shares should note that the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreements to procure subscribers for or themselves to subscribe for the Public Offer Shares are subject to the termination by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) upon the occurrence of any of the events set out under the section headed "Underwriting — Grounds for termination" of this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Joint Global Coordinators (for themselves and on behalf of the Underwriters) terminate the Underwriting Agreements, the Share Offer will not proceed and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirement under the U.S. Securities Act.

The Share Offer is not an offering of any interest in the funds managed by our Group.

31 October 2018

EXPECTED TIMETABLE

2018

(Note 1)

Latest time for completing electronic applications
under **HK eIPO White Form** service through the designated
website at www.hkeipo.hk *(Notes 2 and 3)* 11:30 a.m. on
Monday, 5 November 2018

Application Lists of the Public Offer open *(Note 3)* 11:45 a.m. on
Monday, 5 November 2018

Latest time for lodging **WHITE** and
YELLOW Application Forms and to give
Electronic Application Instructions to HKSCC *(Notes 3 and 4)* 12:00 noon on
Monday, 5 November 2018

Latest time to complete payments for **HK eIPO White Form**
applications by effecting internet banking transfer or
PPS payment transfer(s) *(Notes 2 and 3)* 12:00 noon on
Monday, 5 November 2018

Application Lists of the Public Offer close *(Note 3)* 12:00 noon on
Monday, 5 November 2018

Price Determination Date *(Note 5)* Tuesday, 6 November 2018

Announcement of the final Offer Price, the level of
indication of interest in the Placing, the level of applications under
the Public Offer and the basis of allotment of the Public Offer Shares
to be published on the Stock Exchange's website
at www.hkexnews.hk *(Note 6)* and our Company's website
at www.realwaycapital.com *(Note 6)* on or before Monday, 12 November 2018

Results of allocations in the Public Offer
(with successful applicants' identification document numbers,
where applicable) to be available through a variety of channels
as described in the paragraph headed "How to Apply for the
Public Offer Shares — 11. Publication of results" in this
prospectus from Monday, 12 November 2018

EXPECTED TIMETABLE

Results of allocation in the Public Offer will be available at www.tricor.com.hk/lipo/result with a “search by ID Number” function from Monday, 12 November 2018

Refund cheques and **HK eIPO White Form** e-Auto Refund payment instructions (*Note 8*) in respect of wholly or partially unsuccessful applications and wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) under the Public Offer to be posted/despatched (*Notes 7, 8, 9*) on or before Monday, 12 November 2018

Despatch of the H Share certificates of the Offer Shares or deposit of H Share certificates for the Offer Shares into CCASS on or before (*Note 9*) Monday, 12 November 2018

Dealings in the H Shares on the Stock Exchange to commence at 9:00 a.m. (*Note 10*) on Tuesday, 13 November 2018

Notes:

1. In this prospectus, unless otherwise stated, all times and dates refer to Hong Kong local times and dates. If there is any change to the above expected timetable, our Company will make an appropriate announcement to inform investors accordingly.
2. You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 5 November 2018, the Application Lists will not open on that day. Particulars of the arrangements are set forth under “10. Effect of bad weather on the opening of the Application Lists” in the section headed “How to apply for the Public Offer Shares” in this prospectus.
4. Applicants who apply for the Public Offer Shares by giving **Electronic Application Instructions** should refer to the instructions set forth under “6. Applying by giving **electronic application instructions** to HKSCC via CCASS” in the section headed “How to apply for the Public Offer Shares” in this prospectus.
5. The Price Determination Date is expected to be on Tuesday, 6 November 2018 (or such later date or time as agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)), but in any event, not later than Friday, 9 November 2018. If the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on the Price Determination Date, or such later date or time as agreed between our Company and the Joint Global Coordinators, the Share Offer will not become unconditional and will lapse.
6. None of the websites or any information contained therein form part of this prospectus.

EXPECTED TIMETABLE

7. Part of the Hong Kong identity card number/passport number of an applicant, or, if there are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by the respective applicant may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. The banker of the relevant applicant may require verification of his/her Hong Kong identity card number/passport number before encashment of the refund cheque. Inaccurate completion of Hong Kong identity card number/passport number may lead to delay in encashment of, or may even invalidate, the refund cheque.
8. Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to their application payment bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.
9. If an applicant is using a **WHITE** Application Form or through the **HK eIPO White Form** service to apply for 1,000,000 Public Offer Shares or more and has provided all information required by the Application Form may collect the H Share certificate and/or the refund cheque (if any) in person, such H Share certificate and/or the refund cheque may be collected in person from the Hong Kong H Share Registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, between 9:00 a.m. and 1:00 p.m. on Monday, 12 November 2018 or on the date notified by us on the websites of the Stock Exchange at www.hkexnews.hk and of our Company at www.realwaycapital.com as the date of despatch of the H Share certificates and the refund cheques. Individual applicants who are eligible for collection in person must not authorise any other person to collect on their behalf. Corporate applicants which opt for collection in person must attend by their authorised representatives bearing letters of authorisation from the corporations stamped with the corporations' chops. Both individuals and authorised representatives, as the case may be, must produce at the time of collection evidence of identity acceptable to the Hong Kong H Share Registrar. If an applicant has opted for collection in person but does not collect the H Share certificate and/or the refund cheque (if any) by 1:00 p.m. on the Despatch Date, the H Share certificate and/or the refund cheque (if any) will be sent to the address as appeared on the relevant Application Form in the afternoon on the Despatch Date by ordinary post at the applicant's own risk. If an applicant applies for less than 1,000,000 Public Offer Shares, the H Share certificate and/or the refund cheque (if any) will be sent to the address as appeared on the relevant Application Form on the Despatch Date by ordinary post at the applicant's own risk.

Applicants apply for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, (if any), in person but may not collect their H Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

10. All H Share certificates for the Offer Shares will only become valid certificates of title when the Share Offer has become unconditional in all respects and the Underwriting Agreements has not been terminated in accordance with its terms at any time prior to 8:00 a.m. on the Listing Date.

If the Share Offer does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, we will make an announcement on the Stock Exchange's website at www.hkexnews.hk and on our Company's website at www.realwaycapital.com as soon as possible. For details of the structure of the Share Offer, including the conditions thereto, please refer to the section headed "Structure and conditions of the Share Offer" in this prospectus.

CONTENTS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit an offer of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sole Sponsor, the Joint Global Coordinators and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made nor contained in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, advisers, agents, representatives or affiliates of any of them or any other persons or parties involved in the Share Offer.

The contents of our Company's website at <http://www.realwaycapital.com> do not form part of this prospectus.

	<i>Page</i>
EXPECTED TIMETABLE	i
CONTENTS	iv
SUMMARY	1
DEFINITIONS	15
GLOSSARY OF TECHNICAL TERMS	31
FORWARD-LOOKING STATEMENTS	34
RISK FACTORS	36
INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER	61
WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES	68

CONTENTS

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER	70
CORPORATE INFORMATION	75
INDUSTRY OVERVIEW	77
REGULATORY OVERVIEW	89
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE	106
BUSINESS	120
FUTURE PLANS AND USE OF PROCEEDS	229
DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES	235
SUBSTANTIAL SHAREHOLDERS	251
CORNERSTONE INVESTORS	253
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS	258
SHARE CAPITAL	263
FINANCIAL INFORMATION	267
UNDERWRITING	332
STRUCTURE AND CONDITIONS OF THE SHARE OFFER	345
HOW TO APPLY FOR THE PUBLIC OFFER SHARES	355

CONTENTS

APPENDICES

APPENDIX I	— ACCOUNTANTS' REPORT	I-1
APPENDIX II	— UNAUDITED PRO FORMA FINANCIAL INFORMATION...	II-1
APPENDIX III	— TAXATION AND FOREIGN EXCHANGE	III-1
APPENDIX IV	— SUMMARY OF ARTICLES OF ASSOCIATION.....	IV-1
APPENDIX V	— SUMMARY OF LAW OF THE PLACE OF INCORPORATION OF THE COMPANY	V-1
APPENDIX VI	— STATUTORY AND GENERAL INFORMATION	VI-1
APPENDIX VII	— DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION	VII-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. These are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors” of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are investment fund managers specialising in the management of real estate investment funds in the PRC. According to Frost & Sullivan, we were the 10th largest real estate investment fund manager in China as at 31 December 2017 in terms of AUM. Our funds’ portfolio covers commercial real estate projects, distressed assets projects and urbanisation and redevelopment projects. Our mission is to leverage on our asset management expertise, risk management knowhow and execution capability to enhance value of different types of real estate projects through, among others, destocking of existing inventory in real estate market and revitalisation of distressed or other underutilised assets, thereby promoting the overall healthy growth of the PRC economy. Since our establishment in 2010, the funds we manage have invested in a total of 25 sizeable investment projects, 15 of which were completed and successfully exited. These investment projects comprised portfolio assets which were spread over more than 10 PRC cities, including Shanghai, Shenzhen, Chengdu, Hangzhou, Nanjing, Wuxi, Ningbo, Xi’an, Hefei, Fuzhou and Jinjing.

We manage two broad types of funds, namely Project Funds and FOFs. Project Funds are set up for specific projects, whereas, FOFs are set up with high flexibility and may invest in different projects which fall within the designated investment scope of each FOF, at different stages. The fund life of Project Funds generally range from 15 to 48 months, and the fund life of FOFs generally range from 36 to 60 months. As at the Latest Practicable Date, we managed a total of 10 Project Funds and six FOFs with total AUM of approximately RMB4,452.9 million. This represents a CAGR of approximately 70.4% from AUM of approximately RMB583.2 million as at 1 January 2015, the beginning of the Track Record Period. All of our funds target high-net-worth individuals and institutional investors, and we raise capital for our funds privately through our direct sales and referrals from external marketing partners. None of our funds was raised through any internet peer-to-peer platforms. While none of our funds provide any guaranteed return to our investors, we generated an average realised return of approximately 17.6% for our exited Project Funds and 22.5% for our exited FOFs during the Track Record Period. The overall average realised return of all the exited funds during the Track Record Period was approximately 18.8%.

Supported by our qualified team of professionals, we believe that one of our core strengths lies with our ability to manage a wide range of assets under our portfolio. Our management team and key technical personnel have extensive industry knowledge, management experience and technical expertise in the real estate asset management industry or related fields as either legal practitioners, qualified accountants or other related practices. Most of our senior management team members have over 10 years of experience in the asset management industry or related fields, and have been with the Group for more than five years.

During the Track Record Period, we derived our revenue mainly from the fees we charged on our Project Funds and FOFs, which comprised of regular management fees and performance fees. Regular management fees are directly charged periodically on our funds based on a predetermined fixed percentage (generally between 1.0% to 2.5%, with the exception of certain projects which had rates of up to 5%). Upon a fund’s exit, performance fees are charged as a percentage (generally 20%, actual rates may be higher) of the capital gains achieved upon such exit if the capital gains exceed a certain predetermined benchmark.

Set out below are the ranges of regular management fee rate, performance fee rate and benchmark return during the Track Record Period with corresponding total AUM:

SUMMARY

(i) AUM by management fee rate

Regular management fee rate	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
2.5% or below	913.2	1,070.0	2,692.8	3,046.2
Above 2.5%-3.5%	130.0	2,110.3	2,631.7	1,796.5
Above 3.5%-5.0%	171.4	650.0	150.0	150.0
Total gross AUM	1,214.6	3,830.3	5,474.5	4,992.7
Less FOF's investment in Project Funds	(225.5)	(248.1)	(489.6)	(581.3)
Net AUM	989.1	3,582.2	4,984.9	4,411.4

(ii) AUM by performance fee rate

Performance fee rate	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Nil	48.7	47.7	434.6	716.3
20% to 25%	935.9	2,744.0	3,504.9	3,731.5
Above 25% to 30%	—	660.3	1,100.0	241.7
Others (Note)	230.0	378.3	435.0	303.2
Total gross AUM	1,214.6	3,830.3	5,474.5	4,992.7
Less FOF's investment in Project Funds	(225.5)	(248.1)	(489.6)	(581.3)
Net AUM	989.1	3,582.2	4,984.9	4,411.4

Note: Others mainly represented the charges based on performance which were not measured in the usual way (as a certain percentage of surplus gains) but instead take into account other factors such as residual profit, certain amount of the area of property sold and so on.

(iii) AUM by benchmark return

Benchmark return (Note)	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Nil	450.1	2,107.3	2,508.7	1,864.7
8% to 12%	539.0	195.5	435.7	492.8
Above 12% to 15%	225.5	1,527.5	2,530.1	2,635.2
Total gross AUM	1,214.6	3,830.3	5,474.5	4,992.7
Less FOF's investment in Project Funds	(225.5)	(248.1)	(489.6)	(581.3)
Net AUM	989.1	3,582.2	4,984.9	4,411.4

Note: The benchmark returns (if any) as set out in investment agreement do not in any way represent any guarantee of whatever nature as to the return on investment or profitability of our funds and should not be relied on as an indication of or create any expectation as to the foregoing.

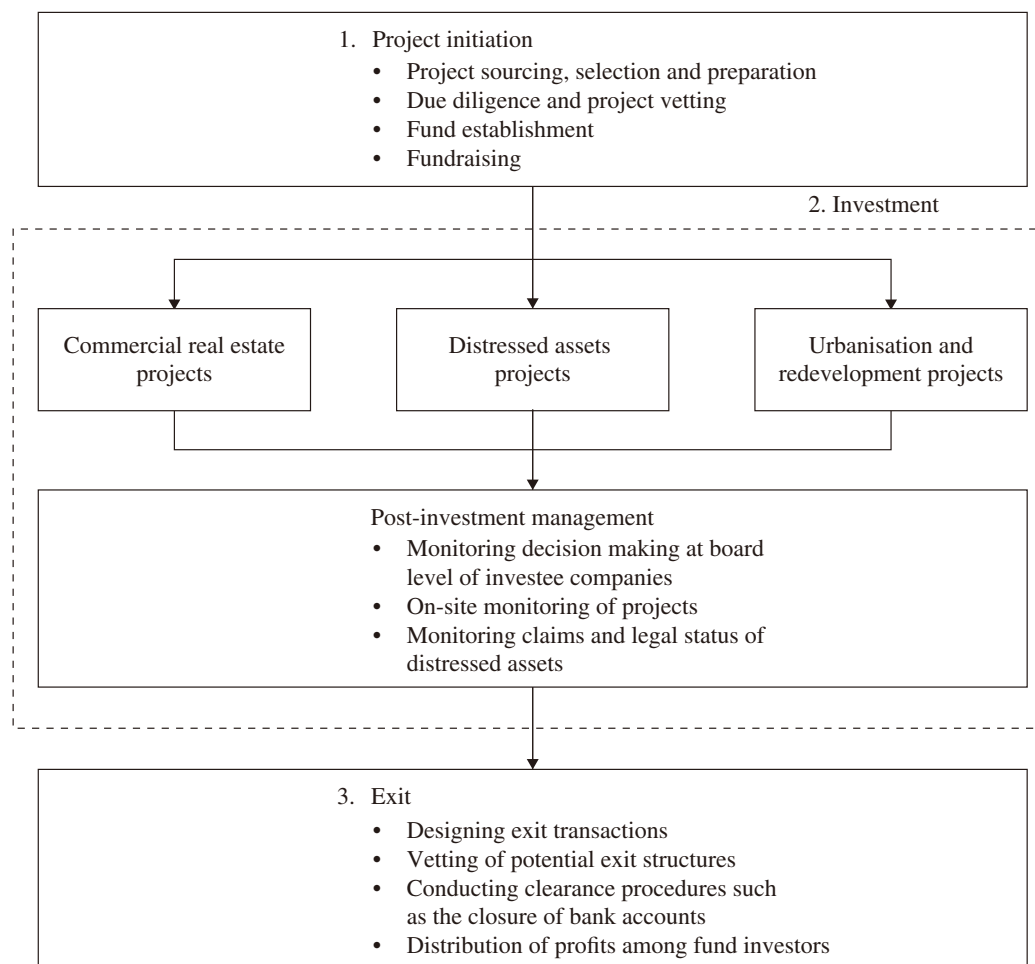
We have been able to charge performance fees in all of our investment projects completed during the Track Record Period which had performance fee mechanisms provided for under the relevant investment agreements. For the three years ended 31 December 2017 and the four months ended 30 April 2018, our regular management fees, which were recurring in nature, were approximately RMB18.1 million, RMB61.1 million, RMB109.7 million and RMB38.3 million, respectively, representing approximately 51.9%, 73.2%, 83.9% and 67.8% of our total revenue, respectively, and our performance fees amounted to approximately RMB15.2 million, RMB20.2 million, RMB19.7 million and RMB16.2 million, respectively, representing approximately 43.5%,

SUMMARY

24.2%, 15.1% and 28.6% of our total revenue, respectively. In addition, we also charged our funds one-off fund establishment fees in relation to the establishment and structuring of the relevant funds and the sourcing of investors. For the three years ended 31 December 2017 and the four months ended 30 April 2018, our fund establishment fees revenue amounted to approximately RMB3.6 million, RMB3.4 million, RMB2.1 million and RMB2.4 million, respectively.

Our business model

Set out below is a simplified diagram of our business model:



1. *Project initiation*

This process includes:

- (a) Project sourcing, selection and preparation — We normally identify real estate projects with potential value developed, owned or referred by reputable business partners from the real estate industry who are based in various cities in China or from financial institutions and non-financial enterprises either through competitive biddings, auctions, or negotiated acquisitions; and
- (b) Fund establishment — Once the preliminary terms of investment are agreed, we would design a specific fund structure to cater for the particular requirements of the project. Normally, a Project Fund would be set up to invest solely for one single project and its investors are divided into different tiers based on the risk preference and risk tolerance of the investors. We then sell the Project Fund through our direct sales and referrals from

SUMMARY

external marketing partners to high-net-worth individuals or institutional investors. Subject to our internal vetting procedures and the results of due diligence, once our investment fund has raised the target amount of funding, we would proceed to close the deal. Depending on projects' funding needs, we may also deploy our FOFs to lock in the projects before Project Fund could raise the target fund size.

Our management activities at such stage would include:

- feasibility studies on potential projects by our business development department;
- project vetting by our steering committee and our investment decision-making committee;
- preparation of transaction documents;
- overseeing the fund establishment process;
- negotiating with counterparties and liaising with other parties involved;
- conducting project due diligence; and
- fundraising and investor due diligence.

2. Investment

This process includes:

- (a) Investment in projects/assets — Our Project Funds for commercial real estate projects and urbanisation and redevelopment projects may acquire (in the case of equity investments) or encumber (in the case of debt investments) up to the entire equity interests in the project company. After February 2017, investments in the form of debt instruments in respect of residential properties located in the 16 Hotspot Cities after February 2017 may be subject to the provisions of Circular Four. Please refer to the section headed “Regulatory overview” of this prospectus for further details. For distressed assets projects, our Project Funds would acquire assets from secondary market through auctions or direct acquisition and would assume all rights of the original creditors under the relevant debt instruments after the acquisition; and
- (b) Post-investment management stage — We would proactively manage our portfolio assets after investments are made by our funds. For example, we would work with the relevant project partners or operators and deploy staff to the project sites to manage cashflow, control major decisions and monitor the progress of each of these projects after our funds have invested in commercial real estate projects and urbanisation and redevelopment projects. We would also track our funds' distressed assets to ensure that debts are collected in a timely manner and that appropriate measures are taken before any legal claims are time barred. To implement a debt recovery process, we would engage third party legal professionals to assist our Group.

Our management activities at such stage would include:

- directing our Project Funds to make investments into the target project companies and instructing custodian banks to release funds for the purpose of investment;
- deploying staff to the board of these companies to monitor (i) funds are being used appropriately; (ii) each milestone of investment projects is reachable pursuant to pre-agreed timetables; (iii) project costs do not exceed pre-agreed budget plans; (iv) the project companies comply with the applicable legal and regulatory requirements; and (v) the project companies do not incur any liabilities without our prior approval;
- deploying staff to the project sites to track the work progress and to identify potential issues; and

SUMMARY

- tracking distressed assets to ensure debts are collected in a timely manner and that appropriate measures are taken before any legal claims are time barred.

3. Exit

Depending on the nature of the portfolio asset, our funds generally would exit from the investment through realising gains by disposing the equity interests in the investment target or receiving repayments from the investment target pursuant to the relevant debt instruments. As for distressed assets, our funds may realise through legal proceedings, debt restructuring or resale.

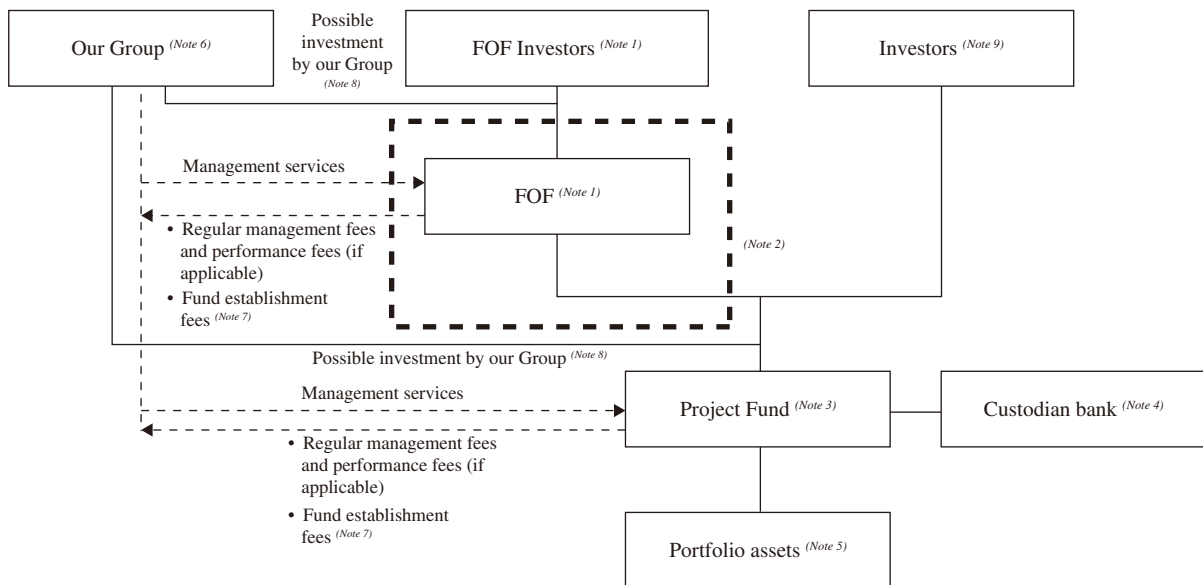
Our management activities at such stage would include:

- designing exit transactions;
- vetting of potential exit structures;
- conducting clearance procedures such as the closure of bank accounts; and
- distribution of profits among fund investors.

Please refer to the section headed “Business — Investment work flow of Project Funds” on pages 200 to 205 of this prospectus for more details.

Typical investment structure of our funds

Set out below is the typical investment structure of the funds structured and managed by us:



Notes:

- Details of our FOFs are set out in the section headed “Business — Our investment funds — FOFs” on pages 174 to 187 of this prospectus.
- As further particularised in the section headed “Business — Our investment funds — FOFs” on pages 174 to 187 of this prospectus, we may or may not involve the investments of FOFs in our investment structure. If FOFs are involved in an investment project, its level of involvement in the project may vary at different stages of an investment project. FOFs would share gain of project on a time-weighted average bases.
- Details of our Project Funds are set out in the section headed “Business — Our investment funds — Project Funds” on pages 163 to 174 of this prospectus.
- All monies of our funds are held by custodian banks, and the custodian banks would only release funds upon receiving reasonable evidence demonstrating that certain conditions precedents for such release under the relevant financing agreements are met.

SUMMARY

5. Our portfolio assets currently comprise of (i) commercial real estate projects; (ii) distressed assets projects; and (iii) urbanisation and redevelopment projects.
6. Our Group's certificate for private investment fund manager registration are held by our Company and Shanghai Ruixiang. Details of the regulatory requirements are set out in the section headed "Regulatory overview" of this prospectus.
7. In addition to management fees, we also charge our funds one-off fund establishment fees in relation to the establishment and structuring of the relevant funds and the sourcing of investors.
8. Please refer to the section headed "Business — Our investment funds — Project Funds" and "Business — Our investment funds — FOFs" on pages 163 to 174 and pages 174 to 187, respectively.
9. We group investors with different risk preference and risk tolerance into different classes of investment through establishing different contract based funds for them. As these contract based funds are formed for the sole purpose of facilitating investors' investments in Project Funds, we generally would not charge management or performance fees at this level. Also, in calculating our AUMs and the number of funds we manage, we have excluded these funds.

Set out below is a breakdown of our revenue by income source during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April 2018	
	2015		2016		2017		RMB'000	%
	RMB'000	%	RMB'000	%	RMB'000	%		
Project Funds								
— regular management fee	13,611	39.0	57,019	68.4	103,518	79.1	35,306	62.5
— performance fee	15,184	43.5	11,737	14.1	17,682	13.5	16,163	28.6
— one-off fund establishment fees	3,562	10.3	3,421	4.0	2,100	1.6	2,286	4.1
Sub-total	32,357	92.8	72,177	86.5	123,300	94.2	53,755	95.2
FOFs <i>(Note 1)</i>								
— regular management fee	4,498	12.9	4,059	4.9	6,231	4.8	2,962	5.3
— performance fee	—	—	8,447	10.1	2,061	1.6	—	—
— one-off fund establishment fees	—	—	—	—	19	—	83	0.1
Sub-total	4,498	12.9	12,506	15.0	8,311	6.4	3,045	5.4
Advisory fees <i>(Note 2)</i>	100	0.3	—	—	—	—	—	—
Less: sales-related taxes	(2,086)	(6.0)	(1,261)	(1.5)	(736)	(0.6)	(333)	(0.6)
Total	34,869	100.0	83,422	100.0	130,875	100.0	56,467	100.0

Notes:

1. Included revenue generated from our direct investment into these FOFs.
2. During the Track Record Period, we have provided a one-off advisory service in relation to the evaluation and assessment of a potential real estate investment for an Independent Third Party.

Set out below is a breakdown of our AUM as at the end of the relevant years/period:

	As at 31 December						As at 30 April 2018	
	2015		2016		2017		No. of funds	AUM
	No. of funds	AUM	No. of funds	AUM	No. of funds	AUM		
Project Funds	5	989.1	6	3,557.3	11	4,933.5	12	4,354.6
FOFs	2	225.5	3	273.0	6	541.0	6	638.1
Less: FOF investments in Project Funds <i>(note)</i>	—	(225.5)	—	(248.1)	—	(489.6)	—	(581.3)
Adjusted total	7	989.1	9	3,582.2	17	4,984.9	18	4,411.4

Note: We have eliminated the amount that FOFs have invested in Project Funds to avoid double counting.

Set out below is a breakdown of our revenue from the management of our Project Funds by portfolio assets during the Track Record Period:

SUMMARY

	For the year ended 31 December						For the four months ended 30 April 2018	
	2015		2016		2017		RMB'000	%
	RMB'000	%	RMB'000	%	RMB'000	%		
Commercial real estate projects . . .	8,439	26.1	37,150	51.5	34,836	28.3	10,187	19.0
Distressed assets projects	—	—	22,538	31.2	51,905	42.1	22,104	41.1
Urbanisation and redevelopment projects	23,918	73.9	12,489	17.3	36,559	29.6	21,464	39.9
Project Funds total ^(Note)	32,357	100.0	72,177	100.0	123,300	100.0	53,755	100.0

Note: The revenue generated directly from our management of FOFs has been excluded from the table for better illustration of our revenue by portfolio assets.

Over the Track Record Period, our funds' investments in distressed assets had been increasingly significant. Our revenue from the management of our Project Funds invested in distressed assets have increased from nil for the year ended 31 December 2015 to approximately RMB22.5 million and RMB51.9 million for the two years ended 31 December 2016 and 2017. For the four months ended 30 April 2018, our revenue derived from the management of our Project Funds invested in distressed assets amounted to approximately RMB22.1 million.

Our direct investments into the funds managed by us had also been increasingly significant over the Track Record Period. Such investments were recognised as investments in associates or a joint venture at fair value (“IAFV”) in our financial statements for the Track Record Period. As at 31 December 2015, 2016 and 2017, and 30 April 2018, our IAFV amounted to approximately RMB53.8 million, RMB55.0 million, RMB83.8 million and RMB187.0 million, respectively, which represented approximately 5.4%, 1.5%, 1.7% and 4.2% of our AUM, respectively. For the three years ended 31 December 2015, 2016, 2017 and the four months ended 30 April 2018, we recognised increases in fair value of IAFV of approximately RMB1.8 million, nil, RMB24.8 million and RMB4.7 million, respectively, representing approximately 13.0%, nil, 27.9% and 12.2% of the profit before tax of our Group, respectively. For details of our IAFV, please refer to the section headed “Financial Information — Investments in associates or a joint venture at fair value through profit or loss” on pages 311 of this prospectus.

As further particularised in the section headed “Business — Our investment funds — FOFs” on pages 174 to 187 of this prospectus, we would make direct investments into our funds to increase the confidence of potential investors by aligning our interests with their interests enable greater flexibility to deploy funds to secure quality investment projects. Our Directors believe that the increase in our investments into our funds was generally in line with the growth in the overall size of our funds' assets portfolio over the Track Record Period.

COMPETITIVE LANDSCAPE

The asset management market in the PRC is at its rapidly developing stage. The top 10 players in the real estate fund market in the PRC is taking up a joint share of approximately 47.1% in terms of AUM in 2017.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths as set out below have driven our growth and distinguish us from our competitors:

- Established brand recognition developed through our demonstrated track record which allows us to attract investors and secure quality projects;
- Effective business model, particularly with the development of FOFs as a private fund manager, which helped us secure quality investment projects and attracted investors;
- Strong execution and risk management capabilities in handling every aspect of the investment cycle of our funds' portfolio assets; and

SUMMARY

- Stable management team and experienced technical team.

For details, please refer to the section headed “Business — Our competitive strengths” on pages 123 to 127 of this prospectus.

OUR STRATEGIES

To maintain our market share, enhance our service quality and attract more customers, we intend to implement the following business strategies:

- enhance our ability to secure quality portfolio assets through further development of our FOFs and enriching our product offerings to expand our customer base;
- expand our marketing capabilities to directly attract high-net-worth investors;
- replicate the success of our business model in other PRC cities and Hong Kong by establishing local presence; and
- continue to expand our professional team and enhance our risk management capabilities.

For details, please refer to the section headed “Business — Our strategies” on pages 127 to 144 of this prospectus.

CUSTOMERS AND SUPPLIERS

Our customers are the investors who invested in the funds managed by us. We target high-net-worth individuals and institutional investors. We had served 141, 242, 254 and 275 customers for the three years ended 31 December 2017 and the four months ended 30 April 2018, respectively, of which 29, 48, 147 and 229 customers, respectively, were recurring customers. For the three years ended 31 December 2017 and the four months ended 30 April 2018, the revenue from our five largest customers accounted for approximately 12.5%, 44.7%, 50.6% and 35.5% of our total revenue, respectively, and our largest customer accounted for approximately 7.1%, 17.2%, 18.4% and 14.0% of our total revenue, respectively.

Our top five customers

As (a) our investors are grouped together and managed under different funds; and (b) all costs incurred in relation to the sourcing of investors are charged on such funds, to provide a meaningful analysis of our top five customers, we have compiled such information based on our top five revenue contributing funds for the relevant year/period. Our top five revenue contributing funds contributed approximately 76.7%, 86.1%, 77.5% and 64.1% of our revenue for the three years ended 31 December 2017 and for the four months ended 30 April 2018, respectively. For the three years ended 31 December 2017 and the four months ended 30 April 2018, our largest revenue contributing fund accounted for approximately 23.0%, 29.4%, 31.2% and 23.8%, respectively of our total revenue. To the best of our Directors’ knowledge and belief, save as disclosed in this prospectus, none of our Substantial Shareholders and Directors or any of their respective associates had any interest in any of our top five revenue contributing funds.

During the Track Record Period, our Group did not have regular or significant suppliers due to the nature of our business. Whilst we may work with our business partners to raise funds for our funds, any expenses incurred associated with the introduction and sourcing of investors by these business partners are accounted for as direct costs of the relevant funds and not the expenses of our Group.

KEY OPERATIONAL AND FINANCIAL DATA

The following paragraphs present a summary of our financial information during the Track Record Period and should be read in conjunction with our financial information included in the Accountants’ Report set forth in Appendix I to this prospectus, including the notes thereto.

SUMMARY

Highlight of our consolidated statements of comprehensive income during the Track Record Period

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Revenue	34,869	83,422	130,875	39,883	56,467
Profit before tax	13,906	58,106	88,946	23,873	38,391
Profit and total comprehensive income for the year/period . . .	10,348	43,109	63,346	17,536	27,619

During the Track Record Period, we had experienced rapid growth in our AUM and revenue. Our AUM increased from approximately RMB1.0 billion as at 31 December 2015 to RMB3.6 billion as at 31 December 2016 and further increased to approximately RMB5.0 billion as at 31 December 2017. As at 30 April 2018, our AUM was approximately RMB4.4 billion. Our revenue grew by approximately 139.2% from approximately RMB34.9 million for the year ended 31 December 2015 to approximately RMB83.4 million for the year ended 31 December 2016. For the year ended 31 December 2017, our revenue amounted to approximately RMB130.9 million, representing an increase of approximately 56.9% or RMB47.5 million as compared to the previous year. The major reasons for such growth were: (a) the continued growth in the scale of our investment projects; (b) our distressed asset management projects which started to generate revenue since 2016; and (c) further developments of our FOFs allowed us to lock in more investment projects during the Track Record Period.

For further details, please refer to the section headed “Financial information — Description of selected items from consolidated statements of comprehensive income” on pages 281 to 290 of this prospectus.

Highlight of our consolidated statements of cash flows

The following table sets forth selected cash flows data from our Group’s consolidated statements of cash flows for the years/periods indicated:

	For the year ended 31 December			For the four months ended 30 April 2018
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows generated from/(used in) operating activities	(11,525)	57,732	(4,525)	34,668
Net cash generated from/(used in) investing activities	(44,412)	10,923	(48,357)	(79,656)
Net cash generated from financing activities	65,735	14,990	800	16,250
Net increase/(decrease) in cash and cash equivalents	9,798	83,645	(52,082)	(28,738)
Cash and cash equivalents at beginning of the year/period	296	10,094	93,739	41,657
Cash and cash equivalent at end of the year/period	<u>10,094</u>	<u>93,739</u>	<u>41,657</u>	<u>12,919</u>

We recorded net operating cash outflows of approximately RMB11.5 million and RMB4.5 million for the years ended 31 December 2015 and 2017, respectively. For further details, please refer to the section headed “Financial information — Liquidity and capital resources” on pages 299 to 302 of this prospectus.

SUMMARY

Highlight of our consolidated statements of financial position

The following table sets forth our consolidated statements of financial position as at the respective financial position dates indicated:

	As at 31 December			As at 30 April 2018	As at 31 August 2018
	2015	2016	2017	RMB'000	RMB'000 (unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total current assets	100,844	115,644	170,838	150,536	114,639
Total current liabilities	(4,743)	(18,583)	(53,191)	(96,532)	(54,175)
Net current assets	<u>96,101</u>	<u>97,061</u>	<u>117,647</u>	<u>54,004</u>	<u>60,464</u>

For further details, please refer to the section headed “Financial information — Net current assets and selected items of consolidated statements of financial position” on pages 303 to 313 of this prospectus.

Key financial ratios

The following table sets forth a summary of our key financial ratios as at the dates or for the periods indicated:

	As at/for the year ended 31 December			As at/for the four months ended 30 April 2018
	2015	2016	2017	30 April 2018
Current ratio	21.3 times	6.2 times	3.2 times	1.6 times
Gearing ratio	N/A	N/A	N/A	N/A
Debt to equity ratio	Net cash	Net cash	Net cash	Net cash
Return on total assets	9.8%	24.3%	22.4%	8.3%
Return on equity	10.3%	27.2%	28.3%	12.2%
Interest coverage	N/A	N/A	N/A	N/A
Net profit margin	29.7%	51.7%	48.4%	48.9%

For further analysis, please refer to the section headed “Financial information — Key financial ratios” on pages 314 to 315 of this prospectus.

CONTROLLING SHAREHOLDERS

Our Controlling Shareholders are Weimian Partnership, Shanghai Shengxuan and Mr. Zhu. Immediately following the completion of the Share Offer, Weimian Partnership, Shanghai Shengxuan and Mr. Zhu will be interested in approximately 51.53%, 75.0% and 75.0% of our Company’s interests, respectively. For details of our Company’s shareholding structure immediately following the completion of the Share Offer, please refer to the section headed “History, development and corporate structure” of this prospectus.

DIVIDENDS

Dividends

Our Group declared interim dividends of RMB35.0 million and final dividends of RMB45.0 million in respect of the year ended 31 December 2016 and the year ended 31 December 2017, respectively. The interim dividend for 2016 has been paid by our Company. The final dividends for 2017 was fully settled in late August 2018. Save as disclosed, no other dividend was declared or paid by our Group during the Track Record Period. As at 30 April 2018, we had no intention to declare any other dividend prior to the Listing.

Dividend policy

Please refer to the section headed “Financial information — Dividends — Dividend policy” on page 318 of this prospectus for details.

SUMMARY

Future dividend payment may be subject to withholding and other tax. Please refer to the section headed “Risk factor — You may be subject to PRC taxation” on page 55 of this prospectus for details.

RISK MANAGEMENT AND INTERNAL CONTROL

As an investment fund manager specialising in the management of real estate investment funds in the PRC, we are subject to a variety of risks in our business operations. These risks can be broadly categorised into (1) investor and money laundering risks; (2) regulatory risks; (3) risks related to investment decisions and project vetting; (4) project management risks; (5) risks relating to investment exits; and (6) other operational and financial risks. The overall objective of our risk management system is to maintain and optimise robust and efficient risk management and internal control to ensure the security of our operations and assets, to achieve a balance between business growth and risk control, and to protect the long-term interests of our Shareholders. Please refer to the section headed “Business — Risk management and internal control” on pages 205 to 220 of this prospectus for further details of our risk management system.

LEGAL PROCEEDINGS AND COMPLIANCE

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date:

- we have obtained all relevant approvals, permits, licences and certificates for conducting our business in the PRC. All such approvals, permits, licences and certificates remain valid;
- we are in compliance with all applicable laws, rules and regulations of the PRC in relation to our business and operation in all material respects; and
- there is no pending legal proceeding by or against us and we are not subject to any prosecution for any offences, violations or breaches of laws, rules and regulations in the PRC in respect of our business and operations.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period, we continued our focus on the management business of real estate investment funds in the PRC.

We have principally completed three sizeable investment projects after the Track Record Period and up to the Latest Practicable Date, namely the Dianshanhu Project (淀山湖項目), the Ningbo Zhenhai Project (寧波鎮海項目) and the Fuzhou Wanbaocheng Project (福州萬寶城項目). Our funds have substantially exited from these projects and we have received the performance fees as well as all the regular management fees arising from the relevant investments.

Dianshanhu Project (淀山湖項目)

The Dianshanhu Project is an urbanisation and redevelopment project comprised of flats and villa type properties located in the junction of Shanghai and Suzhou targeting high-end customers. The total investments made by the funds managed by us amounted to approximately RMB1,100.0 million. For the two years ended 31 December 2017 and the four months ended 30 April 2018, we have generated regular management fees of approximately RMB1.0 million, RMB27.3 million and RMB5.3 million, from this project, respectively. After the Track Record Period and up to the Latest Practicable Date, we have generated regular management fees and performance fees of approximately RMB0.3 million and RMB7.5 million from this project, respectively. As at the Latest Practicable Date, the Dianshanhu Project had undergone final settlement procedures and the full closure of such project is expected to take place before December 2018.

Ningbo Zhenhai Project (寧波鎮海項目)

The Ningbo Zhenhai Project is an urbanisation and redevelopment project comprised of flats and shopping malls with a total lettable area of approximately 126,000 sq.m. Our funds have made an investment of up to approximately RMB316.8 million. For the two years ended

SUMMARY

31 December 2017 and the four months ended 30 April 2018, we have generated regular management fees of approximately RMB2.4 million, RMB4.6 million and RMB0.5 million, respectively, from this project. For the four months ended 30 April 2018, we have generated performance fees of approximately RMB11.6 million from this project. After the Track Record Period and up to the Latest Practicable Date, we have generated regular management fees of approximately RMB0.01 million from this project. Ningbo Zhenhai Project has exited in September 2018.

Fuzhou Wanbaocheng Project* (福州萬寶城項目)

The Fuzhou Wanbaocheng Project is a commercial real estate project located in the central business district of Fuzhou, Fujian Province which involved the conversion of an old bomb shelter to a shopping mall with lettable area of up to 192,488 m². The total investments made by the funds managed by us amounted to approximately RMB650.0 million. For the three years ended 31 December 2017 and the four months ended 30 April 2018, we have generated regular management fees of approximately RMB0.3 million, RMB22.3 million, RMB10.9 million and nil, respectively from such project, as well as performance fees of approximately RMB14.3 million and RMB4.6 million for the year ended 31 December 2017 and the four months ended 30 April 2018, respectively. Our funds had exited from such project in July 2018.

We continue source and select suitable investment projects and set up funds to invest in them. As at the Latest Practicable Date, our business development department and steering committee were evaluating five investment proposals with potential investment amount of RMB1,470.0 million.

In addition to our major developments in our urbanisation and redevelopment projects, we have also further developed our distressed assets portfolio after the Track Record Period. We have entered into a strategic cooperation in June 2018 with a sizeable licensed AMC corporation (the “**AMC Partner**”) and a sizeable Wuxi based investment company (the “**Wuxi Partner**”) with a view to developing future distressed assets investment opportunities in the area of Jiangsu province of the PRC. Under the terms of the strategic cooperation, we intended to raise up to RMB2.0 billion by the end of 2018 for a fund to be set up jointly by the parties and use Jinkai Dongrui, a former subsidiary of our Company which we owned 100%, as the platform to manage such fund and to further develop our relationship with these parties. Accordingly, we have transferred 27.5% and 27.5% equity interests in Jinkai Dongrui to the AMC Partner and the Wuxi Partner in June 2018, respectively. Please refer to the section headed “History, development and corporate structure” of this prospectus for further details of Jinkai Dongrui.

As at the Latest Practicable Date, the aggregate AUM of the distressed assets held by our funds amounted to approximately RMB2,593.8 million, all of which were secured by underlying real estate and/or related assets. Set out below is a breakdown of the details of distressed assets held by our funds as at the Latest Practicable Date:

	AUM as at the Latest Practicable Date	Holding period as at the Latest Practicable Date	Expected date of realisation
	<i>RMB'million</i>	<i>months</i>	
Yuhang Xinhua Yuan Project* (余杭馨華園項目)	1,062.1	16	November 2018
Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目)	1,450.0	30	April 2020
Xinda Jiangsu 11 Projects* (信達江蘇11戶項目)	81.7	11	September 2021
Total	2,593.8		

SUMMARY

We have also set up Guangwei Juyao (Qingdao) Wealth Asset Management Company Limited* (光瑞聚耀(青島)財富資產管理有限公司) (the “**Qingdao JV**”) on 18 September 2018 with Northern International Trust Limited* (北方國際信托股份有限公司) (“**SOE A**”) and Everbright Management (Qingdao) Limited* (光大金控(青島)有限公司) (“**SOE B**”). SOE A is a PRC state controlled enterprise principally engaged in asset management business with operations in Beijing, Shanghai, Shenzhen, Chengdu and Wuhan. SOE B is a PRC state controlled enterprise principally engaged in investment funds management in the PRC. Its assets portfolio includes real estate investment funds, venture capital funds, securities investment funds and forex funds. As at the Latest Practicable Date, the Qingdao JV is owned as to 42% by SOE A, 40% by SOE B and 18% by our Company, and the capital contribution to be made by SOE A, SOE B and our Company was RMB21.0 million, RMB20.0 million and RMB9.0 million, respectively. The Qingdao JV is expected to commence wealth management business in early 2019.

Save as the Listing expenses, our Group did not have any significant non-recurring items in its consolidated statements of profit or loss and other comprehensive income subsequent to the Track Record Period. The net current assets of our Group as at 30 April 2018 were approximately RMB54.0 million which increased to approximately RMB60.5 million according to our unaudited management account. As at the Latest Practicable, approximately RMB9.9 million, or 24.1% of our trade receivables outstanding as at 30 April 2018 has been subsequently settled. Considering our business strategy of applying approximately 30% of the net proceeds for geographical expansion of our business in the PRC by setting up new subsidiaries and expansion and enhancement of representative offices, the administrative expenses including staff costs are expected to increase significantly for the year ending 31 December 2018 which will affect our profitability and net profit margin notwithstanding that our revenue is expected to increase, as driven by the expansion of our AUM which was mainly the result of the increase in our FOFs. For details of the set-up costs, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

LISTING EXPENSES

Assuming an Offer Price of HK\$6.0 (being the mid-point of the indicative Offer Price range), we expect to incur estimated total Listing expenses of approximately HK\$48.1 million (equivalent to RMB42.3 million), of which (i) approximately RMB1.2 million, RMB9.6 million and RMB3.9 million has been recognised in our income statements for the years ended 31 December 2016 and 2017 and the four months ended 30 April 2018, respectively; (ii) RMB13.5 million is expected to be recognised in the income statement before Listing (according to our current estimation); and (iii) the remaining RMB14.1 million is expected to be recognised as a deduction in equity directly for the year ending 31 December 2018. Expenses in relation to the Listing are non-recurring in nature. Our Group’s financial performance and result of operations for the year ended 31 December 2017 has been, and for the year ending 31 December 2018 will be, significantly and adversely affected by the expenses in relation to the Listing. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions.

MATERIAL ADVERSE CHANGE

Save for the Listing expenses to be recognised for the year ending 31 December 2018, our Directors confirmed that up to the date of this prospectus, there was no material adverse change in our financial position since 30 April 2018, being the last date of our latest audited financial results as set out in the Accountants’ Report in Appendix I to this prospectus.

OFFER STATISTICS

The estimated net proceeds of the Share Offer which we will receive, assuming the Offer Price is fixed at low-end and high-end, respectively, of the Offer Price range stated in this prospectus after

SUMMARY

deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Share Offer are set out in the table below.

	Estimated net proceeds of the Share Offer	
	Offer Price of HK\$5.0 per Offer Share (low-end of Offer Price)	Offer Price of HK\$7.0 per Offer Share (high- end of Offer Price)
Market capitalisation of the Shares	HK\$766.8 million	HK\$1,073.5 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ^{Note}	HK\$2.73	HK\$3.22

Note:

For the assumptions and calculation method, please refer to the section headed “Unaudited pro forma financial information” set out in Appendix II to this prospectus.

USE OF PROCEEDS

We intend to use the net proceeds from the Share Offer to strengthen our financial position and to implement our Group’s business plans. For details of our proposed use of proceeds from the Share Offer, please refer to the section headed “Future plans and use of proceeds” of this prospectus.

RISK FACTORS

We summarise below certain material risks involved in our business operations. Prospective investors should refer to all the risk factors which may affect your investment decision in relation to the Share Offer as set out in the section headed “Risk factors” of this prospectus, and highlight below:

- *Project sourcing, assessment and transaction design* — If we are unable to source, identify and select quality investment projects and complete negotiations with counterparties to our satisfaction on time or at all, our reputation, business, financial condition and results of operations would be materially and adversely affected.
- *Fund raising* — If we are unable to raise sufficient capital for our investment funds, our management fee income will be significantly affected, and our business, financial condition and results of operations would be materially and adversely affected.
- *Project management* — If we are unable to implement investment projects on schedule or within budget for and on behalf of our funds, the amount of realisable return and the timing of such realisation for our funds would be significantly affected, and our business, financial condition and results of operations would be materially and adversely affected.
- *Investment exits* — If our funds are unable to exit their investments effectively and on time, we may not achieve the target return for our funds and our performance fee income will be significantly affected, and our business, financial condition and results of operations would be materially and adversely affected.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“Application Form(s)”	WHITE, YELLOW and GREEN Application Form(s) in relation to the Public Offer, or if the context so requires, any of them
“Application Lists”	the application lists for the Public Offer
“Articles of Association” or “Articles”	the articles of association of our Company (as amended from time to time), a summary of which is set out in Appendix IV to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Realway Assets Management”	Realway Capital Assets Management (Beijing) Co., Ltd* (北京瑞威資產管理有限公司), a limited liability company established in the PRC on 8 March 2018 and a direct wholly-owned subsidiary of our Company
“Beijing Realway Consultancy”	Realway Capital Business Consultancy (Beijing) Co., Ltd.* (瑞威(北京)商務諮詢有限公司), a limited liability company established in the PRC on 29 March 2016 and a direct wholly-owned subsidiary of our Company
“Board”	the board of Directors of our Company
“Boss & Young”	Boss & Young Attorneys-At-Law (邦信陽中建中滙律師事務所)
“business day(s)”	any day(s) (excluding Saturday(s), Sunday(s) and public holiday(s)) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate, a method of assessing the average growth of a value over time

DEFINITIONS

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Central government”, “Chinese government” or “PRC government”	the central government of PRC, including all government subdivisions (including provincial, municipal or other regional or local government entities) and instrumentalities
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Registry”	the Companies Registry of Hong Kong
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company”, “the Company” and “our Company”	Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司), previously known as Shanghai Ruiwei Equity Investment Management Co., Ltd* (上海瑞威股權投資管理有限公司), established as a foreign invested limited liability company in the PRC on 12 January 2010 and converted into a joint stock company with limited liability on 11 January 2016
“Company Law”	the Company Law of PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, means Weimian Partnership, Shanghai Shengxuan and Mr. Zhu
“core connected person”	has the meaning ascribed to it under Listing Rules
“CSRC”	the China Securities Regulatory Commission of the PRC (中國證券監督管理委員會)
“Deed of Indemnity”	the deed of indemnity dated 22 October 2018 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of our subsidiaries), details of which are set out in the section headed “Statutory and general information — Tax and other indemnities” in Appendix VI to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 22 October 2018 executed by our Controlling Shareholders in favour of our Company (for itself and on behalf of our subsidiaries), details of which are set out in the section headed “Relationship with the Controlling Shareholders — Non-competition undertaking by Controlling Shareholders” in this prospectus

DEFINITIONS

“Despatch Date”	the date on which H Share certificates for the Offer Shares are despatched to/collected by applicants and/or deposited into CCASS for credit to the respective CCASS participants’ stock accounts designated by the placees or purchasers under the Share Offer
“Director(s)”	the director(s) of our Company
“Domestic Share(s)”	the ordinary shares issued by our Company with a nominal value of RMB1.00 each, which are subscribed for in RMB
“EIT”	enterprise income tax of the PRC
“EIT Laws”	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) promulgated by the Standing Committee of the National People’s Congress and became effective on 24 February 2017, as amended, supplemented or otherwise modified from time to time
“Electronic Application instruction(s)”	instruction(s) given by a CCASS Participant electronically via CCASS to HKSCC for an application to be made on its behalf for the Public Offer Shares and for the payment and refund of application moneys, in each case in accordance with the General Rules of CCASS, CCASS Operational Procedures and terms and conditions for CCASS Investor Participants in effect from time to time
“FOF I”	Shanghai Weiheng Investment Limited Partnership* (上海威亨投資合夥企業(有限合夥), a FOF structured by us in the form of limited liability partnership in December 2013
“FOF II”	Shanghai Ruihan Investment Limited Partnership* (上海瑞瀚投資合夥企業(有限合夥), a FOF structured by us in the form of limited liability partnership in January 2014
“FOF III”	Realway Development No. 3 Unit Trust Fund* (瑞威發展三號契約型私募基金), a FOF structured by us in the form of contract based fund in August 2016

DEFINITIONS

“FOF Investor(s)”	investor(s) of the FOFs structured and managed by our Group
“FOF IV”	Shanghai Weiyi Investment Limited Partnership* (上海威弋投資合夥企業(有限合夥)), a FOF structured and co-managed by us in the form of limited liability partnership in September 2016
“FOF V”	Realway Hengxin No. 1 Unit Trust Fund* (瑞威恒信一號契約型私募基金), a FOF structured by us in the form of contract based fund in November 2016
“FOF VI”	Realway Hengxin No. 2 Unit Trust Fund* (瑞威恒信二號契約型私募基金), a FOF structured by us in the form of contract based fund in June 2017
“FOF VII”	Shanghai Ruijin Investment Limited Partnership* (上海瑞錦投資合夥企業(有限合夥)), a FOF structured and co-managed by us in the form of limited liability partnership in June 2017
“FOF VIII”	Realway Development No. 5 Unit Trust Fund* (瑞威發展五號契約型私募基金), a FOF structured by us in the form of contract based fund in December 2017
“Fortune & Goal Investment”	Fortune & Goal (Beijing) Investment Management Co., Ltd. (富高(北京)投資管理有限公司)
“Founding Members”	the founders of the Group, namely Mr. Zhu, Mr. Cheng Jun (成軍), Mr. Wang Xuyang (王旭陽) and Mr. Duan
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc, Shanghai Branch Co., (弗若斯特沙利文(北京)諮詢有限公司上海分公司), an Independent Third Party and a market research firm established in PRC engaged by us to prepare an industry report on (among other things) the real estate fund industry in the PRC (set out in the section headed “Industry overview” in this prospectus)
“Frost & Sullivan Report”	an industry report relating to the private fund market and the real estate fund market in the PRC prepared by Frost & Sullivan

DEFINITIONS

“GREEN Application Forms”	the application form(s) to be completed by HK eIPO White Form Service Provider designated by our Company
“Group”, “our Group”, “we”, “us” or “our”	our Company and its subsidiaries, or any of them or, where the context so required, in respect of the period before our Company became the holding company of its present subsidiaries, the companies which carried on the business of the present Group at the relevant time
“Guangzhou Realway”	Realway Capital Assets Management (Guangzhou) Co., Ltd.* (廣州瑞威資產管理有限公司), a limited liability company established in the PRC on 17 March 2017, directly owned as to 90% by our Company and as to 10% by Mr. Peng Bo (彭波)
“H Share(s)”	the overseas-listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and are to be listed on the Stock Exchange
“HK eIPO White Form”	the application of Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at <u>www.hkeipo.hk</u>
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at <u>www.hkeipo.hk</u>
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong H Share Registrar”	Tricor Investor Services Limited, our Company’s H Share Registrar in Hong Kong
“Independent Third Party(ies)”	person(s) or entity(ies) that is or are not connected person(s) (within the meaning of the Listing Rules)

DEFINITIONS

“Jiangsu Realway”	Jiangsu Realway Equity Investment Fund Management Co., Ltd* (江蘇瑞威股權投資基金管理有限公司), a limited liability company established in the PRC on 1 March 2011, a wholly-owned subsidiary of Shanghai Hongyi Investment Consultancy Co., Ltd* (上海鴻一投資諮詢有限公司)
“Jiasheng Ruixin”	Jiasheng Ruixin (Tianjin) Fund Distribution Co., Ltd.* (嘉晟瑞信(天津)基金銷售有限公司), previously known as Jiasheng Ruixin (Tianjin) Technology Co., Ltd* (嘉晟瑞信(天津)科技有限公司), a limited liability company established in the PRC on 30 June 2016 and a direct wholly-owned subsidiary of our Company
“Jiasheng Ruixin Acquisition”	the acquisition of the entire equity interests in Jiasheng Ruixin by the Company
“Jinkai Dongrui”	Shanghai Jinkai Dongrui Assets Management Co., Ltd* (上海金開東瑞資產管理有限公司), previously known as Shanghai Qichuo Investment Management Co., Ltd.* (上海啟綽投資管理有限公司), a limited liability company established in the PRC on 25 November 2015 and owned as to 45%, 27.5% and 27.5% by our Company, Bangxin Assets Management Co., Ltd.* (邦信資產管理有限公司) and Wuxi Jinkong Investment Management Development Co., Ltd.* (無錫金控投資管理開發有限公司)
“Joint Bookrunners”	Alliance Capital, Yue Xiu Securities Company Limited, SPDB International Capital Limited and Guosen Securities (HK) Capital Co., Ltd
“Joint Global Coordinators”	Alliance Capital and Yue Xiu Securities Company Limited
“Joint Lead Managers”	Alliance Capital, Yue Xiu Securities Company Limited, SPDB International Capital Limited and Guosen Securities (HK) Capital Co., Ltd
“Jupai Asset Management”	Jupai Asset Management (Shanghai) Co., Ltd (鉅派資產管理(上海)有限公司), a subsidiary of Jupai Group
“Jupai Group”	Jupai Holdings Limited (鉅派投資集團) and its subsidiaries

DEFINITIONS

“Juzhou Asset Management”	Juzhou Asset Management (Shanghai) Co., Ltd (鉅洲資產管理(上海)有限公司), a subsidiary of Jupai Holdings Limited
“Latest Practicable Date”	22 October 2018, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
“Listing”	the listing of the H Shares on the Stock Exchange
“Listing Date”	the date on which the H Shares are listed and from which dealings in H Shares on the Stock Exchange commences, which is expected to be on or about 13 November 2018
“Listing Division”	the listing division of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Management fee(s)”	the regular management fees and performance fees we charge our funds, or either one of them
“Mandatory Provisions”	the Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas (到境外上市公司章程必備條款) promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic Systems on 29 September 1994, as amended, supplemented or otherwise modified from time to time, for incorporation in the articles of association of companies incorporated in PRC and to be listed overseas (including Hong Kong)
“Mingda Century”	Mingda Century Technology Development (Tianjin) Co., Ltd.* (銘大世紀科技發展(天津)有限公司), a limited liability company established in the PRC on 1 March 2013 wholly owned by Mr. Feng Dong (馮棟)
“Mr. Duan”	Mr. Duan Kejian (段克儉), an executive Director
“Mr. Zhu”	Mr. Zhu Ping (朱平), an executive Director
“Ms. Su”	Ms. Su Yi (蘇怡), an executive Director

DEFINITIONS

“Offer Price”	the offer price for each Offer Share (exclusive of any brokerage fee, SFC transaction levy and Stock Exchange trading fee), which is currently expected to be not more than HK\$7.0 per Offer Share and not less than HK\$5.0 per Offer Share, such price to be determined on or before the Price Determination Date
“Offer Share(s)”	the Placing Shares and the Public Offer Shares
“Other Founding Members”	the Founding Members other than Mr. Zhu
“Our fund(s)”	fund(s) structured and managed by us, including Project Funds and FOFs, or any of them
“Over-allotment Option”	the option granted by our Company to the Placing Underwriters, exercisable by the Joint Global Coordinators (for themselves and on behalf of the Placing Underwriters), at its sole and absolute discretion, to require our Company to allot and issue up to an aggregate of 5,751,000 additional Offer Shares, representing up to 15% of the initial number of the Offer Shares available under the Share Offer, at the Offer Price subject to the terms of the Placing Underwriting Agreements, details of which are described in the section headed “Structure and conditions of the Share Offer — Over-allotment Option” of this prospectus
“Partnership Shareholders”	Weimian Partnership, Weihui Partnership and Weiye Partnership
“Placing”	the conditional Placing by the Placing Underwriters of the Placing Shares for cash at the Offer Price (subject to the Over-allotment Option) with professional, institutional and individual in certain jurisdictions as further described under the section headed “Structure and conditions of the Share Offer” of this prospectus
“Placing Share(s)”	34,506,000 new H Shares initially offered under the Placing, representing 90% of the initial number of the Offer Shares, subject to re-allocation and the Over-allotment Option as described in the section headed “Structure and conditions of the Share Offer” of this prospectus

DEFINITIONS

“Placing Underwriters”	the underwriters of the Placing Shares whose names are set forth in the section headed “Underwriting” of this prospectus
“Placing Underwriting Agreement”	the conditional placing underwriting agreement expected to be entered into on or about the Price Determination Date by, among others, our Company, the Joint Global Coordinators and the Placing Underwriters in respect of the Placing
“PRC” or “China”	the People’s Republic of China, for the purpose of this prospectus and unless the context otherwise requires, do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Legal Advisers”	Grandall Law Firm (Shanghai) (國浩律師(上海)事務所), our legal advisers as to the laws of the PRC
“Predecessor Companies Ordinance”	the Company Ordinance (Chapter 32 of the Laws of Hong Kong) as in force before 3 March 2014
“Price Determination Agreement”	the agreement to be entered into by the Joint Global Coordinators (for themselves and on behalf of Underwriters) and us on the Price Determination Date to determine the Offer Price
“Price Determination Date”	Tuesday, 6 November 2018, or such other date as may be agreed between our Company and the Joint Global Coordinators (but in any event no later than Friday, 9 November 2018) being the date on which the Offer Price will be fixed for the purpose of the Share Offer
“Project Fund(s)”	fund(s) structured and managed by us for the purpose of directly investing in a specific real estate investment project
“Public Offer”	the conditional offer for subscription of the Public Offer Shares to the members of the public in Hong Kong for cash at the Offer Price as described in the section headed “Structure and conditions of the Share Offer” of this prospectus

DEFINITIONS

“Public Offer Share(s)”	the 3,834,000 new H Shares initially offered for subscription under the Public Offer, representing 10% of the initial number of the Offer Shares, subject to re-allocation as described in the section headed “Structure and conditions of the Share Offer” of this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer named in the section headed “Underwriting — Public Offer Underwriters” of this prospectus
“Public Offer Underwriting Agreement”	the conditional public offer underwriting agreement dated 29 October 2018 relating to the Public Offer entered into by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Global Coordinators and the Public Offer Underwriters, particulars of which are set out in the section headed “Underwriting — Public Offer Underwriting Agreement” of this prospectus
“Qiaofang Investment”	Shanghai Realway Qiaofang Investment Management Company Limited* (上海瑞威喬方投資管理有限公司), previously known as Shanghai Qiaofang Investment Management Company Limited* (上海喬方投資管理有限公司), a limited liability company established in the PRC on 25 January 2016, directly owned as to 51% and 49% by our Company and Mr. Xue Jian (薛健), respectively
“Radex Overseas”	Radex Overseas Limited (瑞德克斯海外有限公司), a company incorporated on 6 July 2006 in the British Virgin Islands with limited liability, which was wholly owned by Mr. Zhu as at 12 January 2010
“Realway Holding”	Realway Capital Holdings Limited, a company incorporated on 12 October 2012 in the Cayman Islands with limited liability, which was initially wholly owned by Mr. Zhu
“Regulation S”	Regulation S under the U.S. Securities Act
“Rewarded Employees”	Ms. Su Yi (蘇怡), Ms. Chen Min (陳敏), Ms. Wang Fengdan (王鳳丹), Ms. Yu Wenjie (俞文杰), Mr. Wan Fang (萬方), Mr. Liu Chunlei (劉春雷), Mr. Song Hao (宋昊), and Mr. Sun Mao (孫懋)

DEFINITIONS

“Ruiwei Investment Management”	Shanghai Ruiwei Investment Management Co., Ltd* (上海芮威投資管理有限公司), a limited liability company established in the PRC on 22 September 2015, a wholly-owned subsidiary of Beijing Zhonghui Xinde Investment Consultancy Co., Ltd* (北京中匯信德投資諮詢有限公司)
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai Jian’ai”	Shanghai Jian’ai Management and Consultancy L.L.P.* (上海兼愛管理諮詢合夥企業(有限合夥))
“Shanghai Junwei”	Shanghai Junwei Investment Management Co. Limited* (上海君威商務諮詢有限公司) (formerly known as 上海君威股權投資管理有限公司), a limited liability company established in the PRC on 3 November 2010, owned as to 50% and 50% by Mr. Zhu and Mr. Cheng Jun, respectively
“Shanghai Ruichu”	Shanghai Ruichu Business Advisory Co., Ltd.* (上海芮楚商務諮詢有限公司), a limited liability company established in the PRC on 5 July 2017 and a direct wholly-owned subsidiary of the our Company
“Shanghai Ruifu”	Shanghai Ruifu Investment Management Co., Ltd.* (上海芮富投資管理有限公司), previously known as Shanghai Maijue Investment Management Co., Ltd.* (上海麥珏投資管理有限公司), a limited liability company established in the PRC on 22 September 2015 which is owned as to 50% by our Company, as to 20% by Shanghai Yunheng Assets Management Co., Ltd.* (雲恒(上海)資產管理有限公司) and as to 30% by Shanghai Jian’ai Management and Consultancy LLP* (上海兼愛管理諮詢合夥企業(有限合夥))

DEFINITIONS

“Shanghai Ruixiang”	Shanghai Ruixiang Investment Management Co., Ltd* (上海瑞襄投資管理有限公司), a limited liability company established in the PRC on 3 December 2013 and a direct wholly-owned subsidiary of our Company
“Shanghai Shengxuan”	Shanghai Shengxuan Investments Advisory Company Limited* (上海盛軒投資諮詢有限公司), a limited liability company established in the PRC on 5 December 2007 wholly owned by Mr. Zhu
“Shanghai Shide”	Shanghai Shide Architecture and Installation Co., Limited* (上海石德建築安裝工程有限公司)
“Shanghai Yunheng”	Yunheng (Shanghai) Assets Management Co., Ltd.* (雲恒(上海)資產管理有限公司)
“Shanghai Zunwei”	Shanghai Zunwei Industrial Development Co. Limited* (上海尊威實業發展有限公司), a limited liability company established in the PRC on 15 October 2003, owned as to 10% by Mr. Zhu directly and as to 90% by Mr. Zhu through Shanghai Shengxuan
“Share Offer”	the Public Offer and the Placing
“Share(s)”	H Share(s) and/or Domestic Share(s)
“Shareholder(s)”	holder(s) of issued Shares
“Sole Sponsor” or “Alliance Capital”	Alliance Capital Partners Limited, a corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor to the Share Offer
“Special Provisions”	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Companies with Limited Liability (《國務院關於股份有限公司境外募集股份及上市的特別規定》), promulgated by the State Council on August 4, 1994
“sq.m”	square metre
“Stabilising Manager”	Yue Xiu Securities Company Limited
“State Council”	the State Council of the PRC

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of our Company
“Track Record Period”	the three years ended 31 December 2017 and the four months ended 30 April 2018
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC as amended, supplemented or otherwise modified from time to time
“Tianjin Baoliying”	Tianjin Baoliying Investment Advisory Co., Ltd.* (天津寶立盈投資諮詢有限公司), a limited liability company established in the PRC on 27 November 2006 and owned as to 30% and 70% by Mr. Zhuang Shibin (莊世斌先生) and Baoyingxingye (Tianjin) Group Limited* (寶盈興業(天津)集團有限公司), respectively
“Underwriter(s)”	the Placing Underwriters and the Public Offer Underwriters
“Underwriting Agreements”	collectively, the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
“United States” or “U.S.”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
“Weihui Partnership”	Shanghai Weihui Investments Partnership (Limited Partnership)* (上海威滙投資合夥企業(有限合夥)), a limited partnership established in the PRC on 15 July 2015 with Shanghai Shengxuan as general partner
“Weimian Partnership”	Shanghai Weimian Investments Partnership (Limited Partnership)* (上海威冕投資合夥企業(有限合夥)), a limited partnership established in the PRC on 15 July 2015 with Mr. Zhu and Shanghai Shengxuan as general partners

DEFINITIONS

“Weiye Partnership”	Shanghai Weiye Investments Partnership (Limited Partnership)* (上海威燁投資合夥企業(有限合夥)), a limited partnership established in the PRC on 20 July 2015 with Shanghai Shengxuan as general partner
“WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s/applicants’ own name(s)
“Wuhan Realway”	Realway Capital Business Consultancy (Wuhan) Co., Ltd* (武漢瑞威商務諮詢有限公司), a limited liability company established in the PRC on 20 February 2017, which is owned as to 65%, 10% and 25% by our Company, Ms. Wang Jing (王靜) and Mr. Zhou Baodong (周保東)
“YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“Yinghan Asset Management”	Shanghai Yinghan Asset Management Co., Ltd. (上海贏翰資產管理有限公司)
“HK\$” and “cents”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“US\$” or “US Dollars”	United States dollar(s), the lawful currency of the U.S.
“%”	per cent

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

DEFINITIONS

Unless otherwise specified, for the purpose of this prospectus and for illustration purposes only, amounts denominated in Hong Kong dollar have been converted to Renminbi at the rate of HK\$1.00 = RMB0.88, and vice versa. For details, please refer to the section headed “Information about this prospectus and the Share Offer — Exchange rate conversion” of this prospectus. The Company does not make any representation that any amounts in Renminbi or Hong Kong dollar had been or may be converted at the date of this prospectus or any other date at such rate or any other rate.

All times and dates refer to Hong Kong local time and dates unless otherwise stated.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese or another language which are marked with “” and the Chinese translation of company names in English which are marked with “*” is for identification purpose only.*

Unless otherwise specified, statements contained in this prospectus assume no exercise of the Over-allotment Option.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms, definitions and abbreviations used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

“16 Hotspot Cities”	16 PRC cities identified under Circular Four, namely Beijing, Shanghai, Guangzhou, Shenzhen, Xiamen, Hefei, Nanjing, Suzhou, Wuxi, Hangzhou, Tianjin, Fuzhou, Wuhan, Zhengzhou, Jinan and Chengdu
“AMAC”	the Asset Management Association of China, a self-regulatory organisation that implements self-regulation for the industry of securities investment funds and private funds established with the approval of the State Council on 6 June 2012 in accordance with the Law of the PRC on Securities Investment Fund (Revised in 2012) (《中華人民共和國證券投資基金法(2012修訂)》), Regulations on the Registration and Management of Social Organizations (《社會團體備案管理條例》) and Private Interim Measures, which is subject to the guidance and management of the CSRC and the Ministry of Civil Affairs of the PRC
“AMC(s)”	asset management company(ies) approved for establishment by the State Council
“AUM”	assets under management by a fund manager as measured by the contributed capital without taking into account any profits or gains arising therefrom, which is in line with industry practice according to Frost & Sullivan Report
“Big Four AMC Companies”	the four largest asset management corporations in the PRC, namely China Orient Asset Management Co., Ltd (中國東方資產管理公司), China Cinda Asset Management Co., Ltd (中國信達資產管理公司), China Huarong Asset Management Co., Ltd (中國華融資產管理公司) and China Great Wall Asset Management Co., Ltd (中國長城資產管理公司)

GLOSSARY OF TECHNICAL TERMS

“Circular Four”	Administrative Rules No. 4 for Filing of Private Equity Assets Management Plans by Securities & Futures Business Institutions — Investment in Real Estate Development Enterprise & Projects under Private Assets Management Plans (《證券期貨經營機構私募資產管理計劃備案管理規範第4號 — 私募資產管理計劃投資房地產開發企業、項目》)
“FOF(s)”	Fund(s) of Funds, flexible funds structured and managed, or co-managed, by us which may invest in designated types of funds under our portfolio instead of making direct investment into any investment projects and are permitted to invest in multiple investment projects indirectly through a number of funds at the same time
“Fundraising Administrative Measures”	The Measures for Administration of Fundraising by Private Investment Funds (《私募投資基金募集行為管理辦法》)
“Pearl River Delta”	the low-lying area surrounding the Pearl River estuary, where the Pearl River flows into the South China Sea
“Pearl River Delta Economic Zone”	an economic region in the PRC situated in the Pearl River Delta and consists of Guangzhou, Shenzhen, Dongguan, Foshan, Zhongshan, Zhuhai, Jiangmen, and parts of Huizhou and Zhaoqing
“Private Interim Measures”	The Interim Measures for the Supervision and Management of Private Investment Funds (私募投資基金監督管理暫行辦法)
“Silk Road”	the ancient terrestrial and maritime trade routes connecting Asia with the Middle East and southern Europe
“Silk Road Economic Belt”	part of the “Belt and Road Initiative” promoted by the PRC government and include countries situated on the original Silk Road through Central Asia

GLOSSARY OF TECHNICAL TERMS

“Special Economic Zone”	an area in PRC which special business and trade laws and policies are introduced to encourage business and/or foreign direct investment
“Yangtze River Delta”	the low-lying area surrounding the Yangtze River estuary, where the Yangtze River flows into the East China Sea
“Yangtze River Delta Economic Zone”	an economic region in the PRC situated in the Yangtze River Delta and consists of Shanghai, Jiangsu, Anhui and Zhejiang provinces

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed “Summary”, “Risk factors”, “Industry overview”, “Business”, “Financial information” and “Future plans and use of proceeds” of this prospectus. These statements relate to the events that involve known and unknown risks, uncertainties and other factors, including those listed under the section “Risk factors” in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, statements relating to:

- our business strategies and plans of operations;
- capital expenditure and expansion plans;
- the amount and nature of, and potential for, future development of our Group’s business;
- our operations and business prospects;
- our dividends;
- the projects under planning;
- the regulatory environment of the relevant industry and markets in general;
- the actions and developments of our competitors;
- the future development in relevant industry and markets; and
- other factors referenced in this prospectus.

FORWARD-LOOKING STATEMENTS

The words “aim”, “anticipate”, “believe”, “could”, “estimate”, “going forward”, “might”, “ought to”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “seek”, “shall”, “should”, “will”, “would” and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our Group’s current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including:

- any changes in the laws, rules and regulations of the government relating to any aspect of our business or operations;
- general global economic, market and business conditions;
- inflationary pressures or changes or volatility in interest rates, foreign exchange rates or other rates or prices;
- various business opportunities that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of the Listing Rules, applicable laws, rules and regulations, our Company does not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement set forth in this section as well as the risks and uncertainties discussed in the section headed “Risk factors” of this prospectus.

RISK FACTORS

You should consider carefully all of the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the H Shares. The occurrence of any of the following risks may have a material adverse effect on our business, financial condition, results of operations and future prospects. The trading price of the H Shares could decline significantly due to any of these risks and you may lose all or part of your investment. You should pay particular attention to the following fact that we are a company established in the PRC and all of our operations are conducted in the PRC which is governed by a legal and regulatory environment that may differ significantly from that of other jurisdictions.

RISKS RELATING TO OUR GROUP AND BUSINESS

Risks associated with the sourcing and selection of portfolio assets

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

During the Track Record Period, most of our revenue was generated from the management of real estate investment funds in the PRC. Each investment decision by us on behalf of our funds would require us to carefully identify and select a potential investment project based on its feasibility, funding requirements, schedule, location, and the reputation and level of experience of the investee company or potential partner. This process would involve a systematic market analysis and estimation of the potential project's profitability and sustainability. However, we may make unsound investment decisions due to different reasons, including fraudulent and concealed, inaccurate or misleading statements from the investee company or business partner in the course of our due diligence, which could lead us to estimate the value of the target project inaccurately and therefore affect our ability to make profit from the relevant funds managed by us. In addition, our understanding and judgement of the target project, as well as the profitability and sustainability of the target project, may deviate from actual conditions and result in inaccurate investment decisions. In the event that our investment could not bring sufficient returns to our investors, our chance for sharing a performance fee may be adversely affected. In addition, our reputation may be adversely affected and we may have difficulty in raising money for new funds. These would in turn adversely affect our business and profitability.

Before any acquisition of distressed asset, we would conduct such level of due diligence which we consider reasonable and appropriate based on the information applicable to each distressed assets acquisition. The due diligence we have conducted or will conduct with respect to any opportunity to acquire distressed assets may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could cause us to make erroneous judgement about the risks of such assets. In particular, we would make different assumptions on recoverability and the value therefrom about

RISK FACTORS

different distressed assets. When we acquire distressed assets, we may be unable to fully identify defects in the pre-existing creditor rights, potential claims by other relevant parties in connection with such distressed assets, costs and barriers of the recover process or defects in the procedures of creating a guarantee, which could materially and adversely affect our ability to enforce our rights and realise the value of the underlying collaterals.

There are no readily ascertainable market prices for most of the distressed assets which we would acquire. When determining the acquisition price of distressed assets, we would consider various factors, including (i) the results of our due diligence on the quality of distressed assets, (ii) estimated costs associated with the management or disposal of such assets; and (iii) market conditions and competitive dynamics. There is no guarantee that our due diligence and selection process for acquiring distressed assets would be successfully implemented. Any failure to do so may result in unsatisfactory returns or losses for the funds managed by us, which may in turn affect our profitability and reputation.

In such cases, our business, financial condition and results of operations of our business could be materially and adversely affected.

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

As an investment fund manager specialising in the management of real estate investment funds in the PRC, our business and the performance of our funds may be significantly affected by the fluctuations of real estate markets, which may be cyclical and affected by many factors, including general economic conditions, evolving legal and regulatory environments, interest rates, inflation rate, urbanisation rate, household disposable income levels, and supply and demand dynamics, many of which are beyond our control.

Market downturns may cause a reduction in the value and return on investment of our funds, which could have a material adverse effect on our reputation, business, financial conditions and result of operations.

In addition, the PRC government had implemented various new policies to regulate the real estate market in the past few years. Such policies include controlling the land supply, price cap, transaction volume cap, taxes, real estate development, mortgage and other credit facilities for real estate transactions and development, increasing down payment ratio requirements for property purchases and interest rate level, and limiting investment in and sales of assets in real estate market. Any further tightening of regulatory policies in the PRC could lead to deteriorations in the liquidity of the PRC real estate market. It may also discourage investments in the market which may in turn increase the difficulty in fundraising for our real estate investments projects. Failure to obtain sufficient funds to satisfy our funds' financing needs could materially and adversely affect our business, financial conditions and results of operations.

RISK FACTORS

If we cannot successfully source and commence a sufficient number of investment projects, our reputation, financial condition and result of operations may be materially affected

As a substantial portion of our revenue was derived from the management of funds which invest in real estate investment projects, our business and results of operations are dependent on the availability of such projects.

During the Track Record Period, we generally sourced potential investment projects through various means. For details of our project selection process, please refer the section headed “Business — Investment work flow of Project Funds” of this prospectus. There is no guarantee that we will continue to be able to identify and/or select suitable investment projects.

Even after the potential projects are identified and selected, there is no guarantee that we will be able to negotiate successfully with counterparties, i.e. the investee company and/or the vendor, and there is also no guarantee that the counterparty will choose us over our competitors. Also, we may not be able to raise sufficient fund for such projects within the prescribed times. If we cannot successfully source and secure a sufficient number of investment projects, our reputation, business, financial condition and result of operations would be materially affected.

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

The continued success of our business depends, to a large extent, on the continued effort of our executive Directors and management staff. Each of them has years of experience in the legal, financial or assets management industry in the PRC, and they possess a deep understanding of the market, our customers and competitors, and the laws and regulations relevant to our operations.

There is no guarantee that our key employees will not terminate his/her employment with us or reduce their contributions to us due to reasons beyond our control. The loss of any of our key personnel, in particular our executive Directors and senior management, may impair our business operations if we are unable to hire suitable replacements within a short period of time. The failure to recruit and/or retain these key personnel may severely disrupt our business and materially and adversely affect our results of operations.

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

As an investment fund manager specialising in the management of real estate investment funds, we rely on the combined expertise of our Directors, senior management and professional staff with professional backgrounds in various disciplines to ensure the effectiveness of our operations. While

RISK FACTORS

we have adopted various measures to ensure that our existing Directors, senior management and our professional staff will continue to have sufficient expertise in the management of our funds on an ongoing basis, there is no guarantee that such measures will be effective. In the event that the expertise of our Directors, senior management and professional staff are found to be inadequate for the management of our fund management business, our operations and future prospects will be materially and adversely affected.

Risks associated with fund raising

We may not be able to raise sufficient funds, or at all, for the investment projects we have identified or committed to

We are generally required to raise a sufficient amount of capital for investment within the tight time frame specified in the financing agreement(s). Historically, we have been utilising the funds available for investment of our FOFs to supplement the capital required at the initial stage of our investment projects. During the Track Record Period, due to the growth in both AUM and investment projects on hand, the amount of free capital under our existing FOFs available for deployment to secure quality investment projects had been increasingly stretched. By the end of the Track Record Period, we have encountered a situation where we had to utilise our internal resources to secure a quality urbanisation and redevelopment project, namely the Shenzhen Xinqiaowei Project (深圳新喬園項目). As we were approaching the deadline for making the initial investment into such project in April 2018, the amount of funds available for investments under our existing FOFs were insufficient to meet the project's funding requirements since most our FOFs' funds were committed to our other investment projects and there were insufficient time for us to raise additional funds from our investors. We therefore resorted to utilising our internal resources to make a short term bridging loan of approximately RMB39.6 million to the relevant Project Fund set up for the project. Please refer to the section headed "Financial information — Loan receivables" of this prospectus for further details.

While we seek to further develop our FOFs, there is no guarantee that we will be able to raise sufficient funds, or at all, for the investment projects we have identified or committed to. If we were unable to raise sufficient fund for our future investment projects due to whatever reasons, our operations, business, financial condition and results of operations would be materially and adversely affected.

We rely on third party partners to help us raise funds

During the Track Record Period, we had relied, to a large extent, on our external marketing partners, who are sizeable wealth management companies, to assist us in sourcing high-net-worth investors. For the three years ended 31 December 2017 and the four months ended 30 April 2018, referrals from our external marketing partners amounted to approximately 43.2%, 46.2%, 35.5% and 25.9%, respectively, of the total amount of funds we raised.

RISK FACTORS

There is no guarantee that such external marketing partners will continue to be able to source potential investors that could meet our investors selection criteria for our funds in a timely manner, or at all. Also, many of these partners are not working with us exclusively and their services are subject to potential competition if our competitors are able to offer better terms of cooperation to them. If we failed to raise funds through these external marketing partners, our operations, business, financial condition and results of operations would be materially and adversely affected.

We may not be able to detect money laundering and other illegal or improper activities in our business operations completely or on a timely basis

There is no guarantee that our existing policies and procedures for the detection and prevention of money laundering activities and terrorism-funding activities through our business platform will be able to eliminate the possibility of our funds being used by other parties to engage in money laundering and other illegal or improper activities. In the event that we fail to fully comply with applicable laws and regulations, the relevant government agencies may initiate investigation, freeze our assets or impose fines or other penalties on us and our reputation would be adversely affected. We cannot assure you that there will not be failures in detecting money laundering or other illegal or improper activities which may adversely affect our business reputation, financial condition and results of operations.

Risks associated with post-investment management

We rely on our business partners to manage the day-to-day operations of our portfolio assets

Although we would closely monitor our portfolio assets, we would not participate in the daily operations of some of our portfolio assets as the daily operations would fall under the general responsibilities of our project partners. As such, there is no assurance that the operators will be able to meet the obligations under the agreements entered into with us, which could result in deterioration in the value of our funds' investments and thus a negative influence on the performance of our investment funds. In addition, there is no guarantee that the projects, will be implemented on schedule or within budget, which may in turn affect the amount of realisable return and the timing of such realisations for our funds. In such cases, our business, financial conditions and results of operations could be materially and adversely affected.

Also, any non-compliances on the part of these operators may have implications on our reputation and the planning of our funds, exit of the project on time or at all.

We do not have full control over the investee companies, and any actions taken by the investee and/or the business partners involved in our investment projects may adversely affect our funds' performance

The project companies invested by our funds are generally operated by our business partners or together with other third parties brought in by them. Since our funds do not operate these companies, our control over the investment project would, to a certain extent, be limited. In the event that the

RISK FACTORS

properties in our commercial real estate projects or urbanisation and redevelopment projects cannot be successfully completed or sold or the development of the underlying real estate does not go according to plans, we may not be able to proactively rectify the situation for and on behalf of our funds. As a result, our funds may not be able to realise their investments or reach their investment target returns, and the performance of our investment projects or funds would be affected. This would have an adverse effect on our cash flow, financial position and results of operations.

Moreover, there can be no assurance that our Group will be able to pursue our stated strategies with respect to our funds' investment projects and the market(s) in which they operate. Our business partners may (a) have economic or business interests or goals that are different or inconsistent with those of our Group; (b) adopt actions or strategies contrary to our Group's policies or objectives; (c) undergo a change of control; (d) experience financial or other difficulties; or (e) be unable or unwilling to fulfil their obligations under the business venture agreements; any of these may affect our funds' performance and therefore our Group's financial conditions or results of operations. We cannot guarantee the capability or performance of our business partners in the development or operation of any particular portfolio asset. Our financial condition and results of operations may be adversely affected by any actions of our business partners that are beyond our control.

Our business partners who operate our portfolio assets may not have adequate insurance coverage to cover potential liabilities or losses

Our business partners who operate our portfolio assets face various risks in connection with their businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. There is no guarantee that they will maintain adequate insurance to cover risks related to business interruption. In the event that their insurance coverage is inadequate to cover any unforeseen losses caused by business or other disruptions, our funds' return on investment may be materially and adversely affected, which may in turn affect our revenue from performance fees as well as our reputation.

Risks associated with the exit of funds

If our funds are unable to exit their investments effectively and on time, our business, financial condition and results of operations may be materially and adversely affected

Our funds may exit from an investment project by disposing the equity interests in the project company or the underlying assets or by the repayment of loans by relevant debtors. For further details of the exit mechanisms under our typical investment structure, please refer to the section headed "Business — Investment work flow of Project Funds — Exit" of this prospectus.

RISK FACTORS

An investment project may take longer than expected for it to become suitable for our funds' exit or we may encounter difficulties which makes the project unfeasible for our funds to exit, for example:

- (i) the investee company may default or become unable to fulfil their repayment obligation under the relevant financing agreement;
- (ii) real estate assets which are planned for sale after redevelopment may not be able to reach the expected potential;
- (iii) as regards distressed assets, there may be third party claims against the distressed assets or that the distressed assets may be subject to other types of encumbrance which we may not be able to detect during our due diligence process.

If our funds are unable to exit from its investments effectively and in the manner and schedule we anticipated, we may not be able to receive any performance fees and our reputation as an investment fund manager may be adversely affected. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to realise the value of our funds' investment in distressed assets as expected or at all

The amount of income we generate for our funds from their investments in distressed assets depends on various factors, many of which are beyond our control, including the PRC and global economic and market conditions, and changes in the relevant PRC policies, laws and regulations. Adverse changes arising out of these factors could lead to deteriorations in our ability to realise the expected value of our funds' investment in distressed assets. There is no guarantee that the value of our funds' investment in distressed assets will not decrease or that we will be able to achieve the returns from the disposal of such assets as expected, in part or at all for our funds. In addition, we may seek to realise the value of distressed assets through litigation or arbitration, the results of which would be subjected to high levels of uncertainty. If we are unable to achieve the returns from the disposal of distressed assets as expected, in part or at all for our funds, our regular management fee and performance fee income, as well as our reputation as a fund manager, would be significantly and adversely affected.

RISK FACTORS

Any profit generated through exit of our funds may be subject to deductions

Realisation of portfolio assets under our funds may be subject to a number of deductions. For example, expenses such as any property agency fees and legal costs, would set off part of the amount that we could realise for the funds we manage. In the event that there is any additional tax, costs and/or expenses that the funds have to incur at realisations of underlying assets, or during the course of their respective fund life, which we have not foreseen at the time of fund establishment, our funds' performance may be adversely affected. This would in turn affect our reputation, financial performance, business operations and prospects.

Our performance fees are subject to market volatility which in turn may increase the volatility of our earnings

Historically, a sizeable part of our fee income is derived from performance fee. For the three years ended 31 December 2017 and the four months ended 30 April 2018, our fee income derived from performance fees were approximately RMB15.2 million, RMB20.2 million, RMB19.7 million and RMB16.2 million, respectively, and representing 43.5%, 24.2%, 15.1% and 28.6%, of our total revenue respectively. The amount of the performance fee (if any) is dependent on the performance of the funds we manage and is subject to market volatility. The volatility in earnings may have a material and adverse effect on our business, growth prospects, net inflows of total asset under our management, fee income, financial conditions and/or results of operations.

Risks relating to our FOFs

We may not be able to replenish the funds available for investment of our FOFs in the event we are unable to secure sufficient investors' funds

We intend to utilise approximately 60% of our total estimated net proceeds from the Share Offer for further developing our FOFs to enhance our ability to secure quality portfolio assets. Please refer to the section entitled "Business — Our strategies" for more details of the reasons for further developing our FOFs and their objectives.

We cannot guarantee that we will be able to secure sufficient investors' funds to replenish the funds available for investment of our FOFs. In the event that we are unable to raise sufficient investors' funds, we will be unable to fully replenish the funds available for investment of our FOFs, which will adversely affect the liquidity of our FOFs, hinder our ability to secure quality portfolio assets, therefore delaying our pipeline of projects and development plan. As a result of that, our financial position and results of operations may be adversely affected.

RISK FACTORS

Our management capabilities over some of our FOFs may be limited

During the Track Record Period, we have set up two FOFs with our strategic partners. While we were authorised by our strategic partners to manage these funds, the execution of certain reserved matters by us as fund managers for and on behalf of these funds may be subject to the consent of these strategic partners. Please refer to the section headed “Business — Our investment funds — FOFs” of this prospectus for further details about the FOFs.

Due to the aforementioned restrictions, there is no assurance that we will be able to manage these FOFs as effectively as our other funds because our strategic partners may (a) have economic or business interests that are inconsistent with ours; (b) adopt actions or strategies contrary to our Group’s policies or objectiveness; or (c) enter into a dispute with us. In either case, they may exercise their veto powers to disrupt the operations of these funds. As a result, our results of operations may be adversely affected.

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

During the Track Record Period, our IAFV mainly represent some direct interest in funds managed by us. As at 31 December 2015, 2016 and 2017, and 30 April 2018, our IAFV amounted to approximately RMB53.8 million, RMB55.0 million, RMB83.8 million and RMB187.0 million. We recognised an increase in fair value of IAFV amounted to approximately RMB1.8 million, nil, RMB24.8 million and RMB4.7 million, representing approximately 13.0%, nil, 27.9% and 12.2% of the profit before tax of our Group, respectively. For details of the IAFV, please refer to the section headed “Financial Information — Investments in associates or a joint venture at fair value through profit or loss” of this prospectus.

Given the inherent uncertainties associated with our fair value measurement, the valuation of IAFV is subject to variations, adjustments and alterations based on our management assessment, market conditions or other factors. As such, potential fair value changes of IAFV may adversely affect our financial position and results of operation.

RISK FACTORS

Other financial and operational risks relating to our business

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

As a financial institution properly licensed and regulated under the PRC laws, our business operations are subject to applicable PRC laws and regulations which set out the licensing requirements, regulate our operational activities and standards and impose requirements relevant to our business operations. Details of the regulatory environment in which we operate are set out in the section headed “Regulatory overview” of this prospectus. Failure to comply with applicable laws and regulatory requirements can result in investigation and regulatory actions such as fines, injunctive orders, deregistration and other penalties, as well as adverse reputation risk, including negative publicity or perceptions.

In addition, the licensing requirements within the PRC fund management industry are constantly evolving and we are likely to be subject to more stringent regulatory requirements due to changes in the political policies or economic environment in the PRC. The relevant authorities may impose new conditions or require additional licences or approvals for us to operate our business. For example, the Guiding Opinions on Regulating Asset Management Business of Financial Institutions (關於規範金融機構資產業務管理業務的指導意見) was promulgated during the Track Record Period which set a limit of ratio between different classes of investors of a private investment fund. Please refer to the section headed “Business — Our investment funds — Investment classes” of this prospectus for further details. In addition, we may not be able to satisfy the requirements for such approvals, licences or permits in the future, and this may result in the unexpected revocation of such approvals, licences and permits. There can be no assurance that we will be able to satisfy such regulatory requirements and as a result we may be subject to various terms of disciplinary actions, which may in turn render us unable to retain, obtain or renew any existing or additional licences, permits or approvals in the future. Such outcomes may seriously affect our ability to conduct business, harm our reputation and, consequently, materially and adversely affect our business, growth prospects, fee income, financial condition, operations and results.

We experienced net operating cash outflows for the years ended 31 December 2015 and 2017, and the four months ended 30 April 2017

We recorded net operating cash outflows of approximately RMB11.5 million, RMB4.5 million and RMB20.0 million for the years ended 31 December 2015 and 2017, and the four months ended 30 April 2017, respectively. For further details, please refer to the section headed “Financial information — Liquidity and capital resources” of this prospectus.

RISK FACTORS

We may experience periods of net cash outflow from operating activities in the future. If we are unable to obtain sufficient funds to finance our business, our liquidity and financial condition may be materially and adversely affected. There is no assurance that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to obtain additional liquidity, we may incur additional financing costs and there is no guarantee that we will be able to obtain the required financing on terms acceptable to us, or at all at the relevant time.

Our historical financial information may not necessarily be indicative of our future performance

During the Track Record Period, we have been able to achieve an average realised return of approximately 18.8% per annum for the investment funds managed by us. As at the Latest Practicable Date, our AUM amounted to approximately RMB4,452.9 million, which represents a CAGR of 70.4% from the AUM of approximately RMB583.2 million as at 1 January 2015, the beginning of the Track Record Period. Due to the nature of our business, there are uncertainties which are beyond our control, such as downturn of the PRC property market, changes in the PRC economic environment, new development in competitive landscape in financial markets, and that the profit margin and income of our investment projects may fluctuate from project-to-project. The historical financial information included in this prospectus, in particular, our high growth recorded in the Track Record Period, may therefore not be indicative of our future financial results.

Our historical fees may not be indicative of future fees and there is a risk that higher than average management and performance fees are not suitable

During the Track Record Period, we charged regular management fees at rates generally ranging from 1.0% to 2.5% (with the exception of certain projects which had rates of up to 5%) of each fund's AUM which ranged from approximately RMB6.0 million to approximately RMB962.1 million during the Track Record Period and performance fees are charged as a percentage (generally 20%, actual rates may be higher if the capital gains exceeded additional benchmarks which trigger upward adjustments) of the capital gains achieved upon such exit if the capital gains exceed a certain predetermined benchmark. There is no guarantee that we will be able to charge management fees at such rates or at all from our future funds.

In addition, there is a risk that higher than average management fees will not be attractive to investors. Our historical regular management fee rates which ranged from 1% to 5% were higher than that of industry norm which ranged from 1.5% to 2.5%. Such difference may cause our funds to be less attractive to potential investors in the future.

If any of the above risks materialises, our management fees income and therefore our results of operations would be materially and adversely affected.

RISK FACTORS

Our business strategies and our future plans may not be successfully implemented

Our business strategies are based on our existing plans, taking into account the prevailing market conditions and industry developments, and are subject to inherent market risks and uncertainties at different development and expansion stages. We have identified several strategies as set out in the section headed “Business — Our strategies” of this prospectus. While our strategies are formulated based on a number of assumptions, including our expectations of the resources available to us, our financial projections, our estimation about the prospects of real estate and asset management industries and future economic outlook, we are unable to foresee or predict all future material changes in the political, legal, fiscal or economic conditions in major markets where we operate. Our assumptions may be inaccurate, which could affect the commercial viability of our strategies. In such event, we may need to adjust our strategies to respond to changing market conditions. This would result in our failure in implementing our stated business strategies and/or use of proceeds from the Share Offer.

Our risk management policies and procedures and internal control policies may not be adequate or effective in identifying or managing risks to which we are exposed

The complexity of our operations and products exposes us to various risks, including market risk, credit risk, operational risk, liquidity risk, compliance risk, legal risk and other risks. We have established risk management and internal control systems and procedures to manage potential risks associated with the fund investment products which we offer, and we have been dedicated to continuously improving these systems and procedures. Please see the section headed “Business — Risk management and internal control” of this prospectus.

However, our risk management systems and internal control policies may not be effective in mitigating our exposure to all types of risk, including unidentified or unanticipated risks. Many of our methods for managing risk exposure are based upon observed historical market behaviour or data. As such, we may not be able to adequately identify or estimate future risk exposures, which can be significantly greater than what these methods can cover. Other risk management methods depend on evaluation of information regarding markets, customers or other relevant matters, which may be inaccurate, incomplete, obsolete or improperly evaluated.

Our risk management and internal control systems require constant monitoring, maintenance and continual improvements. Our efforts to maintain these systems may be ineffective or inadequate. Effectiveness of our risk management and internal control systems and procedures may also be adversely affected by misjudgement, clerical mishandling and errors, reporting errors or our limited experience or resources in making accurate, complete, up-to-date or proper evaluations.

RISK FACTORS

We cannot assure you that our risk management and internal control systems are adequate and effective. Failure to address any internal control matters and other deficiencies in a timely and effective manner may subject us to regulatory, operational or credibility risks and may materially and adversely affect our business, financial condition and results of operations.

We are exposed to credit risk and our liquidity position may be adversely affected if we fail to collect management fees on time or at all

Our business is exposed to credit risk. As our Group's trade receivables mainly represent regular management fee based on a predetermined fixed percentage of the assets' value under management and paid out in the priority of the funds' distributable cash flow, the timing of our receipt of management fees from our funds may be affected by the amount of cashflow generated by and/or working capital available to our funds.

As at 31 December 2015, 2016 and 2017, and 30 April 2018, we recorded total trade receivables of approximately RMB5.8 million, RMB1.9 million, RMB77.6 million and RMB41.2 million, respectively. For the years ended 31 December 2015, 2016 and 2017, and the four months ended 30 April 2018, our trade receivables turnover days were 48 days, 17 days, 111 days and 126 days, respectively. The increase in trade receivable turnover days towards the end of the Track Record Period was a result of the relatively high balance of trade receivables recorded as at 31 December 2017 and 30 April 2018 due to the fact that most of our funds as at the respective dates were at the early stage of investment and had yet to realise material investment return, the trade receivables were therefore still outstanding as at the relevant year/period end.

Historically, we have also experienced a low subsequent settlement of our trade receivables. As at the Latest Practicable Date, only approximately RMB9.9 million, or 24.1% of our trade receivables outstanding as at 30 April 2018 had been subsequently settled, which was due to the fact that our funds had yet to realise material investment return as at the Latest Practicable Date.

There is no guarantee that our funds will have sufficient cash flow or working capital to cover our management fees or at all. In the event that there is a delay or default in settlement of trade receivables or that any of our major funds experiences liquidity or working capital problem, it may result in difficulties in collecting a substantial portion of our trade receivables, and could materially and adversely affect our cash flows and financial positions.

We are subject to litigation risks

We operate in complex legal and regulatory environments and that many aspects of our business involve substantial risks of liability. We may be involved in disputes with investors or investee companies relating to our funds' investment or partnership agreements and other business

RISK FACTORS

arrangement. We could also potentially face liability for claims of negligence and other relevant laws. These disputes may lead to legal or other proceedings and may result in substantial costs, damages to our brand and reputation and a diversion of resources and management's attention.

As a regulated activity, our business by nature is exposed to legal and other disputes, claims and proceedings that may arise in the ordinary course of our business from time to time, such as commercial disputes, tax proceedings, government investigations and other legal proceedings. Disputes and legal actions may arise if our customers are dissatisfied with our services or allege that our services are inconsistent with the terms stipulated in our contracts. For example, we are exposed to risk of litigation by the investors if the management of any of our funds is alleged to be fraudulent, negligent, or in breach of applicable laws or regulations, the trust deed or constitutive documents. Investors could seek to recover any investment losses alleging misconduct. Furthermore, we may be involved in disputes with, and subject to claims by, other parties involved in our business operations, including our business partners, service providers, employees, or other third parties.

In addition, by virtue of the fact that we are acting as the general partner of some of our funds which were formed under limited liability partnership structures, we may be exposed to the full extent of these funds' liabilities. Although the subsidiary we use as general partner is a limited liability company with a registered capital of RMB10.0 million only and none of our funds has taken up any loans or provided any form of guarantees to third parties, our funds may be involved in various forms of disputes or legal proceedings, which make them liable to pay various parties. As we may use the same company to act as general partner for different funds, any liability arising from one fund may affect the operation of the others. In the event that any of these limited liability partnerships has exhausted its available funds when its liabilities fall due, we as general partners may be liable to make payments for and on behalf of the fund, which may adversely affect our financial position.

Other than disputes with various parties, we may have disagreements with regulatory bodies in the course of our operations which may subject us to administrative proceedings and unfavourable decrees that result in pecuniary liabilities or otherwise disrupt our business operations. We cannot assure you that we will not be involved in any major disputes or legal or other proceedings in the future. Any litigation brought against us in the future may materially and adversely affect our business, growth prospects, financial condition, fee income and/or results of operations.

Any of these disputes and claims may lead to legal or other proceedings which could negatively impact our financial position and our reputation, and could divert human resources and management's attention from our core business activities. If the outcome of any proceedings is unfavourable to us, we may be obliged to pay substantial damages and bear significant legal, settlement and other costs. In such event, our results of operations, financial performance and liquidity could be materially and adversely affected.

RISK FACTORS

Information technology system failures, breaches of our network security and unauthorised leakage of our customer data or confidential information could interrupt our operations and adversely affect our business

We rely on our information and technology system across our different business segments in managing our daily operations, and to collect financial or operating data. In particular, we are implementing an integrated investment management software system that covers the full spectrum of processes involved in our fund management activities. Any damage or failure of our computer systems or network infrastructure that causes an interruption or inaccuracies in our operations could have a material adverse effect on our business and results of operations. In addition, any intrusion by unauthorised person into our database or system may result in leakage of confidential or commercially sensitive information such as our investors' personal data. This may subject us to litigation risk and our credibility to our investors may be adversely affected.

We may not be able to adequately protect our intellectual property rights, which may have a negative impact on our business and competitive position

We consider our intellectual property to be crucial business assets, and essential to our branding, market positioning, and future growth. The success of our business and our ability to enter into new markets depends substantially upon our continued ability to use our brand, trade names and trademarks to increase our brand recognition and to further develop our brand. For further details of our intellectual property rights, please refer to the section headed "Business — Intellectual property" of this prospectus. Any unauthorised reproduction of our trade names, trademarks or domain names could diminish the value of our brand, our market reputation and competitive advantages. Policing unauthorised use of proprietary information can be difficult and expensive. If we were unable to adequately protect our intellectual property rights, this could have a negative impact on our credibility and reputation, and consequently our business and competitive position.

Change in tax laws and regulations may adversely affect our business

Our business operations are subject to the tax laws in the PRC and other relevant jurisdictions. Any unfavourable changes in the applicable tax laws and regulations may have an adverse impact on our business, financial condition and/or results of operations.

Our business could be materially and adversely affected by employee misconducts

As investment fund managers specialising in the management of real estate investment funds in the PRC, we are subject to various legal and regulatory requirements, details of which are set out in the section headed "Regulatory overview" of this prospectus. While we implement a comprehensive risk management and internal control system, we could not fully control all conducts of our staff. The

RISK FACTORS

violation of any regulatory requirements or professional conduct by any of our employee would adversely affect our business. Our business often requires that we deal with significant amount of confidential matters relating to the business of our clients or of companies in which our funds may invest. If our employees mishandle confidential information, we could suffer serious harm to our reputation, financial position and current and future business relationships. It is not always possible to detect or deter employee misconduct, and the precautions we take to detect and prevent such activities may not be effective in all cases. If any of our employees were to engage in misconduct or were to be accused of such misconduct, our business and reputation could be adversely affected.

Our business is subject to reputational risks and the risk of negative publicity

We are vulnerable to poor market perception since we operate in an industry where integrity and the trust and confidence of our customers are of utmost importance. Negative publicity, allegations, reports or comments, whether or not justified or with bases, associated with us or any of our funds, officers or employees, business partners, investment projects or the occurrence of any of the risks set out in this section could result in a loss of customer confidence, which could have a material adverse effect on our reputation, business and results of operations.

We may not be able to properly identify and deal with conflicts of interest

As we expand the scope of our businesses and client base, it becomes increasingly important for us to be able to address potential conflicts of interest. We may encounter conflicts of interest where (i) our services to a particular client or our own investments are in conflict, or are perceived to conflict, with the interests of another client; (ii) any of the non-public information we obtain through business channels is disclosed to other business departments of the Company; and (iii) we may be a counterparty of an entity which we have other business relationships. Our failure to prevent imprudent use of information or manage conflicts of interest could harm our reputation and affect client confidence. In addition, potential or perceived conflicts of interest may also give rise to litigation and/or regulatory enforcement actions. Any of the foregoing could adversely affect our business, financial condition and results of operations.

RISKS RELATING TO CHINA

Changes in PRC economic, political and social situation and the policies adopted by PRC government may have material adverse effects on our business operations, financial condition, results of operations and prospects

We are incorporated under the laws of the PRC. We conduct all of our business operations in derive all of our revenue from the PRC. Accordingly, our business, growth prospects, financial condition and results of operations are materially subject to economic, political, social and legal

RISK FACTORS

developments in the PRC. The economy of the PRC differs from the economies of the most developed countries in many respects, including but not limited to the level of government involvement, economic structure and the control of foreign exchange. As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the PRC economy were similar to those of some of the most developed countries.

The various macroeconomic measures adopted by the PRC Government to stimulate economic growth may not be as effective as expected in sustaining the current growth of the PRC economy. In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are subject to refinement and improvement over time. Such refinement and improvement process may not necessarily have a positive effect on our operations and business development. Other political, economic and social factors may also lead to further adjustments of the reform measures. Any such developments could have a material adverse effect on our business, growth prospects, financial condition and results of operations.

Our business may be affected by adverse changes in the international trade environment

International trade disputes or the advent of protectionist trade policies among the PRC and its trading partners may adversely affect the PRC economy. As a result, the real estate market in the PRC and our investors' risk appetite would be adversely affected, which would in turn affect our business and results of operation.

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

Although substantially all of our revenue and expenses are denominated in Renminbi, fluctuations in exchange rates may nonetheless in the future adversely affect the value of our investment funds and fee earnings. In particular, distributions to holders of our Shares are made in Hong Kong dollar. Any unfavourable movement in the exchange rate of the Renminbi against the Hong Kong dollar may adversely affect the value of our distributions. In addition, any unfavourable movement in the exchange rate of the Renminbi against other foreign currencies may also lead to an increase in our costs, which could adversely affect our business, financial condition and results of operations.

RISK FACTORS

Minority shareholders protection under PRC Laws is different from that in Hong Kong and other jurisdictions

Under the laws in the PRC, rules and regulations applicable to companies listed overseas do not distinguish among minority and controlling shareholders in terms of their rights and protections and our minority Shareholders may not have the same protections afforded to them as those of the companies incorporated under the laws of Hong Kong and certain other jurisdictions.

The PRC government's control over foreign currency conversion may limit our foreign exchange transactions, including exchange for dividend payment to holders of H Shares

As at the Latest Practicable Date, Renminbi still cannot be freely converted into any foreign currency, and the conversion and remittance of foreign currencies are subject to certain foreign exchange regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet its foreign exchange requirements. Under the existing PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the relevant PRC regulatory authorities, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the requisite licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us must be approved in advance by the relevant PRC regulatory authorities.

Under the existing foreign exchange regulations, following the completion of the Share Offer, we will be able to pay dividends in foreign currencies without prior approval from the relevant PRC regulatory authorities by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. If we fail to obtain approval from the relevant PRC regulatory authorities to convert Renminbi into any foreign exchange for any of the above purposes, our business, financial condition and results of operations may be materially and adversely affected.

Payment of dividends is subject to restrictions under PRC law

Under the laws in the PRC, we may only pay dividends out of our distributable profit. Distributable profit refers to our after-tax profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory reserves, discretionary reserves and general risk reserves that we are required to make according to relevant rules. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders. Any distributable profit not distributed in a given year is retained and available for distribution in the subsequent years.

RISK FACTORS

Moreover, our subsidiaries in the PRC may not have distributable profit as determined under PRC GAAP. Accordingly, we may not obtain distributable profit from dividend payments by our subsidiaries. Failure to receive dividend payments from our subsidiaries could adversely impact our cash flows and our ability to make dividend distributions to our Shareholders and our cash flows.

The rights of a H Shares Shareholder to enforce arbitration award in PRC is unprecedented and therefore uncertain

The Articles of Association provide that disputes between holders of H Shares and the Company, the Directors, Supervisors or officers, arising out of the Articles of Association or any rights or obligations conferred or imposed upon under the Company Law and related regulations concerning its affairs, such as the transfer of the H Shares, are to be resolved through arbitration by arbitral committees in China or the Hong Kong International Arbitration Centre (香港國際仲裁中心), rather than by a court of law.

In addition, on 18 June 1999, the Supreme People's Court of PRC and the Government of Hong Kong signed the Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the HKSAR (關於內地與香港特別行政區法院相互執行仲裁裁判的安排). This arrangement, made in accordance with the spirit of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, was approved by the Supreme People's Court of PRC and the Hong Kong Legislative Council and became effective on 1 February 2000. Under the arrangement, awards that are made by PRC arbitral authorities recognised under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong, and awards made by Hong Kong arbitral authorities are also enforceable in PRC. However, so far as we are aware, there has not been any published report of judicial enforcement in PRC by a holder of H Shares to enforce an arbitral award made by PRC arbitral authorities or Hong Kong arbitral authorities, and there are uncertainties as to the outcome of any action brought in PRC to enforce an arbitral award made in favour of a holder of H Shares. Accordingly, we are unable to predict the outcome of any such action.

Interpretation of PRC laws and regulations involves uncertainty and the current legal environment in PRC could limit the legal protections available to our investors and Shareholders

PRC laws and regulations govern our businesses and operations in the PRC. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually

RISK FACTORS

evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated laws and regulations.

The interpretation of PRC laws and regulations involves a degree of uncertainty. All of the abovementioned uncertainties may limit the legal protections available to our investors and Shareholders.

You may be subject to PRC taxation

Non-PRC resident individual holders of H Shares whose names appear on the register of members of our H Shares are subject to PRC individual income tax on dividends received from us.

Pursuant to the Notice on Questions Concerning the Collection of Individual Income Tax following the repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) issued by the SAT on June 28, 2011, non-PRC resident individual shareholders of a domestic non-foreign-invested enterprise whose shares are listed in Hong Kong may be entitled to preferential tax treatments in accordance with applicable tax treaties between the countries in which they are tax resident and the PRC as well as the tax arrangements between Mainland China and Hong Kong (Macau). Dividend income of individual shareholders who are residents of countries that have not entered into taxation treaties with the PRC is generally subject to income tax at the rate of 20%. However, domestic non-foreign-invested enterprises whose shares are listed in Hong Kong generally may withhold individual income tax at the rate of 10% when distributing dividends with respect to such listed shares without prior application to the PRC tax authorities. If we pay a dividend, we will be required to withhold tax at the applicable rate (which can be higher than 10% if the relevant individual Shareholders and the tax rate applicable to such Shareholder can be identified by our Company). In addition, according to the Individual Income Tax Law of the PRC and its implementation rules, non-PRC resident individuals are subject to individual income tax at a rate of 20% on gains realised upon sale of equity interests of a PRC resident enterprise. There are no specific PRC laws or regulations imposing individual income tax on non-PRC resident individuals of gains realised upon sale of shares of a PRC resident enterprise listed on an overseas stock exchange. To our knowledge, in practice the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals for gains realised upon sale of equity interests of a PRC resident enterprise listed on an overseas stock exchange. If such tax is collected in the future, the investment value of such H Shares held by the individual holders may be materially and adversely affected.

RISK FACTORS

In addition, pursuant to the EIT Law and its implementation rules, income generated from the PRC (including gains derived from the disposal of equity interests in PRC resident enterprise and PRC sourced dividends) by non-PRC resident enterprises is generally subject to EIT at a rate of 10%, subject to the provisions of any applicable special arrangements or treaties. Pursuant to the Notice on the Issues Concerning Withholding Enterprise Income Tax on the Dividends Payable by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise H Share Holders (關於中國居民企業向境外H股非居民企業股東派發股息代扣繳企業所得稅有關問題的通知) promulgated by the SAT on 6 November 2008, dividends paid to non-PRC resident enterprise H Share holders that are derived from profits generated since 1 January 2008 are subject to the withholding of EIT at a rate of 10%. Accordingly, we intend to withhold income tax from any dividend paid through CCASS or otherwise paid to non-PRC resident enterprise H Share holders. non-PRC resident enterprise H Share holders that are entitled to preferential tax treatments pursuant to any tax treaty or arrangement may apply to the relevant tax authorities for refund of the excess amount withheld. Please refer to the section headed “PRC Taxation” in Appendix III to this prospectus for further details.

As the EIT Law and its implementation rules are relatively new, there are uncertainties as to their interpretation and implementation by the PRC tax authorities, including whether and how EIT on gains derived upon transfer or other disposal of H Shares should be collected from non-PRC resident enterprise H Share holders. If such taxes are collected in the future, the investment value of H Shares held by the enterprise holders may be materially and adversely affected.

It may be difficult to effect service upon, or to enforce judgments against us or our Directors or senior management residing in the PRC, in connection with judgments obtained from courts other than PRC courts

Substantially all of our Directors and members of our senior management reside in the PRC. Almost all of our assets and most of the assets of our Directors and the members of our senior management are located within the PRC. The PRC does not have treaties with most other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards. As a result, recognition and enforcement in the PRC of the judgment of a non-PRC court in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. Judgments obtained in a Hong Kong court may be enforced in the PRC, provided that certain conditions are satisfied. However, there are uncertainties as to the outcome of any applications to recognise and enforce such judgments in the PRC.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

RISK FACTORS

RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for our Shares, and if an active trading market for our H Shares does not develop, the market price and liquidity of our Shares may be adversely affected

Prior to the Listing, no public market for our Shares existed. We cannot guarantee the development of an active public market for our H Shares or the sustainability thereof following completion of the Share Offer. Factors such as variations in our revenues, earnings and cash flows, strategic alliances or acquisitions made by the Company or our competitors, loss of key personnel, litigation or fluctuation in the performance of our investment projects, the liquidity of the market for the H Shares, the general market sentiment regarding the industry could cause the market price and trading volume of our H Shares to change substantially.

In addition, both the market price and liquidity of the H Shares could be adversely affected by factors beyond our control and unrelated to the performance of our business, especially if the financial market in Hong Kong and/or the PRC experience a significant price and volume fluctuation. In such cases, you may not be able to sell the H Shares at or above the Offer Price.

There is no assurance that we will pay dividends in the future

The declaration, payment and amount of any future dividends are subject to the discretion of our Board depending on, among other things, our results of operations, financial condition, future prospects and other factors which our Directors may determine are important. For further details of our dividend policy, please refer to the section headed “Financial information — Dividends” of this prospectus. We cannot assure investors when or whether dividends will be paid in the future.

Market price of the H Shares may be lower than the Offer Price when trading commences

The Offer Shares will commence trading on the Stock Exchange on Tuesday, 13 November 2018. Holders of the Offer Shares are subject to risks that price of the Offer Shares may be lower than the Offer Price due to unfavourable market condition or there may be conditions unfavourable to the market or other unfavourable development between the offer time and the trading commencement time.

Any disposal by the Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares

There is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Listing. We cannot predict the effect, if any, of any future sales of the Shares by any of its Controlling Shareholders, or that the

RISK FACTORS

availability of the Shares offered by any of the Controlling Shareholders for purchase may have on the market price of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

Additional equity fund raising may cause dilution in shareholding

After the Listing, we may need to raise additional funds due to changes in business conditions, or to finance our future plans, whether in relation to existing operations, any acquisitions or otherwise. Such fund raising activities may be made through the issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders. In such event, the percentage ownership of our existing Shareholders may be reduced and/or such newly issued securities may have rights, preferences or privileges superior to those of the Shares held by our existing Shareholders.

The market price of the H Shares could decline as a result of future sales of substantial amounts of the H Shares or other securities relating to the H Shares in the public market or the issuance of new H Shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of the Company's securities, including any future offerings, could also materially and adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, the Company's Shareholders may experience dilution in their holdings to the extent the Company issues additional securities in future offerings. A certain amount of the Company's Shares currently outstanding will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the Share Offer. After these restrictions lapse or if they are waived or breached, future sales, or perceived sales, of substantial amounts of our Shares, or the possibility of such sales, by us could negatively impact the market price of the H Shares and our ability to raise equity capital in the future.

The interests of our Controlling Shareholders may not always coincide with the interest of our Group and those of our other Shareholders

Our Controlling Shareholders have significant influence over our operations and business strategies, and may have the ability to require our Group to effect corporate actions according to their own desires by virtue of their shareholding in our Group. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders' interests may be adversely affected as a result.

RISK FACTORS

The trading price and volume of our Shares may be volatile, which could result in substantial loss to our investors

The trading price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including variations in the level of liquidity of our H Shares, changes in securities analysts' (if any) estimates of our financial performance, investors' perceptions of our Group and the general investment environment, changes in laws, regulations and taxation systems which affect our operations, and general market conditions of the securities markets in Hong Kong. In particular, the trading price performance of our competitors whose securities are listed on the Stock Exchange may affect trading price of our H Shares. These broad market and industry factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our H Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow, success or failure of our efforts in implementing business and growth strategies and involvement in material litigation as well as recruitment or departure of key personnel, could cause the market price of our H Shares to change unexpectedly. Any of these factors may result in large and sudden changes in the volume and trading price of our H Shares.

Since there will be a gap of several days between pricing and trading of our H Shares, holders of our Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our H Shares begins. The Offer Price of our H Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until the Listing Date. As a result, investors may not be able to sell or otherwise deal in our Shares during the period between the Price Determination Date and the Listing Date.

Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

RISKS RELATING TO STATEMENTS IN THIS PROSPECTUS

Certain facts, forecasts and statistics contained in this prospectus with respect to the PRC, Hong Kong and their economies and financial industries are derived from various official or third-party sources and may not be accurate, reliable, complete or up-to-date

We have derived certain facts, forecasts and other statistics in this prospectus, relating to the PRC, the PRC economy and the industry in which we operate, including our market share information, from information provided by the PRC and other government authorities, industry associations, independent research institutes or other third-party sources which are generally believed to be reliable. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the Underwriters or any of our or their respective affiliates or advisors. Therefore, we cannot assure you as to the accuracy and reliability of such facts,

RISK FACTORS

forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC, and may not be complete or up-to-date. Such facts, forecasts and statistics include those set out in this section and the sections headed “Industry overview” and “Business” of this prospectus.

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the information, forecasts and statistics in this prospectus may be inaccurate or may not be comparable to information, forecasts and statistics produced with respect to other economies. We cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other jurisdictions. As such, these information, forecasts and statistics should not be unduly relied upon.

Investors should read the entire prospectus and should not place reliance on any information (if any) contained in press articles or other media coverage regarding our Company and the Share Offer

Prior to the publication of this prospectus, there may be press and media coverage which contain certain information referring to our Company and the Share Offer that does not appear in this prospectus. We have not authorised the disclosure of such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibility and liability in connection therewith or resulting therefrom. Accordingly, you should not rely on any such information.

There is no assurance that the H Shares will remain listed on the Stock Exchange

Although it is currently intended that the H Shares will remain listed on the Stock Exchange, there is no guarantee of the continued listing of the H Shares. Among other factors, the Company may not continue to satisfy the listing requirements of the Stock Exchange. Holders of H Shares would not be able to sell their H Shares through trading on the Stock Exchange if the H Shares are no longer listed on the Stock Exchange.

The future results could differ materially from those expressed or implied by the forward-looking statements

Included in this prospectus are various forward-looking statements that are based on various assumptions. The future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed “Forward-looking statements” of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (i) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this prospectus misleading; and (iii) all opinions expressed in this prospectus have been arrived at after due and careful consideration and the bases and assumptions are fair and reasonable.

APPROVAL OF CSRC

CSRC has given its approval to the application of the offer of the H Shares by the Company and to list the H Shares on the Stock Exchange on 27 September 2018. In granting such approval, CSRC has no responsibility for the financial soundness of the Group nor the accuracy of any of the statements made or opinions expressed in this prospectus.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Public Offer, which forms part of the Share Offer. The Share Offer comprises the Public Offer of initially 3,834,000 H Shares and the Placing of initially 34,506,000 H Shares subject, in each case, to re-allocation on the basis described in the section headed "Structure and conditions of the Share Offer" of this prospectus. The number of the Offer Shares is subject to the Over-allotment Option.

The Listing is sponsored by Alliance Capital and the Share Offer is managed by the Joint Global Coordinators. Subject to the terms of the Underwriting Agreements, the Public Offer Shares are fully underwritten by the Public Offer Underwriters and the Placing Shares are fully underwritten by the Placing Underwriters. Particulars of the Underwriters and the underwriting arrangements are set forth in the section headed "Underwriting" of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be determined by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company at or before Tuesday, 6 November 2018. The Offer Price is currently expected to be not more than HK\$7.0 per H Share and not less than HK\$5.0 per H Share. The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may reduce the indicative Offer Price range stated in this prospectus at any time prior to the Price Determination Date. In such a case, a notice of the reduction of the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.realwaycapital.com.

If the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price at or before 5:00 p.m. on the Price Determination Date, or such later date or time as may be agreed between our Company and the Joint Global Coordinators, the Share Offer will not become unconditional and will lapse.

An announcement of the level of indication of interest in the Placing, the level of applications under the Public Offer and the basis of allotment of the Public Offer Shares is expected to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.realwaycapital.com at or before Monday, 12 November 2018.

RESTRICTIONS ON SALE OF THE OFFER SHARES

Each person acquiring the Offer Shares will be required to confirm that he/she is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

No action has been taken to permit any public offering of the Offer Shares or the distribution of this prospectus and the Application Forms in any jurisdiction other than Hong Kong. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it circulated to invite to solicit offers in any jurisdiction other than Hong Kong or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Persons who possess this prospectus are deemed to have confirmed with our Company, the Sole Sponsor, the Joint Global Coordinators and the Underwriters that such restrictions have been observed.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, Alliance Capital, the Joint Global Coordinators, the Underwriters, any of their respective directors, agents, employees or advisers or any other person involved in the Share Offer.

The distribution of this prospectus and the Application Forms and the offering of Offer Shares in other jurisdiction are subject to restrictions and may not be made except as permitted under the applicable laws or any applicable rules and regulations of such jurisdiction pursuant to registration with or authorisation by the relevant regulatory authorities as an exemption therefrom.

Prospective applicants for Offer Shares should consult their financial advisers and take legal advice, as appropriate to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

RESTRICTION ON OFFER AND SALE OF H SHARES IN PRC

This prospectus may not be circulated or distributed within the territory of the PRC and the H Shares may not be offered or placed, directly or indirectly, or offered or placed for re-offering or re-sale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. According to the laws and regulatory requirements of the PRC, the H Shares shall only be offered or placed to natural or legal persons in Hong Kong, Macau or Taiwan or any country or area other than the PRC by means of this prospectus or otherwise.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

For details of the structure and conditions of the Share Offer, please refer to the section headed “Structure and conditions of the Share Offer” of this prospectus.

APPLICATION FOR LISTING OF H SHARES ON THE STOCK EXCHANGE

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the H Shares, including the additional H Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option.

No part of the share or loan capital of our Company is listed or dealt in on any other stock exchange and no such listing of, or permission to deal in, any part of such share or loan capital is being or is proposed to be sought in the near future.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the Share Offer, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange, then any allotment made on application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the issued share capital of our Company in the hands of the public. A total of 38,340,000 H Shares, representing an approximate of 25% of the issued share capital of the Company, will be in the hands of the public immediately following completion of the Share Offer and upon the Listing, assuming none of the Over-allotment Option is exercised.

Unless otherwise approved by the Stock Exchange, the Company must ensure all H Shares are held by the public. If the public hold any existing issued securities other than H Shares at any times, H Shares must not be less than 15% of the total existing issued share capital of the Company in general, and the total amount of H Shares and other securities of the Company held by the public must not be less than 25% of the total issued share capital of the Company.

Subject to the Articles of Association, the H Shares are freely transferable.

All H Shares will be registered on the H Share register of members of the Company in Hong Kong. Only the H Shares registered on the H Share register of members of the Company kept in Hong Kong may be traded on the Stock Exchange unless the Stock Exchange otherwise agrees.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, our Company is expected to grant to the Placing Underwriters the Over-allotment Option, which is exercisable in full or in part by the Joint Global Coordinators (on behalf of the Underwriters) at their sole and absolute discretion for up to 30 days after the last day for lodging applications under the Public Offer, otherwise it will lapse. Pursuant to the Over-allotment Option, our Company may be required to issue at the Offer Price up to an aggregate of 5,751,000 H Shares, representing 15% of the total number of H Shares initially available under the Share Offer, to cover over-allocations in the Share Offer, if any.

Further details with respect to the Over-allotment Option are set out in the section headed “Structure and conditions of the Share Offer — Over-allotment Option” of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Tuesday, 13 November 2018 under the stock code 1835. H Shares will be traded in board lots of 400 H Shares each. Our company will not issue any temporary document of title.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

The Company has instructed the Hong Kong H Share Registrar, and the Hong Kong H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless the holder delivers a signed form to the Hong Kong H Share Registrar in respect of those H Shares bearing statements to the effect that:

- (a) the H Shares purchaser agrees with the Company and each of the Shareholders, and the Company agrees with those registered holders and each of the other Shareholders, to observe and comply with the requirements of the Company Law, the Special Provisions and the Articles of Association;
- (b) the H Shares purchaser agrees with the Company, each of the other Shareholders, Directors, Supervisors, managers and other persons in charge of the Company, and the Company, acting for itself and each of the Directors, Supervisors, managers and other persons in charge of the Company agrees with each of those registered holders, to refer all disagreement and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;
- (c) the H Shares purchaser agrees with the Company and each of the other Shareholders that the H Shares are freely transferable by the holders of the H Shares; and
- (d) the H Shares purchaser authorises the Company to enter into a contract on his or her behalf with each of the Directors, Supervisors, managers and other persons in charge of the Company whereby such Directors, Supervisors, managers and other persons in charge undertake to observe and comply with their obligations to the Shareholders as stipulated in the Articles of Association.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the H Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice from your stockbrokers or other professional advisers.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the H Shares, you should consult your professional adviser. It is emphasised that none of our Company, Alliance Capital, the Joint Global Coordinators, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to the H Shares.

H SHARE REGISTER AND STAMP DUTY

Dealings of H Shares registered in the H Share register of members of the Company maintained by the Hong Kong H Share Registrar in Hong Kong will be subject to Hong Kong stamp duty.

Unless our Company determines otherwise, dividends payable in Hong Kong dollars in respect of the H Shares will be sent by ordinary post at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

LANGUAGE

If there is any inconsistency between the English language of this prospectus and the Chinese translation of this prospectus, the English version shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the Chinese name prevails.

EXCHANGE RATE CONVERSION

Unless otherwise specified, this prospectus contains translations for the convenience of the reader the following rates: Hong Kong dollar into United States dollar at the rate of HK\$7.8 = US\$1.00 and Hong Kong dollar into Renminbi at the rate of HK\$1.00 = RMB0.88. These translations are provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in Hong Kong dollar or United States dollar can be or could have been at the relevant dates converted at the above rates or any other rates at all.

ROUNDING

Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Share Offer, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. The business operations of our Group are primarily located in the PRC. Our Directors and the senior management team of our Group is and will continue to be based in the PRC and we believe that it would be practically difficult and not commercially feasible for our Company to appoint two more Hong Kong residents as executive Directors or to relocate any two of our existing Directors in the PRC to Hong Kong for complying with Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

- (a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. The two authorised representatives are Ms. Su Yi, our executive Director, and Mr. Chan Yat Lui, our Company Secretary. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange;
- (b) both authorised representatives have means to contact all members of our board of Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. In the event that an executive Director, non-executive Director or independent non-executive Director expects to travel and be out of office, he/she will provide to the authorised representatives the telephone number of the place of his/her accommodation or other contact details. This would ensure that each of the authorised representatives would have the means to contact all our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters;

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) to further enhance communications between the Stock Exchange and our Directors, each executive Director, non-executive Director and independent non-executive Director has provided to the Stock Exchange his/her mobile telephone number, residential telephone number, fax number and email address;
- (d) each of our Directors (including our independent non-executive Directors) who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be available to meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;
- (e) in compliance with Rule 3A.19 of the Listing Rules, we have appointed Alliance Capital as our compliance adviser to act as an additional channel of communication with the Stock Exchange for the period commencing on the date of the Listing and ending on the date on which our Company complies with Rule 13.46 in respect of its financial results for the first full financial year commencing after the date of the Listing; and
- (f) our Company will retain other professional advisers (including legal advisers and accountants) after Listing to assist our Company in dealing with any questions which may be raised by the Stock Exchange.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. ZHU Ping (朱平)	Room 1502, Building 6, No. 168 Nandan East Road, Shanghai, PRC	Chinese
Mr. DUAN Kejian (段克儉)	Room 62, No. 226 Changyang Road, Shanghai, PRC	Chinese
Ms. SU Yi (蘇怡)	Room 202, Building 69, No. 555 Pingyanghe Road, Shanghai, PRC	Chinese
<i>Non-executive Directors</i>		
Mr. CHENG Jun (成軍)	Room 902, Floor 9, Building 13, No. 3888, Duhui Road, Shanghai, PRC	Chinese
Mr. WANG Xuyang (王旭陽)	Room 2001, Building 15, 1099 Hongsong East Road, Shanghai, PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Independent non-executive Directors

Mr. Liu Yunsheng (劉雲生)	Block 1–2, No.17, Zhengfa Village 2, Shapingba District, Chongqing Province, PRC	Chinese
Mr. SHANG Jian (尚健)	15/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong	Chinese
Ms. YANG Huifang (楊惠芳)	201 Unit 4, Block 4, Sanli New Town, Guiyuan, Jiangan District, Hangzhou Province, PRC	Chinese

Please refer to the section headed “Directors, Supervisors, senior management and employees” of this prospectus for further information.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Alliance Capital Partners Limited
A licensed corporation under the SFO to carry out type 1(dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Room 1502-1503A,
Wing On House,
71 Des Voeux Road Central,
Central,
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Joint Global Coordinators

Alliance Capital Partners Limited
Room 1502-1503A,
Wing On House,
71 Des Voeux Road Central,
Hong Kong

Yue Xiu Securities Company Limited
13/F, YueXiu Building,
160 Lockhart Road,
Wanchai,
Hong Kong

Joint Bookrunners and Joint Lead Managers

Alliance Capital Partners Limited
Room 1502-1503A,
Wing On House,
71 Des Voeux Road Central,
Hong Kong

Yue Xiu Securities Company Limited
13/F, YueXiu Building,
160 Lockhart Road,
Wanchai,
Hong Kong

SPDB International Capital Limited
Suites 3207-3212,
32/F, One Pacific Place,
88 Queensway Road,
Admiralty,
Hong Kong

Guosen Securities (HK) Capital Co., Ltd
42/F, Two International Finance Centre,
No. 8 Finance Street,
Central,
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Legal advisers to our Company

as to Hong Kong law
Howse Williams Bowers
27/F Alexandra House,
18 Chater Road,
Central,
Hong Kong

as to PRC law
Grandall Law Firm (Shanghai)
23-25/F, Garden Square,
968 West Beijing Road,
Shanghai, PRC

Legal advisers to the Sole Sponsor and Underwriter(s)

as to Hong Kong law
Kwok Yih & Chan
Suites 2103-05, 21/F.,
9 Queen's Road Central,
Hong Kong

as to PRC law
Commerce & Finance Law Offices
6F NCI Tower,
A12 Jianguomenwai Avenue,
Beijing

as to PRC law
Anjie Law Firm
19/F, Tower D1,
Liangmaqiao Diplomatic Office Building,
No. 19 Dongfangdonglu,
Chaoyang District,
Beijing

Auditors and reporting accountants

Ernst & Young
22/F, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Internal control consultant	BDO Financial Services Limited 25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong
Industry consultant	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. 1018, Tower B, 500 Yunjin Road, Shanghai, China
Compliance adviser	Alliance Capital Partners Limited <i>A licensed corporation under the SFO to carry out type 1(dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO</i> Room 1502-1503A, Wing On House, 71 Des Voeux Road Central, Central, Hong Kong
Receiving bank	Bank of China (Hong Kong) Limited 1 Garden Road, Hong Kong

CORPORATE INFORMATION

Registered office	Room 1601, Gezhouba Tower, No. 1088 Yuanshen Road, Pilot Free Trade Zone, Shanghai, PRC
Principal place of business in the PRC	5F, Block A, Yuehong Square, No. 88 Hongcao Road, Xuhui District, Shanghai, PRC, 200233
Principal place of business in Hong Kong	Room 1602A, 16/F, Kenbo Commercial Building, 335 Queen's Road West, Hong Kong
Our website	<u>http://www.realwaycapital.com</u> <i>(information contained in this website does not form part of this prospectus)</i>
Company secretary	Mr. Chan Yat Lui (CPA)
Authorised representatives	Ms. SU Yi (蘇怡) Room 202, Building 69, No. 555 Pingyanghe Road, Shanghai, PRC Mr. Chan Yat Lui (CPA) Room 1602A, 16/F, Kenbo Commercial Building, 335 Queen's Road West, Hong Kong
Audit Committee	Ms. Yang Huifang (Chairman) Mr. Shang Jian Mr. Liu Yunsheng

CORPORATE INFORMATION

Nomination Committee

Mr. Zhu Ping (*Chairman*)
Mr. Shang Jian
Mr. Liu Yunsheng

Remuneration Committee

Mr. Liu Yunsheng (*Chairman*)
Ms. Su Yi
Ms. Yang Huifang

Hong Kong H Share Registrar

Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

Principal Bankers

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

INDUSTRY OVERVIEW

This section contains information and statistics relating to the PRC economy and the industry in which we operate. We commissioned Frost & Sullivan, an independent market research firm, as an independent industry consultant to prepare an industry research report, the Frost & Sullivan Report. The information and data in this section have been derived from third-party sources including the Frost & Sullivan Report. While we believe that the sources of such information are appropriate and we and our Directors have taken reasonable care in the extraction and reproduction of the information derived from independent sources, we cannot assure you as to the accuracy or completeness of such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Neither we nor any of our respective affiliates or advisors, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, nor any of their respective affiliates or advisors have prepared or independently verified the accuracy or completeness of such information directly or indirectly derived from independent sources, and such information may not be consistent with that available from other sources and should not be unduly relied upon.

Unless otherwise indicated, information and statistics relating to private fund market, real estate fund market and distressed asset management market in the PRC in this and other sections of this prospectus have been derived from the Frost & Sullivan Report.

General

In connection with the Listing, we have commissioned Frost & Sullivan, an international market research firm with experience in conducting market research for various industries in initial public offerings of companies listed on the Stock Exchange and an Independent Third Party, to assess the overall industry situation and development trends and to analyse the competitive landscape of real estate fund market in the PRC. The total consideration we paid to Frost & Sullivan amounts to RMB600,000. Our Directors are of the view that the payment does not affect the fairness of the views and conclusions presented in the Frost & Sullivan Report. The Frost & Sullivan Report includes information on data for private fund market, real estate fund market, distressed asset management market and urbanisation and redevelopment market in the PRC. Figures and statistics provided in this prospectus and attributed to Frost & Sullivan or the Frost & Sullivan Report have been extracted from the Frost & Sullivan Report and published with the consent of Frost & Sullivan.

Research methodology and assumptions

In compiling and preparing the research report, Frost & Sullivan conducted primary research including telephone and face-to-face interviews with industry participants and secondary research, which involved reviewing industry publications, annual reports and data based on its own database. Frost & Sullivan presented the figures for various market size projections from historical data analysis plotted against macroeconomic data, as well as data with respect to the related industry drivers and integration of expert opinions. Frost & Sullivan assumed that (i) the social, economic and political environment are expected to remain stable; and (ii) key industry drivers are likely to continue to affect the market over the “Forecast Period” from 2018 to 2022.

OVERVIEW OF PRIVATE FUND MARKET IN THE PRC

Definition

Private fund is a collective investment scheme that pool investors’ money to invest in various types of assets, such as real estate, equity of company (listed or unlisted company), financial instruments (future contract, foreign currency, etc.) and does not solicit capital from retail investors or the general public.

Classification

Based on the types of investment, private funds can be classified into:

- 1) **Private equity funds.** Private equity funds are collective investment schemes that pool investors’ money to invest in unlisted companies. Private equity funds generate income when the invested companies are listed on the stock exchanges, received higher price offerings in an M&A, or other ways to exit. Examples of private equity funds include real estate funds (investing in real estates, including, shopping centres, hotel and others), buyout funds (investing

INDUSTRY OVERVIEW

in companies to reconstruct the company and foreign currency resell the companies to other investors), distressed asset funds (investing in distressed assets, such as non-performing loans), fund of funds (investing in a portfolio of other investment funds), etc. The funds in which our Company specialises mainly fall into this type.

- 2) **Private securities investment funds.** Private securities investment funds are collective investment schemes that pool investor's money to invest in listed companies or other publicly traded securities such as future contracts. Profits from such funds are generated when the prices of securities appreciate.

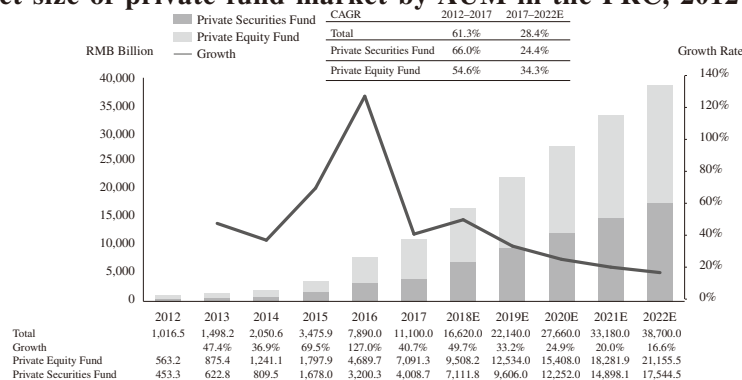
Key participants along the value chain of private fund market include:

- **Investors** are the providers of capital, the shareholders of private funds, and the beneficiaries of profits earned from investments. Investors of private funds can be individuals and institutions such as companies, investment funds and trusts, etc. According to the Asset Management Association of China ("AMAC"), the net assets of institutional investors should be above RMB10.0 million, and the financial assets of individual investors should be above RMB3 million or the average annual earnings should be above RMB0.5 million in the past three years.
- **Fund managers** are normally responsible for fund raising and managing the funds. They control risks and maximise earnings from the investments. Fund managers can only be played by legally established fund management companies in the PRC. Fund managers usually receive regular management fee and performance fee.
- **Custodians** are mainly responsible for the custody of fund assets, transaction settlements, accounting and supervision of the fund operation. In the PRC, most private funds are contractual funds, and according to the Securities Investment Fund Law of the PRC, fund assets should be in custody of independent parties that are normally commercial banks and other legally established financial institutions.
- **Investment projects** are the investment targets including but not limited to (i) real estate, (ii) equity of companies (listed or private), (iii) financial instruments (future contracts, foreign currency, etc.).

Market Size

The private fund market in the PRC saw rapid growth from 2012 to 2017 at a CAGR of 61.3%, in terms of asset under management (AUM), or total paid-in capital that was raised by private funds. Going forward, with the regulatory and supervisory environment being formalised and become more mature, the private fund market in the PRC is expected to enter a phase with stable growth. In addition, due to the large amount of players entering the private fund market in recent years, the competition is expected to get increasingly fierce in the near future. The AUM of private funds in the PRC is expected to reach RMB38,700.0 billion in 2022, representing a CAGR of 28.4% from 2017 to 2022. The chart below sets forth the market size of private fund market in terms of AUM in the PRC from 2012 to 2022:

Market size of private fund market by AUM in the PRC, 2012–2022E



Source: Asset Management Association of China (AMAC), Frost & Sullivan

Revenue Structure of Private Fund Management Companies in the PRC

The revenue sources of typical private fund management companies consist of two parts: (i) subscription fees and management fees that are unconditional; (ii) performance fees, which depend on the performance of the funds.

- 1) **Subscription fee** refers to an initial charge levied on the purchase of fund share. This fee is normally calculated as a fixed percentage of AUM. In most cases, the rate is 1.0% to 1.5% per annum of the AUM.

INDUSTRY OVERVIEW

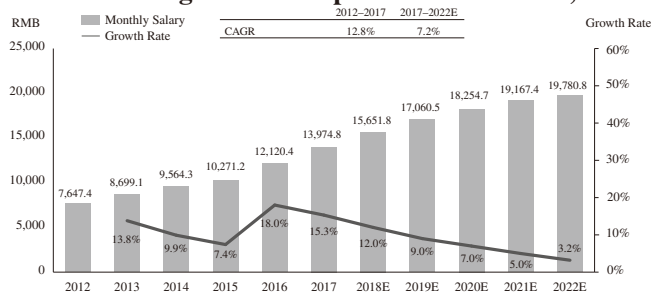
- 2) **Regular Management fee** refers to a periodic payment that is paid by an investment fund to the fund manager for asset management services. It is normally calculated as a fixed percentage of AUM. In most cases, the rate is 1.5% to 2.5% per annum of the AUM. In certain cases, the rate will be higher in the initial stage of a fund to maintain the daily operation when the AUM is small. Regular management fee can be floating rates of AUM according to the commitments signed by investors and fund management team.
- 3) **Performance fee** refers to a one-off payment payable to the Fund Manager out of the capital gains of the funds upon the fund's exit of the relevant investment project if the capital gains on the investment exit amounts to more than a predominated rate. The performance fee allocation varies based on the type of the fund and the agreement made in the contract. Performance fee is generally around 20% of the profits.

Cost Structure of Private Fund Management Companies in the PRC

Operation costs of a private fund management company, mainly comprise staff cost, consulting fees paid to professional agencies, office rent, and other administrative expenses. As a professional service provider in investment projects, industrial expertise and accurate judgments directly contribute to the profitability of the projects. Therefore, competent employees is the most important and costly element for private fund management companies.

The remuneration structure for fund managers in private fund management companies normally comprises of two parts: basic salary and commission on return of successful investments. In the PRC, with the impact from inflation, higher requirements on the capabilities of and increasing responsibilities taken by private fund managers, the monthly average salary for them increased from RMB7,647.4 in 2012 to RMB13,974.8 in 2017, and is expected to reach RMB19,780.8 in 2022. Apart from basic salary, private fund managers also receive commissions on the return of investments. However, the commission rates vary significantly as many factors are taken into account when private fund companies decide the rates for each project, such as workload, difficulty and risk level of the project, incurred cost, contribution of the manager, and the compensation strategy of the company. Generally, for this industry in the PRC, the commission rate for private fund managers ranges from 10% to 30% of the share of the return received by the private fund company. The chart below sets forth the monthly average salary of managers at private fund management companies in the PRC over the period from 2012 to 2022:

**Monthly average salary of managers
at private fund management companies in the PRC, 2012–2022E**



Source: Asset Management Association of China (AMAC), Frost & Sullivan

OVERVIEW OF REAL ESTATE FUND MARKET IN THE PRC

Definition

Real estate fund is a kind of investment vehicle which is operated by professional investment management organisations, aiming at realising capital appreciation and providing profits to investors. Different from general investment funds, real estate funds especially focus on the construction, development, sales and consumption of real estate related projects.

INDUSTRY OVERVIEW

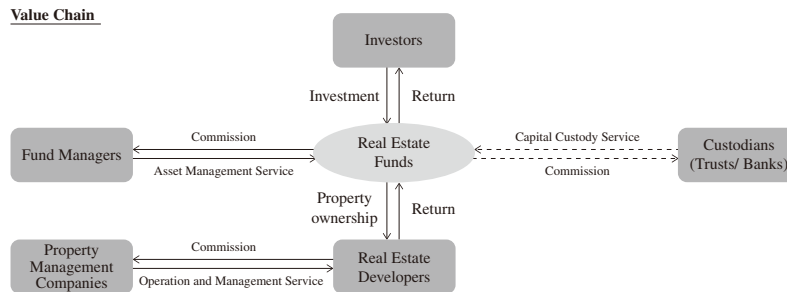
Classification

Generally speaking, real estate fund market in the PRC can be divided into two categories:

- 1) **Corporate real estate funds.** Based on the Company Act, corporate real estate funds pool investor's money and invest into real estate related projects through issuing fund products. Its buyers are all its shareholders, owning all profits that a shareholder is supposed to have. Also, they need to bear the risk of loss. The founder of corporate real estate funds can manage the funds on his own, or appoint professional investment manager or organisation to operate the funds.
- 2) **Contractual real estate funds.** As a type of trust fund, which is different from corporate real estate funds, contractual real estate funds are based on the Trust Law. Generally, contractual real estate funds are established by fund management companies, trust institutions and investors through trust contracts. However, contractual real estate funds are not legal entities.

Value Chain Analysis

The chart below sets forth the value chain of real estate fund market in the PRC:



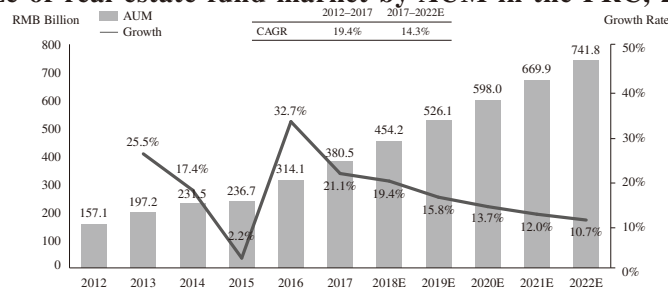
Source: Frost & Sullivan

In the upstream, financial institutions such as securities firms, fund companies and insurance companies, etc. constitute a major part of the investors. Other investors are non-financial institutions including pension funds, social insurance funds, etc. In recent years, the investment volume from high-net-worth individuals demonstrates a very considerable growth speed. Generally, there are two types of real estate funds, corporate real estate funds and contractual real estate funds. The main differences between them lie in organisation form. Custodian only exists in contractual real estate funds. Real estate developers are the main players in the downstream, including property developers in commercial real estate, industrial estate, etc. Usually, real estate developers will hire property management companies to provide professional operation and management service so as to achieve higher profitability.

Market Size

The market size of real estate fund market in the PRC in terms of AUM experienced dynamic growth in the past few years, growing from RMB157.1 billion in 2012 to RMB380.5 billion in 2017 at a CAGR of 19.4%. Going forward, the requirements on the bank loan being granted for real estate development are expected to be stricter, and private fund is therefore expected to be a more popular financing channel. In addition, with the considerable profitability of the real estate fund gradually being revealed, the market size of real estate fund market in terms of AUM in the PRC is expected to demonstrate a CAGR of 14.3% over the period from 2017 to 2022, probably hitting an asset scale of RMB741.8 billion in 2022. The chart below sets forth the market size of real estate fund market in terms of AUM in the PRC over the period from 2012 to 2022:

Market size of real estate fund market by AUM in the PRC, 2012–2022E



Source: Asset Management Association of China (AMAC), Frost & Sullivan

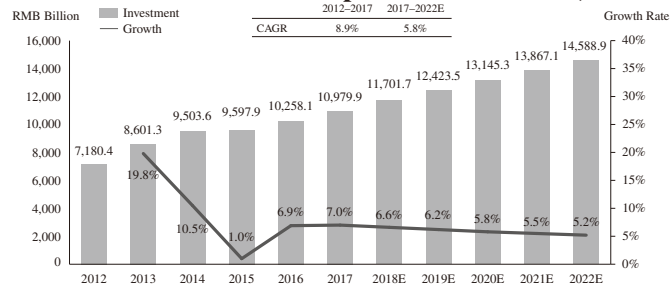
INDUSTRY OVERVIEW

Investment in Real Estate Development

From 2012 to 2017, the total investment in real estate development has grown from RMB7,180.4 billion to RMB10,979.9 billion, representing a CAGR of 8.9%. In 2015, the government initiated the destocking policy in real estate industry. Influenced by this policy, the growth of investment in real estate witnessed a notable decrease in 2014 and 2015.

Due to the tightening land transfer policy and increasingly normative real estate transactions, the future growth of investment in real estate is expected to remain stable and increase at a lower rate compared with that of the period from 2012 to 2017. The amount of investment is estimated to increase to RMB14,588.9 billion in 2022, representing a CAGR of 5.8% from 2017 to 2022. The chart below sets forth the investment in real estate development over the period from 2012 to 2022:

Investment in real estate development in the PRC, 2012–2022E



Source: National Bureau of Statistics of China, National Development and Reform Commission, Frost & Sullivan

Market Drivers

- Stable growth of real estate industry.** With the stimulation of domestic demand and development of urbanisation in the PRC, the real estate industry experienced remarkable growth in the past few years. For instance, according to National Bureau of Statistics of China, the investment value in residential buildings increased from RMB4,432.0 billion in 2011 to RMB6,870.4 billion in 2016. In the future, both the commercial and residential real estate markets are expected to grow stably and continuously, and it requires injection of sufficient investments. As an escalating popular financing method for real estate development enterprises, real estate fund market is anticipated to be with greater market demand in the foreseeable future.
- Increasing difficulty in bank financing.** To monitor the healthy development of real estate industry, the CBRC has placed increasing restrictions on banks for issuing loans to real estate development projects. For instance, from November 2016, 16 cities have witnessed notable growth in housing prices, and banks are strictly controlled by CBRC in granting loans for real estate development. The actual loans offered to real estate enterprises have decreased in numbers and the pace of lending has slowed down. Similarly, banks in many cities in the PRC are facing increasing restrictions to enter the real estate industry. Moreover, another difficulty in bank financing is the increasingly higher collateral requirements for real estate development. Compared to bank loans, real estate funds are facing less restrictions and with lower requirements on collateral, which provides an ideal alternative financing method for real estate development enterprises.
- Considerable volume of potential investment capital.** The PRC has demonstrated rapid development in macro economy in which the volume of residents' saving deposit has reached over RMB59.8 trillion by the end of 2016. The hot sales of real estate in the tier-1 and tier-2 cities arouses retail investors' passion on investment into real estate. Thus, a large proportion of residents' saving deposit is expected to be pumped into real estate fund market. Furthermore, many financial institutions in the PRC, such as insurance companies, pension funds, social insurance funds, etc., have become more mature and sophisticated. Attracted by the stable profitability of the real estate funds, these institutional investors are expected to become the key force in the real estate fund market.

INDUSTRY OVERVIEW

Development Trends

- **Increasingly fledged legal environment.** A comprehensive and well-run legal system plays a significant role in the positive development of real estate fund market in the PRC. In recent years, the supervisory department in the PRC, especially CSRC (China Securities Regulatory Commission) and AMAC are spending more efforts to improve the legal environment. In the near future, the increasingly fledged policies and regulations are expected to guarantee the healthy and sustainable development of the PRC's real estate fund market. Following this trend, some irregular operations are expected to be effectively avoided so as to protect investors' interests.
- **Popularity of contractual real estate fund.** Currently, the business model of contractual real estate fund is still not fully mature in the PRC. However, in the near future, driven by its obvious advantages, contractual real estate fund is expected to further expand and to play a more significant part in the PRC's real estate fund industry. First, contractual real estate fund has a wider range of fund-raising targets, which is more effective for fund operation. Second, investors' control power over capital is crippled under the trust agreement, which enhance fund management companies, decision efficiency. Additionally, contractual real estate fund demonstrates the features of professionalism, lower operation costs, lower tax rate, flexible withdrawal, etc. In summary, the increasing popularity of contractual real estate fund tends to invigorate real estate fund market in the PRC.
- **Further market integration.** Given the gradually tight supervision on the real estate fund market and higher financing requirements from real estate developers, the players in the PRC's real estate fund market are facing increasing pressure. Real estate fund products are anticipated to become increasingly professional and reliable. As a result, from a macro view, the shuffle and the integration of the real estate fund industry is at its dawn.

Competitive Landscape Analysis

Since the real estate fund market in the PRC is still developing rapidly and is far from reaching maturity, the market was relatively concentrated in 2017, with the top 10 players taking up an aggregate share of approximately 47.1% in terms of AUM of real estate fund. The increasingly fledged regulatory environment tends to gradually eliminate unqualified players out of the market. Going forward, the market concentration level of the real estate fund market in the PRC is estimated to grow higher. The chart below sets forth the share and AUM of top 10 players in the real estate fund market of the PRC in 2017 (based on players' AUM of real estate fund):

Companies profiles of top 10 players in the real estate fund market in the PRC in 2017

Ranking	Company	Year of Establishment	Head-quarter	Industrial Focus	Geographic Coverage	AUM in 2017 RMB Billion	Market Share in 2017
1	Company A	2011	Beijing	Focusing on real estate and media industry	Qingdao, Yunnan Province, Shenzhen, Wuhan, Shanghai, Beijing, and Guangzhou, etc.	35.0	9.2%
2	Company B	2010	Beijing	Focusing on real estate, including commercial and residential properties	Shenzhen, Shenyang, Shanghai, Hefei, Tianjin, Nanjing, and Qingdao, etc.	32.0	8.4%
3	Company C	2006	Beijing	Focusing on real estate, including commercial and residential properties	Mainly in Beijing and Shanghai	30.0	7.9%
4	Company D	2009	Tianjin	Focusing on real estate, including commercial real estate in prime area	Shanghai, Beijing, and Suzhou,	25.0	6.6%
5	Company E	2010	Tianjin	Focusing on real estate, and working closely with POLY Property	Nanjing, Wuhan, and Shenyang, etc.	23.0	6.0%
6	Company F	2008	Shanghai	Focusing on real estate, mainly indemnificatory apartments and rural construction	Jiangsu Province, Anhui Province, Zhejiang Province, and Liaoning Province	12.0	3.2%
7	Company G	2009	Tianjin	Engaged in health care, consumer goods, food and real estate industry	More than 20 cities including Beijing, Changzhou, Hangzhou, and Wuxi, etc.	7.0	1.8%
8	Company H	2015	Beijing	Focusing on real estate, including commercial real estate in prime area	Beijing, Anhui Province, and Fujian Province, etc.	6.0	1.6%

INDUSTRY OVERVIEW

Ranking	Company	Year of Establishment	Head-quarter	Industrial Focus	Geographic Coverage	AUM in 2017 RMB Billion	Market Share in 2017
9	Company I	2014	Beijing	Engaged in real estate, film industry, and non-bank financial intermediaries	Shanghai and Xi'an	5.0	1.3%
10	The Company	2010	Shanghai	Focusing on real estate, including commercial and residential properties, and distressed asset management	Shanghai, Guangzhou, Tianjin, Xi'an, Wuxi, and Nanjing etc.	4.3	1.1%
Top 10 Total						179.3	47.1%

Source: Frost & Sullivan

Entry Barriers

- Capital resources.** In developed countries, major investors for real estate funds include pension funds, retirement funds, endowment funds, university education funds, investment banks, insurance companies, etc. However, in the PRC, there are many policy restrictions on the investors mentioned above. High-net-worth individuals and families and individual limited partnerships (“LPs”) remain as the main investors of real estate funds. However, for new entrants, it takes resources and efforts to reach such investors or to maintain a long-term business relationship with them.
- Private fund licence.** To become a legal real estate fund management company, the private fund licence must be acquired in the first place. Applicant need to meet strict and specific criteria which are listed by the official supervisory and approval institution, AMAC. For example, actual office address should be provided; and legal person and senior managers should have funds or securities qualification certificates, etc. To better supervise the private fund market and effectively ensure sustainable development, the criteria for acquiring private fund licence are becoming stricter. More documents and certifications need to be presented and higher requirements on the staff qualification are placed when new market entrants are applying for private fund licence.
- Relationship with clients.** Reliable client relationship is an important competitive focus in the real estate fund industry, which is a strong guarantee for business development, demand analysis, profitability maintenance and long-term growth. The leading players currently have already established a reliable cooperative relationship with clients, so it is a difficult task for new entrants to win the existing clients of incumbents.
- All rounded talents.** In recent years, the PRC’s financial market sees rapid development and the decent salary in the financial industry attracts numerous graduates to enter the industry. At the same time, the real estate industry, especially in tier-1 and tier-2 cities, has witnessed prosperity in recent years, giving birth to many real estate-related professionals. However, the current real estate fund industry in the RPC still lacks the all rounded talents who possess knowledge in both real estate and financial fields. New entrants are assumed to feel difficult to attract such all rounded talents at the beginning of their development.
- Relationship with developers.** Real estate developers’ ability obviously affects the progress and benefits of the real estate fund products. The cooperation with large developers will greatly strengthen fund products’ reliability and profitability, thereby attracting tremendous valuable clients. However, the large developers are inclined to work with leading players in the real estate fund industry. As a result, new entrants may not be able to work with large developers at first. Instead, they have to work with small developers, which is likely to increase costs and reduce profitability.

Competitive Advantages of the Company

- Rich industry resource & experience.** Founded in 2010, Realway Capital has gathered rich experience in the real estate fund industry, covering the business of private equity fund management, financial consulting and other professional services. In terms of AUM, Realway

INDUSTRY OVERVIEW

Capital ranked as one of the top 10 players in the PRC real estate fund market in 2017. Additionally, Realway Capital has established long-term and reliable relationship with many leading real estate developers, which could consistently provide the Company with highly valuable project resources. To date, Realway Capital's professional business and track records have already been highly recognised by investors.

- **Extensive geographic coverage.** Realway Capital's real estate fund products demonstrate a wide geographic coverage in the PRC and mainly focus on the Yangtze River Delta, Pearl River Delta, and the Bohai Rim. To be more specific, key cities of Realway Capital's business include Shanghai, Xi'an, Wuxi, Ningbo, Fuzhou, etc. Correspondently, Realway Capital has already set up subsidiaries in cities like Beijing, Wuhan and Guangzhou so as to deeply engage in due diligence and to select credible projects for the clients.
- **Professional team.** Realway Capital has spent great effort in establishing the human resources structure. By now, Realway Capital has already owned a professional and effective team involving talents in the fields of investment consulting, fund management, financial planning, etc. Furthermore, Realway Capital's team is able to actively manage projects and spontaneously detect investment risks, which is obviously beneficial for clients to get engaged in highly profitable fund products with lower risks.

OVERVIEW OF DISTRESSED ASSET MANAGEMENT MARKET IN THE PRC

Introduction

Globally, special situations arise when certain market players believe in a unique investment opportunity through which they can profit. Distressed assets refer to the underlying assets under special situations. In the PRC, distressed assets largely derive from non-performing loans (NPLs) in banking system, supplemented with non-performing loans in non-bank financial institutions (e.g. trust and lease) and non-financial enterprises (e.g. receivables).

Value Chain Analysis

Distressed asset management market consists of two sectors: the primary market and the secondary market. Primary market is only allowed for licensed asset management companies ("Licensed AMCs"), including the four national asset management companies ("Big Four AMCs") and the provincial asset management companies ("Provincial AMCs"). Secondary market, on the other hand, includes other financial institutions, e.g. banks, security companies, private equity funds, with distressed asset management business.

The four national asset management companies ("Big Four AMCs") were initially established to handle the non-performing debts in the banking system back in 1990s. These four companies are: Huarong Asset Management, Orient Asset Management, Cinda Asset Management, as well as Great Wall Asset Management. At present, though, the proportion of distressed assets investment in the Big Four AMCs has become less of the core to their business.

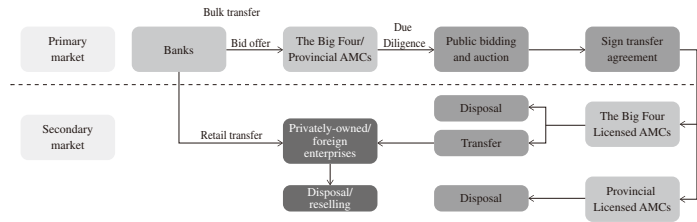
After the issuance of "Announcement on Qualifications for Conducting Acquisition and Disposal of Non-performing Loans in Local Asset Management Company" by CBRC, each province was permitted to set up one licensed Provincial AMC. Currently, each province is allowed to set up two AMCs. Latest available data show that up to now there are a total of over 30 recorded provincial AMCs in the market, including Shanghai State-owned Asset Operation, Zheshang Asset Management, Guangdong Finance Asset Management, etc.

Often, commercial banks sit at the supply side of distressed assets in the primary market, pursuant to Chinese banking regulations. Commercial banks are disposing their non-performing loans under strict control based on related regulations. Besides, non-bank financial institutions and non-financial enterprises also constitute part of the sellers of distressed assets.

Traditional recipients of distressed assets are mainly the licensed AMCs. The number of licensed AMCs is increasing. According to the CBRC regulation, each province is permitted to apply for one licensed AMC for local businesses. Also, privately-owned institutions are bidding for these distressed assets in the secondary market, through issuing distressed funds that connect to banks, trusts and specific asset management business.

The chart below sets forth the value chain of distressed asset management market in the PRC:

INDUSTRY OVERVIEW



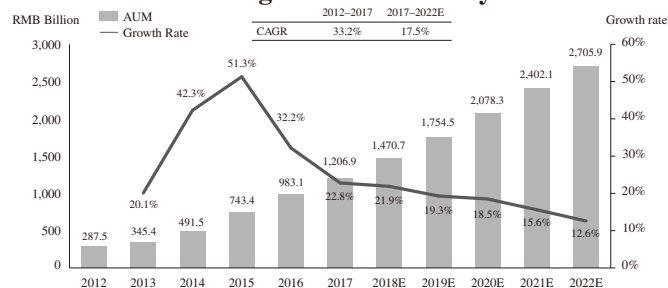
Source: Frost & Sullivan

Note: Transfer to privately-owned/foreign enterprises and disposal/reselling in the secondary market are the main business areas of Realway Capital.

Market Size

From 2012 to 2017, the distressed asset management market in the PRC has rocketed from merely RMB287.5 billion to RMB1,206.9 billion in terms of AUM, representing a CAGR of 33.2%. Going forward, however, the distressed asset management market in the PRC is estimated to keep growing in the future, thanks to the continuous reform from the supply side. Thus, in the next five years, the growth of investment in distressed asset management market in the PRC is expected to expand steadily. The market size in terms of AUM is forecasted to reach RMB2,705.9 billion in 2022, representing a CAGR of 17.5% from 2017. The chart below sets forth the market size of distressed asset management market in terms of AUM in the PRC over the period from 2012 to 2022:

Market size of distressed asset management market by AUM in the PRC, 2012–2022E



Source: Frost & Sullivan

Market Drivers

- National strategy of supply-side reform.** Supply-side reform stresses reduction of excessive capacity and elimination of low-economic-output companies. As the transition is still on the way, further reduction in stock and capacity can be expected. Since distressed asset management market thrives on a downward economic background, such reform is likely to create more room for distressed asset management.
- Regulatory support from the PRC government.** The supply-side reform will create huge amount of distressed assets, yet these assets, if not taken care of in time, will rupture the capital chains and perhaps lead to social instability; hence, the authority is encouraging the development of distressed asset management market by creating supportive regulatory environment. For instance, in 2015, the Central Economic Work Conference reinitiated the pilot programs for asset-backed securitisation of non-performing loans.
- Market-entry liberalisation of distressed asset management industry.** The Big Four AMCs were established in the late 90s to deal with rocketed NPL ratio in banks, yet the proportion of distressed asset management nowadays has become less of the core to their businesses. In addition, the PRC government has welcomed more participants in the distressed asset management market: In 2013, each province was allowed to set up one local licensed AMC, and from October 2016, an extra was permitted. Moreover, privately-owned and foreign enterprises do not face barriers in entering the distressed asset management market in the PRC.
- Bank's eagerness to transfer distressed assets.** As the NPL ratio in banking system is continuously climbing up in recent years with provision coverage ratios so close to the bottom lines, banks are more than willing to get rid of their risky loans/assets. In addition, since the

INDUSTRY OVERVIEW

liberalisation of interest rate has only been one step from completion, banks with low efficiency and minimal risk management capabilities are likely to be forced out.

Development Trends

- ***More supportive regulations on distressed asset management are expected.*** Distressed asset management market is expected to experience promising growth, yet again, economic transformation is equally likely to be destructive if the distressed assets are not disposed properly. Therefore, the PRC government may introduce more supportive policies to encourage asset management companies to participate and to safeguard the investors' interests.
- ***Diversification of market participants in the market.*** Currently, only licensed AMCs are permitted to handle the distressed assets in the primary market, yet the licensees have grown to 50, as at year ended 2017, after granting the local government to approve one additional provincial AMC. Moreover, private and foreign AMCs may enter the secondary market with no regulatory barriers. The financial conglomerates are likely to boost the distressed asset management market in the PRC.
- ***Specialisation of investment strategies and developed pricing techniques.*** Specialisation occurs when a market keeps growing, and distressed asset management may not be exceptional. Distressed assets vary greatly in their subjects, their underlying assets, as well as the terms of the contracts. Distressed investment managers will be required to develop pricing techniques, industry understanding and management capabilities to manage.

Competitive Landscape Analysis

Currently, players in distressed asset management market in the PRC include the Big Four AMCs, provincial AMCs and other privately-owned institutions and foreign enterprises. The Big Four AMCs, which are authorised to operate by the Ministry of Finance and the CBRC, have formed their uniquely high barriers to other market players in terms of the business scope, paid-in capital and overall capabilities. However, the proportion of distressed asset investment has become less of the core to their business; rather, they have been transiting into overall financial investment conglomerates. Provincial AMCs are also monopolistic in essence, in the sense that each province is only allowed for two licensed provincial AMCs in dealing with distressed assets. Privately-owned and foreign distressed asset management companies do not have AMC licences in the PRC and thus are not allowed to transact primary distressed assets with banks in bulks. However, such companies can purchase the assets from the secondary market. With the help of their high level of market liberalisation and flexible operation mechanism, private and foreign companies are able to apply effective methods to optimise their assets and maximise the returns, and thus existing as strong competitors for the licensed AMCs.

OVERVIEW OF URBANISATION AND REDEVELOPMENT MARKET

Introduction of urbanisation and redevelopment

Urbanisation and redevelopment is a program of land redevelopment in cities, whereby old properties within a designated renewal area are purchased or taken by a municipal redevelopment authority, and then redeveloped or rehabilitated by selected developers.

At present, urbanisation and redevelopment mainly relies on the government, and the governments at all levels are actively exploring PPP development model and encouraging multiple financial measures including private funds to facilitate implementation of urbanisation and redevelopment and reduce market risk.

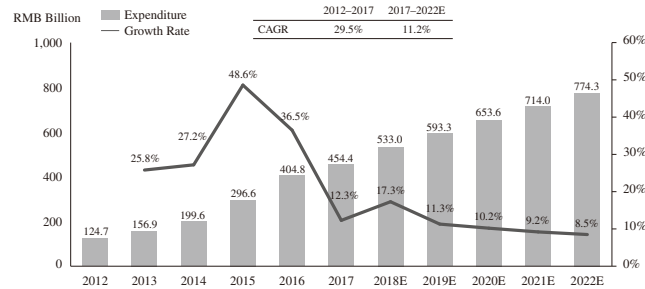
Market Size

Driven by government's encouraging policies and supported by public finance, the urbanisation and redevelopment market in the PRC enjoyed strong boost in the past five years. The market size in terms of expenditure grew from approximately RMB124.7 billion in 2012 to RMB454.4 billion in 2017 representing a CAGR of 29.5%.

To support the upgrading of urban architecture in major cities which have relatively more old buildings than other cities, urbanisation and redevelopment will be a conventional method as for the real estate investment for government and companies. The expenditure on urbanisation and redevelopment projects is anticipated to grow steadily in the future, growing from approximately RMB454.4 billion in 2017 to RMB774.3 billion in 2022, representing a CAGR of 11.2%.

INDUSTRY OVERVIEW

Market size of the urbanisation and redevelopment market in terms of expenditure, the PRC, 2012–2022E



Note: The market size includes the expenditure from governments, developers and proprietors on urbanisation and redevelopment projects.

Source: Frost & Sullivan

Market Drivers

- Increasing demand for urbanisation and redevelopment.** After years of rapid development, the growth of real estate industry in the PRC is gradually slowing down, and reducing real estate inventory has become increasingly important for lots of cities in the PRC. In this context, urbanisation and redevelopment has become one of the major methods for meeting demand. As urbanisation and redevelopment brings improvement to the existing urban areas, it has become a sound approach to cope with urban decay and to achieve multiple social and economic goals. Redevelopment and rehabilitation are two main types of urbanisation and redevelopment projects in neighborhood areas. Redevelopment refers to a direct way to root out the dilapidated buildings and neighborhoods and to rebuild new ones that can meet the quality and functional demands, thus it creates the investment value and rearranges the urban land resources. Rehabilitation brings improvement without demolishing existing buildings through small-scaled physical changes, such as building structural reinforcement, which usually costs less but faster in process than redevelopment. Local authorities are actively adopting these two methods to create new value for the existing real estate inventory, thereby improving urban functions, promoting industrial transformation and further stimulating economic growth.
- Interregional governmental corporation.** A Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Greater Bay Area was signed by central and local officials in July 2017. Under the agreement, Guangdong, Hong Kong and Macao will improve collaboration mechanisms and facilitate win-win cooperation to build a world-class bay area and city cluster. Further interregional connection would bring forward public infrastructure development plans on railways and underground, which is consistent with the city planning. It would as a result further drive the urbanization of cities, increase the demands and raise the standards for land use. In addition, considering the government's emphasis on land utilization efficiency and the existing shortage of land supply within the area, it is crucial for the urban area in those cities to be developed in a more coordinated way in order to achieve further development.

Market Trends

- Sustainable development.** Over the last two decades, the concept of sustainable development has been commonly applied to urbanisation and redevelopment, which refers to the effective use of urban land resources and the stimulation of continuing economic growth. Due to the expansion of urbanisation and redevelopment projects, building demolition and reconstruction have been processed into a high level. However, large-scale redevelopment may produce a mass of construction and demolition waste and break the social network built in the existing neighbourhoods, which has apparently conflicted with the sustainable development concept. Under such background, it is possible that the urbanisation and redevelopment projects will engage more sustainable designs to fulfil the sustainable development concept of the government. Moreover, most newly-built buildings of urbanisation and redevelopment projects will be green buildings, and the arisen construction waste will be reused to eliminate the side effects towards the environment.

INDUSTRY OVERVIEW

- ***Diversifying financing measures.*** Currently, the government is putting more public finance expenditures in the major financing source of urbanisation and redevelopment projects via basic traditional financing instruments such as loans and bonds. With the aim to relieve local governments' financial burden and accelerate the process of urbanisation and redevelopment, modern financial innovative tools such as urbanisation and redevelopment private equity funds and REITs (real estate investment trusts) are also encouraged by the government. Hence the private fund companies are exploring and establishing the partnership with real estate companies, financial institutions and government to integrate the resources of the upstream and downstream industries to fuel the development of urbanisation and redevelopment.

REGULATORY OVERVIEW

REGULATIONS ON PRIVATE EQUITY INVESTMENT FUND

Overview

Private funds refer to the investment funds set up by raising funds from investors in a non-public way in the People's Republic of China. Depending on the different investment targets, private funds are mainly divided into private securities investment funds (the "Private Securities Funds"), private equity investment funds (the "Private Equity Funds") and other private investment funds. For details, please refer to the section headed "Industry overview" of this prospectus.

The engagement in private equity funds in the PRC is subject to regulation by regulators including the CSRC and the AMAC. Relevant regulatory provisions mainly involve registration, change of material issues, operations, etc.

Main Regulators

China Securities Regulatory Commission (the "CSRC")

The CSRC, as a ministerial institution directly under the State Council, is authorised by laws, regulations and the State Council to implement unified supervision and management of the national securities and futures market.

Pursuant to the Law of the People's Republic of China on Securities Investment Fund (Revised in 2012) (《中華人民共和國證券投資基金法(2012修訂)》) (as amended in 2015, the "Securities Investment Fund Law") published by the Standing Committee of the National People's Congress on 28 December 2012, the CSRC is entitled to implement supervision and management of the publicly-raised securities investment funds (i.e. public securities funds) and non-publicly-raised securities investment funds (i.e. private securities funds) and prepare appropriate regulations and rules.

The Circular on Division of Duties of Private Equity Fund Management (《關於私募股權基金管理職責分工的通知》) published by the State Commission Office for Public Sector Reform on 27 June 2013 explicitly assigns the duties of management of private equity funds including venture investment funds to the CSRC, which is responsible for organising the preparation of regulatory policies, standards and regulations.

The Interim Measures for the Supervision and Management of Private Investment Funds (《私募投資基金監督管理暫行辦法》) (the "Private Interim Measures") published by the CSRC on 21 August 2014 includes public securities funds and private equity funds as well as other types of private investment funds targeting at futures, options, art products, wine and other investment objects in the market in the scope of adjustment, and clarifies the scope of investment of private funds as "inclusive of trading of shares, equity interests, bonds, futures, options, fund shares and other investment targets under investment contracts".

Interim Provisions on Private Investment Fund Management (Exposure Draft) (《私募投資基金管理暫行條例(徵求意見稿)》) ("Private Interim Provisions") promulgated by Legislative Affairs Office of State Council on 30 August 2017 further clarifies that State Council's security regulatory body and the resident agencies thereto supervise and administrate private fund business activities. And it also explicitly stipulates the duties of fund managers and fund trustees, as well as the fund raising, investment operation and information provision of private fund.

REGULATORY OVERVIEW

According to the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions jointly issued by CSRC, PBOC, China Banking and Insurance Regulatory Commission (“New Regulations on Asset Management”) on 27 April 2018, uniform laws, administrative regulations of private investment fund are applicable for identifying the private investment equity and have not the clearly defined and applicable opinions. The uniform laws of private investment fund is Securities Investment Fund Law while the administrative regulations of private investment fund (i.e. Private Interim Provisions) is not been promulgated. In that case, the New Regulations on Asset Management is not applicable for the private fund managers and the private funds.

Asset Management Association of China (the “AMAC”)

The AMAC is a social organisation legal entity established with the approval of the State Council on 6 June 2012 in accordance with the Securities Investment Fund Law, Regulations on the Registration and Management of Social Organizations (《社會團體備案管理條例》) and Private Interim Measures and is a self-regulatory organisation that implements self-regulation for the industry of securities investment funds and private funds. It is subject to the business guidance, guidance and management of the CSRC and the Ministry of Civil Affairs.

Industry Access

Pursuant to Private Interim Measures, the establishment of private fund management organisation is not subject to administrative approval. The private fund managers shall proceed with registration procedures in accordance with the requirements of the AMAC. The private fund managers approved to be registered are required to proceed with registration procedures with the AMAC upon completion of fund raising of private funds.

Registration and Filing

In accordance with the Private Interim Measures, private fund managers shall submit the following basic information as required by and to the AMAC for registration and proceed with registration procedures: (1) copies of original and duplicate of business registration and business licence; (2) the Articles of Association or partnership agreement; (3) a list of substantial shareholders or partners; (4) basic information on senior management; and (5) other information as required by the AMAC.

According to the Announcement on Further Regulating Several Issues for the Registration of Private Fund Managers (《關於進一步規範私募基金管理人備案若干事項的公告》) (the “Registration Regulating Announcement”) published and implemented by the AMAC on 5 February 2016, private fund managers shall submit the legal opinions issued by a PRC law firm through the private fund registration system in case of the following circumstances: (1) new application for private fund managers registration authority; or (2) registered private fund managers’ application apply for change of controlling shareholder, de facto controller, legal representative executive partner and other significant matters or other significant matters as prudently identified by the PRC AMAC.

Pursuant to the Private Interim Measures, upon completion of fund raising of the private funds which are approved for registration, the private fund managers shall submit the following basic information as required by and to the AMAC for registration and proceed with registration procedures: (1) the main investment orientation and category of funds as marked based on the investment orientation; (2) fund contract, Articles of Association or partnership agreement. In case a prospectus is provided to investors in the process of raising funds, the prospectus shall also be submitted. For the private funds established in the form of company, partnership, etc., it is also

REGULATORY OVERVIEW

required to submit the copies of original and duplicate of business registration and business licence; (3) if entrusted management is adopted, it is required to submit the entrusted management agreement. In case a custodian institution is entrusted for management of fund properties, the custody agreement shall also be submitted; and (4) other information as required by the AMAC.

Pursuant to the Administrative Rules No. 4 for Filing of Private Equity Assets Management Plans by Securities & Futures Business Institutions — Investment in Real Estate Development Enterprise & Projects under Private Assets Management Plans (《證券期貨經營機構私募資產管理計劃備案管理規範第4號 — 私募資產管理計劃投資房地產開發企業、項目》) (the “Circular Four”) published by the AMAC on 13 February 2017, for the establishment of private assets management plan by securities and futures operators for investment in general residential property projects in the hot cities with soaring price of real estate with the methods including but not limited to the those set out below, filing will be temporarily suspended: (1) entrusted loans; (2) nested investment trust plan and other financial products; (3) acquisition of trust beneficiary right and other rights (beneficiary rights) to assets income; (4) acquisition of equity interests in real estate development enterprises by way of investment which is superficially equity investment and substantially investment in creditor’s rights; and (5) other ways of investment in creditor’s rights as determined by the AMAC in the principle of prudent regulation. According to Circular Four, the AMAC includes 16 cities including Beijing, Shanghai, Guangzhou, Shenzhen, Xiamen, Hefei, Nanjing, Suzhou, Wuxi, Hangzhou, Tianjin, Fuzhou, Wuhan, Zhengzhou, Jinan and Chengdu as hot cities, and will make adjustments to the scope in due course in accordance with relevant requirements of the Ministry of Housing and Urban-Rural Development. Circular Four emphasises that asset managers shall discharge the trustee duties to perform downward retrospective review to determine that the financial investment orientation of entrusted funds is in line with requirements. Circular Four explicitly prohibits private assets management plan from financing real estate development enterprises by way of entrusted loans from banks, trust plan, acquisition of the rights (beneficiary rights) to assets income, etc. for payment of land transfer premium or replenish working capital, or providing convenience for violations of laws and regulations including grant of down payment loan by various institutions, whether directly or indirectly. The AMAC clarifies that the establishment of private assets management plan for investment in real estate development enterprises and projects by securities and futures operators shall comply with the requirements under Circular Four. For subsisting products, it is not allowed to increase investment projects that are not consistent with Circular Four. In case of the abovementioned circumstance with the projects in which the subsisting products invest, the investment projects concerned shall not be renewed upon expiry.

Pursuant to the Filing Notes of Private Investment Fund (《私募投資基金備案須知》) (“Filing Notes”) issued by the Asset Management Association of China on 12 January 2018, which comes into effect on the same day, investment in private equity shall not be a lending activity, and the Asset Management Association of China shall no longer deal with new applications and pending applications for the following products beyond the scope of private investment fund since 12 February 2018: (1) assets or their ius fruennndi rights in the nature of lending referred to in the Questions and Answers regarding Private Fund Registration and Recordation (VII) with the underlying target of private lending, small loans and factoring assets; (2) those directly or indirectly engaged in lending activities by means of entrusted loans or trust loans; and (3) those engaged in the above activities in disguised form through special purpose vehicles or investment enterprises. If the connected transactions involved in private equity fund are defined in the Filing Notes, private equity managers shall disclose the connected relationship to investors in the risk disclosure statement, and submit to documents to prove the fairness of underlying asset valuation, effective risk control system of connected transactions and commitment letters not affecting the legitimate rights of investors.

REGULATORY OVERVIEW

According to the Private Interim Measures, private fund managers who fail to register with the AMAC in accordance with requirements will be ordered to make corrections and be imposed a warning and a penalty of less than RMB30,000; the direct superior and other persons in charge directly will be imposed a warning and a penalty of less than RMB30,000; in case of serious circumstances, the CSRC may take measures to prevent relevant persons in charge from access to the market according to laws.

Material Changes

Pursuant to the Measures for the Registration of Private Investment Fund Managers and Filing of Funds (Trial Implementation) (《私募投資基金管理人登記和基金備案辦法(試行)》) (the “Private Registration and Filing Measures”) published by the AMAC on 17 January 2014 and implemented since 7 February 2014, in case of the following significant matters, the private fund managers shall report to the AMAC within 10 working days: (1) changes in the name of private fund managers or senior management; (2) changes in the controlling shareholder, de facto controller or executive partner of private fund managers; (3) division or merger of private fund managers; (4) material violations of laws and regulations by private fund managers or senior management; (5) dissolution according to laws, being revoked according to laws or being declared bankrupt according to laws; or (6) other significant events that are likely to prejudice the interests of investors.

According to the Private Registration and Filing Measures, in case of the following significant matters during operation of private funds, private fund manager shall report to the AMAC within 5 working days: (1) material changes in fund contract; (2) number of investors exceeds that under laws and regulations; (3) winding up or liquidation of fund; (4) changes in private fund managers or fund custodian; and (5) other events with material impact on the continuous operation of fund, interests of investors or net asset value.

Pursuant to the Private Interim Measures, private fund managers who fail to report significant matters to the AMAC in accordance with requirements will be ordered to make corrections and be imposed a warning and a penalty of less than RMB30,000; the direct superior and other persons in charge directly will be imposed a warning and a penalty of less than RMB30,000; in case of serious circumstances, the CSRC may take measures to prevent relevant persons in charge from access to the market according to laws.

Qualifications of Executives

The Private Registration and Filing Measures sets out that the professionals engaged in private fund business shall possess the qualification for engagement of private funds, which can be obtained in the following ways: passing the examination of qualification for engagement in private funds organised by the AMAC; engagement in investment management-related business in the last three years; other circumstances as determined by the AMAC.

The Registration Regulating Announcement states that private fund managers engaged in private investment fund business (non-securities) shall at least have 2 executives with the qualification for engagement in fund, and the private fund managers’ legal representative executive partners (proxy) and person in charge of compliance risk control shall obtain qualification for engagement in fund. Regarding private fund managers’ legal representative/executive partners (proxy), according to the difference of the nature of the private fund manager, for the private fund manager in the form of a company, it means the legal representatives, and for the private fund manager in the form of a partnership enterprise, it means executive partners or its authorised representatives.

As at the Latest Practicable Date, there are two companies under our Group that have obtained the qualifications of private equity fund managers and engaged in non-securities business, namely our Company and Shanghai Ruixiang. The legal representative/executive partners (proxy) of our Company and Shanghai Ruixiang is Mr. Zhu. The person in charge of compliance risk control registered with the AMAC of our Company and Shanghai Ruixiang is Ms. Su and Ms. Chen Min, respectively. All of Mr. Zhu, Ms. Su and Ms. Chen Min possess the qualification of engagement of private funds.

REGULATORY OVERVIEW

OPERATIONS

Specialised Operation

According to Private Interim Provisions, private fund managers who manage various types of private funds shall adhere to management specialisation principle, and who manage different private funds which may cause transfer or conflict of interests shall establish mechanisms preventing such transfer and conflict.

Internal Control and Risk Management

Pursuant to the Internal Control Guidelines for Private Investment Fund Managers (《私募投资基金管理人内部控制指引》) (the “Internal Control Guidelines”) published by the AMAC on 1 February 2016, private fund managers shall apply the guidelines by reference and follow the principles of reasonable setting, clear responsibilities and mutual restriction of departments in reinforcement of internal control guarantee and continuous performance of internal control evaluation and supervision. Based on the aforementioned principles, the guidelines set out further requirements on internal control system in terms of business process control, authorisation control, fundraising control, separation of properties, prevention of conflict of interest, investment control, trusteeship control, outsourcing control, information system control and accounting system control.

The Internal Control Guidelines specifies that private fund managers shall establish a scientific risk assessment system and conduct identification, assessment and analysis of internal and external risks to promptly prevent and relieve risks.

Information Disclosure

Pursuant to the Measures for the Administration of the Disclosure of Information on Private Investment Fund (《私募投资基金信息披露管理办法》) (the “Information Disclosure Administration Measures”) which was published by the AMAC and came into force on 4 February 2016, private fund managers shall establish and improve the information disclosure management system, designate a person to be responsible for management of information disclosure, and file with the private fund registration and filing system as required. Private fund managers shall guarantee the authenticity, accuracy and completeness of the information disclosed. The information disclosed by private fund managers shall mainly include: basic information on private fund managers, financial position, basic information on senior management and information on the private funds managed. In addition, the Information Disclosure Administration Measures stipulate that private fund managers and other legal persons or other organisations with information disclosure obligations shall clearly define the content of information disclosure to investors, disclosure frequency, way of disclosure, responsibility of disclosure and information disclosures channels in the private fund contract.

According to the Information Disclosure Administration Measures, during the operation of private funds, private fund managers and other legal persons or other organisations with information disclosure obligations shall disclose the following information to investors within 4 months from the end of each year: (1) fund net value and total amount of fund shares as at the end of the reporting period; (2) financial situation of fund; (3) investment operation and use of leverage of fund; (4) investor account information including capital contribution paid in, unpaid capital contributions and total amount of fund shares held as at the end of the reporting period; (5) investment income distribution and losses assumption; (6) regular management fees and performance-based compensation obtained by the fund managers, including basis for provision, way of provision and payment mode; and (7) other information under fund contract.

REGULATORY OVERVIEW

In accordance with the Information Disclosure Administration Measures, in case of the following significant matters, private fund managers and other legal persons or other organisations with information disclosure obligations shall make prompt disclosure to investors in accordance with fund contract: (1) changes in fund name, registered address or organisational form; (2) material changes in the scope of investment or investment strategies; (3) changes in fund manager or custodian; (4) changes in legal representative, executive partners (proxy) or de facto controller of managers; (5) touch on stop-loss or early warning threshold of fund; (6) changes in management fees or custodian fee; (7) changes in fund income distribution; (8) trigger of large redemption by fund; (9) changes in or extension of fund's duration; (10) winding up or liquidation of fund; (11) material related transactions; (12) fund manager, de facto controller or executives are suspected of material violation of laws and regulations or are subject to investigation by regulators or self-regulatory management departments; (13) material litigation or arbitration involving private fund management, properties of fund or fund custody business; and (14) other significant matters affecting the interests of investors under fund contract.

The Private Interim Measures states that private fund managers and private fund custodians shall, in accordance with the private fund contract, truthfully disclose fund investments, assets and liabilities, investment income distribution, expenses borne by the fund and performance-based remuneration, potential conflict of interest and other important information that may affect the legitimate rights and interests of investors to investors without any concealment or false information.

Pursuant to the Information Disclosure Administration Measures, private fund managers, private fund custodians and other legal persons or other organisations with information disclosure obligations shall make disclosures to investors in accordance with the requirements of the AMAC and the provisions under fund contract, Articles of Association or partnership agreement. The information disclosed mainly include: (1) fund contract; (2) prospectus and other publicity and promotion documents; (3) main terms on rights and obligations in fund sales agreement (if any); (4) investment of fund; (5) assets and liabilities of fund; (6) investment income distribution of fund; (7) expenses assumed by fund and performance-based remuneration arrangement; (8) possible conflicts of interest; and (9) material litigation or arbitration involving private fund management, properties of fund or fund custody business; other material information affecting the interests of investors as required by the CSRC and the PRC AMAC. Private fund managers, private fund custodians and other legal persons or other organisations with information disclosure obligations shall discharge the obligation on prompt information disclosure during fund raising and fund operation.

Pursuant to the Filing Notes, private equity managers shall make a full risk disclosure to investors. Pursuant to the Guidelines on the Contents and Format of the Risk Disclosure Statement for Private Investment Fund (《私募投資基金風險揭示書內容與格式指引》), private equity managers shall focus on the disclosure of special risks involved in the fund liquidity, connected transactions, product structure of single investment target, and underlying target in the section of "Disclosure of Special Risks" of the Risk Disclosure Statement. In addition, all investors shall sign on the 13 kinds of signature items in the section of "Investors' Statement" one by one for confirmation.

Fundraising

According to the Private Interim Measures, in the process of fundraising, private fund managers shall not raise funds from units or individuals other than qualified investors, or conduct publicity and promotion towards others other than specific targets through newspapers and periodicals, radio, television, Internet and other public communication media or lectures, seminars, analysis meeting as well as bulletins, flyers, SMS, WeChat, blog and email. Private fund managers shall not promise

REGULATORY OVERVIEW

investors no loss of investment principal or minimum income. Private fund managers shall assess the risk identification capacity and risk affordability of investors by way of questionnaire survey, etc. and investors shall give a written commitment on satisfaction of conditions of qualified investors; a risk disclosure statement shall be prepared and be signed by investors for confirmation. Private fund managers shall independently or entrust a third party institution to conduct risk rating for private funds and referrals on private funds towards the investors with the required risk identification capacity and risk affordability.

The Measures for Administration of Fundraising by Private Investment Funds (《私募投資基金募集行為管理辦法》) (the “Fundraising Administrative Measures”), which was published by the AMAC on 15 April 2016 and came into force on 15 July 2016, stipulates that private fund managers are allowed to independently set up a private fund with the funds raised, those who have been registered with the China Securities Regulatory Commission and have obtained the fund sales business licence and have become member of the Asset Management Association of China (“Fund Sales Organization”) can be entrusted by the private fund managers to raise private funds and shall proceed with the following procedures in fundraising: (1) determination of specific targets; (2) appropriateness matching of investors; (3) disclosure of fund risk; (4) confirmation of qualified Investors; (5) investment cooling-off period; and (6) return visit for confirmation.

Pursuant to the Fundraising Administrative Measures, private fund managers, Fund Sales Organization as the fundraisers, shall open a special account for fundraising settlement of private fund and shall not account the fundraising settlement funds of private fund as their own properties or misappropriate fundraising settlement funds of private fund in any form. Private fund managers, as the fundraisers, shall enter into an account supervision agreement with supervisory authorities (including China Securities Depository and Clearing Corporation Limited, commercial banks with the qualification for engagement in fund sales business, securities companies and other institutions as specified by the PRC AMAC) to clarify the right of control, division of responsibilities and terms on guaranteeing safe transfer of funds for the special account for fundraising settlement of private fund.

Pursuant to the Fundraising Administrative Measures, when private fund managers, Fund Sales Organization as the fundraisers and their employees promoting private funds, the following actions are forbidden: (1) public promotion or disguised public promotion; (2) false records, misleading statements or major omissions of the promotion materials; (3) commitment to investors that no loss of funds or minimum return in whatever manner, including propagating “expected return”, “estimated return”, “predicted investment performance” and other related content; (4) exaggerated or partially promote fund, use of “safety”, “guarantee”, “commitment”, “insurance”, “safe haven”, “guaranteed”, “high-yield”, “no risk” and other words that may mislead investors to make risk judgments in violation of the regulations; (5) use of the words like “limited time offer”, “good purchase opportunities” and others to partial emphasis on centralised marketing time limits; (6) promotion or partial selection of less than 6 months of past overall performance or past fund product performance; (7) the publication of congratulations, compliments or recommended texts for individuals, legal persons or other organizations; (8) the use of data sources and methods that are not comparable, fair, accurate, and authoritative for performance comparison, and use such words as “best performance” and “largest scale”; (9) maliciously degrading counterparts; (10) allowing non-employee personnel to conduct private fund promotion; (11) promoting private funds that are not established by the fundraiser or for which the fundraiser is not responsible for raising; (12) other acts prohibited by laws, administrative regulations, the China Securities Regulatory Commission and the China Fund Industry Association.

REGULATORY OVERVIEW

Pursuant to the Fundraising Administrative Measures, private fund managers, Fund Sales Organization as the fundraisers shall not promote private funds through the following media channels: (1) publicly published materials; (2) leaflets, notices, manuals, letters, faxes aiming at the public; (3) posters, and outdoor advertisements; (4) public media such as television, film, radio and other audiovisual media; (5) public portal link advertisements, blogs and others; (6) internet media such as the official website of the fundraising agency and the WeChat circle of friends that does not set the procedures for determination of specified objects; (7) lectures, report meetings, analysis meetings that do not set the procedures for determination of specified objects; (8) communication media such as phone, text message, and email that does not set the procedures for determination of specified objects; (9) other acts prohibited by laws, administrative regulations, regulations of the China Securities Regulatory Commission and the self-discipline rules of the China Fund Industry Association.

Qualified Investors

According to the Private Interim Measures, private funds shall raise funds from qualified investors and the number of investors for a single private fund shall not exceed the specific number under the Securities Investment Fund Law, the Company Law of the PRC, the Partnership Enterprise Law and other laws. The Securities Investment Fund Law states that the accumulative number of investors for a single private fund shall not be more than 200; under the Company Law of the PRC, the accumulative number of investors shall not be more than 50 for private funds in the form of limited liability company and not be more than 200 for private funds in the form of company limited by shares; in accordance with the Partnership Enterprise Law, the accumulative number of investors for private funds in the form of limited partnership shall not be more than 50. Qualified investors refer to units and individuals with appropriate risk identification capacity and risk affordability, the investment in a single private fund of not less than RMB1 million and satisfying the following standards: (1) units with the net assets of not less than RMB10 million; (2) individuals with the financial assets of not less than RMB3 million or an average income of not less than RMB500,000 for the last three years.

The following investors shall be regarded as qualified investors: (1) social security funds, enterprise annuity and other pension funds, charitable funds and other social welfare funds; (2) investment plans which are established according to laws and have been filed with the AMAC; (3) private fund managers and their employees who invest in the private funds managed by them; (4) other investors as specified by the CSRC.

Private Fund Contract

In accordance with the Guidelines on Private Investment Fund Contract No. 1 (Guidelines on Contents and Format of Contractual Private Fund Contract) (《私募投資基金合同指引1號(契約型私募基金合同內容與格式指引)》), which was published by the AMAC on 15 April 2016 and came into force on 15 July 2016, the private funds set up by private fund managers by way of contract shall adopt the guidelines by reference. The fund contract shall stipulate the following matters: introduction, definitions, declarations and commitments, basic situation on private funds, fundraising of private funds, establishment and filing of private funds, subscription, redemption and transfer of private funds, rights and obligations of parties concerned, general meeting of private fund share holders and daily agencies, registration of private fund shares, investment of private funds, properties of private funds, arrangement of trading, clearing and settlement, evaluation and accounting of the

REGULATORY OVERVIEW

properties of private funds, expenses and taxes of private funds, income distribution of private funds, information disclosure and report, risk disclosure, validity, changes, rescission and termination of private fund contract, liquidation of private funds, breach of contract, treatment of disputes and other matters.

The Guidelines on Private Investment Fund Contract No. 2 (Guidelines on Essential Terms of Articles of Association) (《私募投資基金合同指引2號(公司章程必備條款指引)》) stipulates that the private investment funds established by private fund managers in the form of limited liability company or company limited by shares shall adopt the guidelines by reference and the following matters shall be explicitly agreed in the Articles of Association: basic information, shareholders' capital contribution, rights and obligations of shareholders, becoming a shareholder, withdrawal and transfer, general meeting, senior management, investments, management mode, custody, profit distribution and loss sharing, tax assumption, expenses and expenditures, financial accounting system, information disclosure system, termination, dissolution and liquidation, amendments to the Articles of Association, consistency, share information backup, submission of disclose information, etc.

Pursuant to the Guidelines on Private Investment Fund Contract No. 3 (Guidelines on Essential Terms of Partnership Agreement) (《私募投資基金合同指引3號(合夥協議必備條款指引)》), for the establishment of private investment funds by private fund managers in the form of limited partnership, it is required to prepare a limited partnership agreement according to the guidelines. The following matters shall be explicitly agreed in the limited partnership agreement: basic information, partners and their capital contributions, rights and obligations of partners, executive partners, limited partners, partners' meeting, management mode, custody, joining in partnership, withdrawal, transfer of partnership interests and identity change, investments, profit distribution and loss sharing, tax assumption, expenses and expenditures, financial accounting system, information disclosure system, termination, dissolution and liquidation, amendments to the limited partnership agreement, dispute resolution, consistency, share information backup, submission of disclose information, etc.

Engagement of Service Agencies to Carry out Business

The Measures for Administration of Services of Private Investment Funds (Trial Implementation) (《私募投資基金服務業務管理辦法(試行)》) (the "Services Administration Measures"), which was published by the AMAC and came into force on 1 March 2017, for engagement of service agencies by private fund managers to carry out business, it is required to prepare appropriate risk management framework and system and formulate business engagement implementation plan following the principle of prudent operation to determine the scope of engagement service in line with their operations. Before engagement of service agencies to carry out business, private fund managers shall conduct due diligence on the service agencies to understand their staff reserves, business separation measures, software and hardware, professional capacities, integrity, etc.; and enter into a written service agreement with service agencies to clarify the rights, obligations and liability for breach of contract of both parties. Private fund managers shall pay continuous attention to and conduct regular assessment on the operational capacity and services of service agencies.

REGULATORY OVERVIEW

REGULATIONS RELATED TO FUND SALES BUSINESS

Major regulators

Pursuant to the Measures for the Administration of the Sales of Securities Investment Funds (the “Measures for the Administration of the Sales of Funds”) promulgated by the China Securities Regulatory Commission on 15 March 2013 and which came into effect on 1 June 2013, the CSRC and its dispatched institutions supervised and managed its fund sales activities in accordance with laws and regulations, Asset Management Association of China implemented self-discipline management to the fund sales activity and supervised the qualification of fund sales staff in accordance with laws and regulations and self-discipline rules. Fund sales agencies and fund sales service agencies can join the Asset Management Associations of China, to accept the self-discipline management of the industry association.

Industry access

According to the “fund sales management approach”, fund managers can sell their raised fund products. Where a commercial bank (including a foreign-funded bank in China, hereinafter referred to as a subsidiary), a securities company, a futures company, an insurance institution, a securities investment advisory institution, an independent fund sales institution and other institutions identified by the CSRC shall engage in the fund sales business Registration of the location of the China Securities Regulatory Commission sent to register and obtain the appropriate qualifications, and should have the following conditions: (1) has a sound governance structure, a sound internal control and risk management system, and be effectively implemented; (2) the financial condition is good, the operation specification is stable; (3) owns business premises, security facilities and other facilities that are compatible with the fund sales business; (4) a safe and efficient for the Fund for sale, purchase and redemption and other business facilities, and in line with China Securities Regulatory Commission on the fund sales business information management platform for the relevant requirements of the fund sales business, fund sales business technology system has been with the fund managers, China Securities registration and settlement company corresponding technical system for network testing, test results in line with national standards; (5) developed a sound fund clearing process, fund management in line with the China Securities Regulatory Commission on the fund sales settlement funds management requirements; (6) has a methodological system for assessing the risk tolerance of fund investors and the risk level of fund products; (7) developed a sound business processes, sales staff practice, emergency measures and other fund sales business management system, in line with the China Securities Regulatory Commission on the fund sales agency internal control of the relevant requirements; (8) have anti-money laundering internal control system in line with laws and regulations; and (9) other conditions stipulated by the CSRC.

The independent fund sales organisation when applying for the qualification of the fund sales business, in addition to satisfying the above conditions, shall also to meet the following requirements: (1) a limited liability company established by law, a partnership enterprise or other form stipulated by the CSRC; (2) has a business scope that meets the requirements; (3) the registered capital or capital contribution of not less than RMB20 million, and must be paid in monetary capital; (4) the shareholders of a limited liability company or a partner of a partnership are in compliance with the provisions of these Measures; (5) there is no occurrence of significant change that have or may affect the normal operation of agency, or litigation, arbitration and other important things; (6) senior management personnel have obtained the qualifications of the fund, familiar with the fund sales business, and have engaged in the fund business for more than 2 years or 5 years of work experience in other financial institutions; and (7) those who have obtained the qualification of the fund are not less than 10 people.

REGULATORY OVERVIEW

The independent fund sales organisation is established in the form of a limited liability company, the shareholders of which shall have the following conditions: (1) continuing to operate more than three full fiscal years, the financial condition is good, the operation and standard is stable; (2) no criminal penalties have been made in the last three years (3) no administrative penalties of financial supervision, industry supervision, industry and commerce, tax and other administrative departments have been taken in the last three years; (4) no bad record has been made in self-management, commercial banks and other institutions in the last 3 years; and (5) violations are being investigated by the regulatory body or are in the process of rectification.

Filing

Pursuant to the “fund sales management approach”, to obtain the fund sales business qualification fund sales organisation should report the basic information to the China Securities Regulatory Commission for the record and regularly update.

Material Changes

According to the Measures for the Administration of Fund Sales, the establishment of branches of independent fund sales institutions, change the scope of business, registered capital or capital contribution, shareholders or partners, senior management personnel, should change the program before the change plan being reported to the industrial and commercial registration of the China Securities Regulatory Commission dispatched institutions for the filing.

Qualifications of Executives

According to the “fund sales management approach”, the independent fund senior management personnel of sales agency have achieved fund qualification, familiar with the fund sales business, and have engaged in fund business for more than 2 years or more than 5 years of work experience in other financial institutions. The staff of independent fund sales institutions obtained the qualifications is no less than 10 people.

If the number of personnel who have obtained the qualification of the fund during the period of operation of the fund is less than 10 or the number of employees who have obtained the fund qualification is less than 2 during the period of operation, the employee of the independent fund sales institution shall, within 5 working days, register with the industrial and commercial registration office and adjust the staff to the requirements within 30 working days.

According to the “notice on the matters related to the management of employees”, the practitioner shall obtain the qualification of the fund qualification or fund sales business. Those who have obtained the qualifications of the fund qualification or fund sales business shall complete the follow-up training which is not less than 15 hours per year, and pass the annual inspection of the Asset Management Association held by the organization where he is a member.

According to the “notice of matters related to practitioner’s qualification management”, practitioners who apply for fund sales business qualification should meet the following conditions: (1) pass the “securities investment fund sales basic knowledge”, and hold position in relevant organisation; (2) pass the “Securities Investment Fund” organised by Securities Industry Association, and hold position in relevant organisation. Practitioners applying for fund qualification should be consistent with: (1) pass the Asset Management Association of China of a “Fund laws and regulations, professional ethics and business norms” and the subject two “securities investment fund basic knowledge”, and hold position in relevant organisation; (2) pass the “Securities Investment

REGULATORY OVERVIEW

Fund” and “securities market base” organised by Securities Industry Association, and hold position in relevant organisation; and (3) pass the “Securities Investment Fund” organised by Securities Industry Association, at the same time through the Asset Management Association of China of the subjects one, and hold position in relevant organisation. Since 1 July 2017, the subjects of the examination results abovementioned are implemented in accordance with the four-year validity, and these who are more than four years but do not pass the agency to the Foundation for the registration of qualified qualifications need to re-take the exam or fill the last two years follow-up training hours.

Fund sales business

Internal Control and Risk Management

According to the Guidance Opinions on Internal Control of Securities Investment Fund Sales Institutions (the “Internal Control Guidance Opinions”) promulgated by the China Securities Regulatory Commission on 12 October 2007 which came into force on 1 January 2008, the fund sales institutions shall, in accordance with the sound, effective, independent, prudent principle to establish an effective internal control system, the content should include at least the internal environment control, business process control, accounting system internal control, information technology, internal control and monitoring audit control.

Fund promotional materials

According to the “fund sales management approach”, the fund promotion materials of fund managers or other fund sales agency should be checked in advance by the fund manager responsible for the fund sales business of senior management or fund sales agencies responsible for fund sales operations and compliance senior management personnel inspection, and issue a compliance statement, and since 5 working days of the public distribution or release date included in the main business activities or industrial and commercial registration of the location of the China Securities Regulatory Commission sent the agency for the record. Fund promotional materials must be true and accurate, and the fund contract, fund prospectus consistent, shall not have the following circumstances: (1) false records, misleading statements or major omissions; (2) forecast the securities investment performance of the fund; (3) violation of commitments or losses; (4) to denigrate other fund managers, fund custodians or fund sales agencies, or other fund managers to raise or manage the fund; (5) exaggerate or unilaterally promote the fund, violate the use of safety, assurance, commitment, security, risk avoid, guaranteed, high yield, no risk and other expressions which may lead the investees would consider without risk or which unilaterally emphasis the centralised marketing time limit; (6) the recommended text of the unit or individual; and (7) other circumstances stipulated by the CSRC. Fund promotional materials can be published in the fund, fund managers to manage the past performance of other fund, exclude the fund contract which is effective less than 6 months.

Pursuant to the “fund sales management approach”, if the fund sales institutions illegally use the fund promotion materials, ordered to correct, single or concurrent warning and a fine of not more than RMB30,000 should be made; for directly responsible persons and other directly responsible personnel, single or warned that a fine of not more than RMB30,000 should be made.

According to the Supplementary Provisions on the Supervision and Administration of Securities Investment Funds Promulgated by the China Securities Regulatory Commission on 21 January 2008 and take effect on the same day, the fund sales agency shall strengthen the education and guidance of investors in the promotion materials of the fund. To cultivate the long-term investment concept of investors, fund publicity materials published in the past performance of the Fund should be published

REGULATORY OVERVIEW

at the same time the performance of the benchmark performance of the Fund performance and tips for fund investors, China's fund operation time is short, thus it can't reflect all stages of stock market development. Fund promotional materials should not stipulate the future investment performance of the fund, the fund promotional materials used in the language statement should be accurate and clear.

Fund sales

According to the "fund sales management approach", fund sales institutions engaged in fund sales activities shall not have the following circumstances: (1) to squeeze the competition for the purpose of reducing the level of the fund charges; (2) to sell funds by lottery, rebate or gift in kind, insurance, and fund shares; (3) to sell funds at less than the cost of sales expenses; (4) commitment to the use of fund assets for the interests of delivery; (5) to make an appointment to subscribe for make an appointment (except for the regular fixed investment business), and not according to the provisions of the notice without authorisation to change the date of release of the fund; (6) misappropriation of fund sales settlement funds; (7) fund publicity materials are not true and accurate; and (8) China Securities Regulatory Commission will prescribe other circumstances that are prohibited.

Pursuant to the "Fund Sales Management Measures", if the fund sales organisation engaged in the above prohibited acts, ordered to correct, single or concurrent warning, a fine of not more than RMB30,000 should be made; for directly responsible persons and other directly responsible personnel, single or warned that a fine of not more than RMB30,000 should be made.

According to the Measures for the Administration of Fund Sales and the Guidance Opinion on the Applicability of Securities Investment Funds promulgated and promulgated by the China Securities Regulatory Commission on 12 October 2007, the fund sales organisation shall establish and improve the fund sales applicability management system, including: (1) the way and method of careful investigation of fund managers; (2) the way or methods to set the risk level of the fund products, the risk assessment of the fund products; (3) the way and methods investigate and evaluate the ability of fund investors to bear the risk; and (4) the method to match the fund products and fund investors.

Pursuant to the "fund sales management approach", the fund sales organisation for the fund sales business, should be fund sales institutions and fund managers signed a written sales agreement, should include: (1) the proportion of sales expenses distribution and methods; (2) the maintenance of customer information such as contact means of fund holder; (3) continuous service obligation for fund holder; (4) the implementation of the obligations of anti-money laundering and the division of responsibility; and (5) fund sales information exchange and capital settlement rights and obligations.

According to the "fund sales management approach", without a written sales agreement, the fund sales organisation shall not apply for the sale of the fund. If the fund sales organisation fails to enter into a written sales agreement in accordance with the regulations, it shall be ordered to make corrections, and shall be punished separately or concurrently, and a fine of not more than RMB30,000 shall be imposed on the person directly responsible and other directly responsible person.

Pursuant to the Interim Provisions on the Administration of Funds for Settlement and Settlement of Securities Investment Funds promulgated on 23 September 2011 with effective from 1 October 2011, the fund sales institutions may, in the commercial banks with the qualifications of the fund

REGULATORY OVERVIEW

sales business or the designated commercial bank of the transaction settlement fund custody, or the China Securities Depository and Clearing Co., Ltd. as the supervisory institution, open a special account for the sale and sale of the fund for the storage, management and supervision of the fund sales and settlement funds.

Supervision and management

According to the “fund sales management approach”, fund sales agencies should be in accordance with the requirements of China Securities Regulatory Commission to fulfil the obligation to submit information. China Securities Regulatory Commission and its dispatched institutions should check on a regular or irregular basis the fund sales agencies engaged in fund sales activities, and the fund sales agencies should be coordinated.

Pursuant to the “fund sales management approach”, the Fund Sales Organization should establish the relevant personnel of the outgoing audit or separation review system. The chairman and general manager of the independent fund sales organisation shall leave the office in accordance with the provisions of the CSRC. Independent fund sales institutions of other senior management, insurance brokers, insurance agents and securities investment advisory body is responsible for the fund sales business of senior management personnel, other fund sales agencies responsible for the fund sales business department head of office, should conduct review based on the provisions of CSRC.

According to the “fund sales management approach”, the fund sales organisation responsible for the fund sales business audit staff should promptly check the fund sales business legal compliance, and to complete the annual audit report within a quarter subsequent to the end of a year, and to be filed for future reference.

REGULATIONS RELATED TO TAXATION

Corporate Income Tax

Pursuant to the Law on Corporate Income Tax of the People’s Republic of China (《中華人民共和國企業所得稅法》) (the “Corporate Income Tax Law”), which was published by the National People’s Congress on 16 March 2007 and amended on 24 February 2017, and the Regulations on Implementation of the Law on Corporate Income Tax of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》), which was published by the State Council on 6 December 2007 and implemented since 1 January 2008, taxpayers include resident enterprises and non-resident enterprises. Resident enterprises refer to the enterprises established according to laws in the PRC or established under the laws of foreign countries (regions) with the actual management organisation in the PRC. Non-resident enterprises refer to the enterprises established under the laws of foreign countries (regions) with the actual management organisation not in the PRC but with agencies or offices in the PRC or income originating from the PRC if without agencies or offices in the PRC. The uniform tax rate applicable to enterprises is 25%. The non-resident enterprises without agencies or offices in the PRC or with agencies or offices in the PRC but the income of the enterprises is not actually related to such agencies or offices shall pay corporate income tax at 20% for their income originating from the PRC.

REGULATORY OVERVIEW

Value-Added Tax (the “VAT”) and Business Tax

In accordance with the Provisional Regulations on VAT of the People’s Republic of China (《中華人民共和國增值稅暫行條例》), which was published by the State Council on 13 December 1993 and amended on 10 November 2008 and 2 February 2016, and the Detailed Rules on Implementation of the Provisional Regulations on VAT of the People’s Republic of China (《中華人民共和國增值稅暫行條例實施細則》), which was published by the Ministry of Finance and the State Administration of Taxation on 18 December 2008 and amended on 28 October 2011 (collective the “VAT Law”), all enterprises and individuals engaged in sales of goods, provision of processing and repair and replacement services and import of goods in the PRC must pay VAT. The applicable VAT rate for the taxpayer’s sales or import of goods other than those specially stipulated under the VAT Law is 17%.

According to the Provisional Regulations on Business Tax of the People’s Republic of China (《中華人民共和國營業稅暫行條例》), which was published by the State Council on 13 December 1993 and amended on 10 November 2008, and the Detailed Rules on Implementation of the Provisional Regulations on Business Tax of the People’s Republic of China (《中華人民共和國營業稅暫行條例實施細則》), which was published by the Ministry of Finance and the State Administration of Taxation on 18 December 2008 and amended on 28 October 2011 (collective the “Business Tax Law”), all units and individuals engaged in provision of labour services under the Business Tax Law, transfer of intangible assets or sales of real estate in the PRC shall pay business tax according to the Regulations. The tax items and rates shall be subject to the Schedule of Business Tax Items and Rates attached to the Regulations.

Pursuant to the Measures for Implementation of Pilots for Replacement of Business Tax with VAT (《營業稅改增增值稅試點實施辦法》), which was published by the Ministry of Finance and the State Administration of Taxation on 23 March 2016 and implemented from 1 May 2016, all units and individuals engaged in sales of services, intangible assets or real estate in the PRC shall pay VAT instead of business tax according to the Measures.

LAWS AND REGULATIONS RELATED TO LABOUR AND SOCIAL SECURITY

Labour Relation

The Labour Contract Law of the People’s Republic of China, which was published by the Standing Committee of the National People’s Congress on 29 June 2007 and amended on 28 December 2012 (the “Labour Contract Law”) stipulates that, to establish labour relation with labourers, employers are required to enter into a written labour contract with labourers. Employers shall strictly implement the labour quota standard and shall not force or disguisedly force labourers to work overtime. Where an employer arranges work overtime, it is required to pay overtime payment to labourers in accordance with relevant national provisions. Employers shall pay sufficient labour remuneration, which shall not be lower than the local minimum wage standard, to labourers in a prompt manner in accordance with labour contract and national provisions. In addition, the Labour Contract Law stipulates that: (1) Where an employer fails to sign a written labour contract with a labourer that has provided labour services for more than one month but less than one year, double monthly wages shall be paid to the labourer. Where the employer fails to sign a written labour contract with the labourer from one year of the use of labour services, the labour contract with unfixed terms shall be deemed to have been signed between the employer and the labourer; (2) the labourers who have worked with the same employer for ten consecutive years are entitled to request the employer to enter into a labour contract without a fixed period with them; (3) labourers must comply with the provisions on trade secrets and non-competition in the labour contract; (4) where losses are caused to the employer by labourers’ illegal termination of labour contract or violation of the obligation of confidentiality or competitive restrictions as agreed in the labour contract, the labourers shall assume the liability for

REGULATORY OVERVIEW

compensation; (5) If the employer fails to pay social insurance premiums for labourers, the labourers may terminate the labour contract; (6) If the employer provides professional training expenses to labourers for professional trainings on technology, the service term may be agreed. If the labourers violate the agreement on service term, they are required to pay liquidated damages to the employer according to agreement. The amount of liquidated damages shall not be more than the training expenses provided by the employer; (7) if the employer receives property from the labourers in form of guarantee or others, it be imposed a penalty of over RMB500 and less than RMB2,000 for each labourer by the labour administrative department; and (8) where the employer fails to pay labour remuneration, it may be ordered by the labour administrative department to pay additional compensation equivalent to over 50% and less than 100% of amount payable to the labourers.

In accordance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), which was published by the Standing Committee of the National People's Congress on 5 July 1994 and amended on 27 August 2009, employers must establish and improve the labour safety and health system and strictly execute the national regulations and standards on labour safety and health to provide labourers with education on labour safety and health. Labour safety and health facilities must comply with national standards. Employers must provide labour safety and health conditions meeting national provisions to labourers. In addition, the Labour Law of the People's Republic of China stipulates that: if employers' labour safety facilities and labour health conditions do not comply with national provisions or fail to provide necessary labour protection articles and labour protection facilities to labourers, they will be ordered to make corrections and may be fined by the labour administrative department or relevant departments; in case of serious circumstances, the People's Government of county level and above will order the employers concerned to stop production for rectification.

Social Insurance and Housing Provident Fund

In accordance with the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was published by the Standing Committee of the National People's Congress on 28 October 2010 and implemented since 1 July 2011, the Regulations on Employment Injury Insurance (《工傷保險條例》), which was published by the State Council on 27 April 2004 and amended on 20 December 2010, the Trial Measures for Maternity Insurance of Enterprise Staff (《企業職工生育保險試行辦法》), which was published by the Ministry of Labour (the current Ministry of Labour and Social Security) on 14 December 1994 and implemented since 1 January 1995, the Decision of the State Council on Establishment of a Uniform System of Enterprise Staff's Endowment Insurance (《國務院關於建立統一的企業職工養老保險制度的決定》), which was issued and implemented by the State Council on 16 July 1997 and the Decision of the State Council on Establishment of a Uniform System of Enterprise Staff's Endowment Insurance (《國務院關於建立統一的企業職工養老保險制度的決定》), which was issued and implemented by the State Council on 14 December 1998, a social insurance system has been established in the PRC including basic pension insurance, basic medical insurance, employment injury insurance, unemployment insurance and maternity insurance. Employers shall pay social insurance premium for its staff at the proportion under relevant regulations, and withhold the social insurance premium that shall be borne by staff. If employers fail to pay sufficient social insurance premium on time, the social insurance premium collection authority will order them to make payment or make up the premium in a limited period.

Pursuant to the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》), which was published by the State Council on 3 April 1999 and amended on 24 March 2002, units shall proceed with registration of payment of housing provident fund with the housing provident fund management centre and the procedures for opening an account of housing provident fund for their staff with the entrusted bank upon audit by the housing provident fund management centre.

REGULATORY OVERVIEW

Units shall pay sufficient housing provident fund on time and shall not delay or reduce the payment of housing provident fund. The units fail to proceed with registration of payment of housing provident fund or procedures for opening an account of housing provident fund for their staff will be ordered by the housing provident fund management centre to make corrections in a limited period; if corrections are not made in the limited period, the units concerned will be imposed a penalty of over RMB10,000 and less than RMB50,000.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR HISTORY

Our history can be traced back to January 2010, when our founder, Mr. Zhu, through his controlled corporations, namely Radex Overseas and Shanghai Zunwei, established the Company under its former name Shanghai Ruiwei Equity Investment Management Co., Ltd* (上海瑞威股權投資管理有限公司). For the background of Mr. Zhu, please refer to the section headed “Directors, Supervisors, senior management and employees — Executive Directors” of this prospectus.

We are investment fund managers specialising in the management of real estate investment funds in the PRC. Our funds’ portfolio covers commercial real estate projects, distressed assets projects and urbanisation and redevelopment projects.

Set out below is a chronological review of the key milestones of our Group:

Date	Major developments and achievements
January 2010	Mr. Zhu established our Company as a sino-foreign joint venture limited company with an initial registered capital of US\$3,000,000 in Pudong, Shanghai with approval to engage in the provision of investment management services in the PRC.
September 2010	We entered into a cooperation with CITIC Trust Co., Ltd for the management of a platform fund which invested in three real estate investment projects in Tianjin area and Hangzhou area.
December 2013	We established our first non-project specific FOF, namely “FOF I”.
February 2014	We entered into a strategic cooperation with Longji Real Estate Group Co., Ltd.* (龍記地產集團股份有限公司), one of the top 100 real estate developers in the PRC, to form a Project Fund for the Xi’an Guohuishan Project* (西安國會山項目).
May 2014	We obtained the Private Investment Fund Manager Registration Certificate (《私募投資基金管理人登記證明》) issued by the Asset Management Association of China pursuant to the regulations on the administration and supervision of privately offered investment funds and securities investment funds in the PRC implemented at that time.
January 2015	We launch our first contract based fund named “Houyu No. 2”, which is a new type of fund under the regulations on private equity fund formation in the PRC implemented during the year for investment in Project Funds.
December 2015	The AUM of our largest Project Fund at the time, Xintian 360 Project* (新田360項目), reached approximately RMB539,000,000.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

January 2016	Our Company converted from a limited company to a joint stock limited company and the name of our Company was changed to Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司).
March 2016	We established Beijing Realway Consultancy to broaden the geographical coverage of our business.
April 2016	We commenced due diligence work and undertook our first distressed asset project, namely Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目), which subsequently generated revenue for our Group.
December 2016	<p>We entered into a strategic joint venture with two PRC wealth management companies, namely Juzhou Asset Management and Yinghan Asset Management and established Hengqin Huixun Asset Management Co., Ltd.* (橫琴滙勛資產管理有限公司), with the major objective to develop distressed asset investment projects. Hengqin Huixun Asset Management Co., Ltd. is owned as to 40%, 40% and 20% by our Company, Juzhou Asset Management and Yinghan Asset Management, respectively.</p> <p>Total AUM managed by us reached RMB3,582.2 million as at 31 December 2016</p>
February 2017	We established Wuhan Realway in Wuhan, to further expand the geographical coverage of our business.
March 2017	We established Guangzhou Realway in Guangzhou to further expand the geographical coverage of our business.
July 2017	We acquired Jiasheng Ruixin, a company established in the PRC which is principally engaged in the business of sales of funds and a holder of the Licence of Operating Securities and Futures Business* (經營證券期貨業務許可證) granted by the CSRC.
December 2017	Total AUM managed by us reached RMB4,984.9 million as at 31 December 2017.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT

The following summarises the corporate development of the companies comprising our Group immediately prior to the Share Offer.

Our Company

Our Company was established in Pudong, Shanghai as a sino-foreign joint venture limited company on 12 January 2010. Since its inception, the principal activity of our Company was the management of real estate investment funds. As at the Latest Practicable Date, the asset portfolio of the funds managed by our Company covered the commercial real estate projects, distressed assets and urbanisation and redevelopment projects.

At the inception on 12 January 2010, our Company had a registered share capital of US\$3,000,000, which was subscribed for as to 90% by Radex Overseas and 10% by Shanghai Zunwei. As at 12 January 2010, the issued shares of Radex Overseas was wholly owned by Mr. Zhu and the registered share capital of Shanghai Zunwei was owned as to 5% by Mr. Duan and 95% by Shanghai Shengxuan, which was in turn wholly owned by Mr. Zhu. The registered share capital of the Company of US\$3,000,000 was fully paid as at 13 January 2012.

Since the inception, our Company had the following changes to its shareholding:

- (a) On 1 June 2015, Radex Overseas transferred all of its equity interest in our Company to Realway Holding at a consideration of US\$2,700,000, which was settled. Upon completion of such transfer, the entire registered share capital of the Company was owned as to 90% by Realway Holding and 10% by Shanghai Zunwei;
- (b) On 23 September 2015, our Company was re-designated from a “foreign-invested enterprise” to a “domestic enterprise” and Realway Holding completed the transfer of all of its equity interest in the Company to Weimian Partnership at a consideration of US\$2,700,000, which was settled.
- (c) On 23 September 2015, our Company completed the redenomination of its registered capital, from US Dollars to Renminbi, and accordingly, the registered capital of the Company was redenominated from US\$3,000,000 to RMB19,265,024;
- (d) On 23 September 2015, our Company completed (i) the admission of Weihui Partnership as a new shareholder and its capital contribution in the amount of RMB13,875,000; (ii) the increase in capital contribution by Weimian Partnership from RMB17,337,672 to RMB64,012,675; and (iii) the increase in capital contribution by Shanghai Zunwei from

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

RMB1,927,352 to RMB7,112,325. Upon completion of such increase of capital and admission, the registered share capital of the Company was increased to RMB85,000,000 contributed as to 75.31% by Weimian Partnership, 16.32% by Weihui Partnership and 8.37% by Shanghai Zunwei;

- (e) On 11 January 2016, our Company was converted into a joint stock limited company with no change in its shareholding structure;
- (f) On 16 May 2016, Weiye Partnership was admitted as a shareholder of our Company and made capital contribution to our Company in the amount of RMB30,000,000, in which RMB15,000,000 was contributed as registered share capital and RMB15,000,000 was contributed as capital surplus. Upon completion of the admission of such capital contribution, the registered share capital of the Company was increased to RMB100,000,000, contributed as to 64.01% by Weimian Partnership, 15.00% by Weiye Partnership, 13.88% by Weihui Partnership and 7.11% by Shanghai Zunwei;
- (g) On 27 December 2016, Weimian Partnership made additional capital contribution to the Company in the amount of RMB20,000,000, among which RMB10,000,000 was contributed as registered share capital and RMB10,000,000 was contributed as capital surplus. Upon completion of such capital contribution, the registered share capital of the Company was increased to RMB110,000,000, contributed as to 67.28% by Weimian Partnership, 13.64% by Weiye Partnership, 12.61% by Weihui Partnership and 6.47% by Shanghai Zunwei; and
- (h) On 28 March 2018, Weimian Partnership made additional capital contribution to the Company in the amount of RMB15,000,000, among which RMB5,000,000 was contributed as registered share capital and RMB10,000,000 was contributed as capital surplus. Upon completion of such capital contribution, the registered capital of the Company was increased to RMB115,000,000, contributed as to 68.71% by Weimian Partnership, 13.04% by Weiye Partnership, 12.07% by Weihui Partnership and 6.18% by Shanghai Zunwei.

After the re-designation of the Company from a “foreign-invested enterprise” to a “domestic enterprise” in September 2015, the ownership structure of the Company was reorganised to one where parties with interests (including ownership and/or economic interests) in the Company were organised into different partnerships in order to invite and incentivise different interests groups to continue their contribution to the asset management business of the Group. These interests groups include employees and certain financial investors of the Company who were customers of the Group.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Consistent with the objective of Mr. Zhu retaining ultimate control over the Company, Weimian Partnership, Weihui Partnership and Weiye Partnership (collectively, the “**Partnership Shareholders**”) were admitted as Shareholders of the Company during the Track Record Period. Each of the Partnership Shareholders was organised as a limited partnership under PRC law with Mr. Zhu’s wholly-owned company, Shanghai Shengxuan, as the general partner, and Shanghai Zunwei is owned as to 90% by Shanghai Shengxuan and 10% by Mr. Zhu directly.

During the Track Record Period and up to the Latest Practicable Date, the limited partners of Weimian Partnership were other founding members of the Group and certain employees of the Group were admitted as part of the management incentive scheme administered by Mr. Zhu as the chief executive officer and lead controller of the Company. During the Track Record Period and up to the Latest Practicable Date, the limited partners of Weihui Partnership and Weiye Partnership were certain financial investors who acquired indirect economic interests in the Company through Weihui Partnership and Weiye Partnership. As advised by our PRC Legal Advisers and pursuant to the respective partnership agreements of the Partnership Shareholders: (i) the limited partners are not entitled to any right to vote or participate in the management and investment decisions of the relevant Partnership Shareholder; (ii) the general partners have the exclusive right to participate in the management of and make investment decisions on behalf of the relevant Partnership Shareholder; and (iii) the limited partners of each Partnership Shareholder are incapable of removing the general partner of such Partnership Shareholder.

Our existing subsidiaries

Shanghai Ruixiang

Shanghai Ruixiang was established in Shanghai, the PRC as a limited company on 3 December 2013 and has commenced business since August 2015. Shanghai Ruixiang is principally engaged in the business of investment and asset management. Shanghai Ruixiang is holding the certificate for private investment fund manager registration issued by the Asset Management Association of China* (中國證券投資基金業協會). Shanghai Ruixiang has a registered share capital of RMB1,000,000 wholly contributed by Jiangsu Realway at establishment. On 12 October 2015, Jiangsu Realway transferred the entire equity interest held by it in Shanghai Ruixiang to the Company for a consideration of RMB1,000,000, upon completion of which, Shanghai Ruixiang became a direct wholly-owned subsidiary of our Company. On 17 August 2018, our Company made an additional capital contribution of RMB9,000,000 and the registered capital of Shanghai Ruixiang was increased to RMB10,000,000. Save as disclosed herein, there has been no change in the shareholding structure of Shanghai Ruixiang since its establishment.

Beijing Realway Consultancy

Beijing Realway Consultancy was established in Beijing, the PRC as a limited company on 29 March 2016 and has commenced business since December 2016. Beijing Realway Consultancy is principally engaged in the business of consultancy services. Beijing Realway Consultancy has a registered share capital of RMB1,000,000 wholly contributed by the Company. There has been no change in the shareholding structure of Beijing Realway Consultancy since its establishment.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Beijing Realway Assets Management

Beijing Realway Assets Management was established in Beijing, the PRC as a limited company on 8 March 2018 and had not commenced business as at the Latest Practicable Date. Beijing Realway Assets Management planned to principally engaged in the business of asset and investment management. Beijing Realway Assets Management has a registered share capital of RMB10,000,000, wholly owned by the Company, of which RMB2,500,000 was paid up. There has been no change in the shareholding structure of Beijing Realway Assets Management since its establishment.

Jiasheng Ruixin

Jiasheng Ruixin, previously known as Jiasheng Ruixin (Tianjin) Technology Co., Ltd.* (嘉晟瑞信(天津)科技有限公司), was established in Tianjin, the PRC as a limited liability company on 30 June 2016 and has commenced business since March 2018. Jiasheng Ruixin has been principally engaged in the business of sales of funds and is a holder of the Licence of Operating of Securities and Futures Business* (經營證券期貨業務許可證) granted by the CSRC. Jiasheng Ruixin has a registered share capital of RMB20,000,000 wholly contributed by Mr. Xu Zhiliang (徐志良) on establishment. On 20 April 2017, Mr. Xu Zhiliang (徐志良) transferred the entire equity interest held by him in Jiasheng Ruixin as to 90% to Tianjin Baoliying and as to 10% to Mingda Century. On 3 July 2017, Tianjin Baoliying and Mingda Century transferred their respective interests in Jiasheng Ruixin to the Company for the consideration of RMB18,000,000 and RMB2,000,000, respectively. Upon completion, Jiasheng Ruixin became a direct wholly-owned subsidiary of the Company. Further to the aforesaid share transfer, the Company committed to contribute an additional RMB35,000,000 into Jiasheng Ruixin as registered capital on 3 July 2017. After the additional capital contribution by the Company, the registered capital of Jiasheng Ruixin was increased to RMB55,000,000. To the best knowledge and belief of the Directors, after making reasonable enquiries, Mr. Xu Zhiliang (徐志良), Tianjin Baoliying, Mingda Century and their respective ultimate beneficial owners are Independent Third Parties. Save as disclosed herein, there has been no change in the shareholding structure of Jiasheng Ruixin since its establishment. Please also refer to the section headed “Financial information — Business combination — (b) Acquisition Jiasheng Ruixin” of this prospectus for details.

Guangzhou Realway

Guangzhou Realway was established in Guangzhou, the PRC as a limited company on 17 March 2017 and has commenced business since March 2018, which principally engaged in providing business services. Guangzhou Realway has a registered share capital of RMB10,000,000 contributed as to 90% by the Company and as to 10% by Mr. Peng Bo (彭波). Mr. Peng Bo (彭波) is a director of Guangzhou Realway. There has been no change in the shareholding structure of Guangzhou Realway since its establishment.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Qiaofang Investment

Qiaofang Investment, previously known as Shanghai Qiaofang Investment Management Company Limited* (上海喬方投資管理有限公司), was established in Shanghai, the PRC as a limited company on 25 January 2016 and has commenced business since September 2016. Qiaofang Investment is principally engaged in providing business and corporate management consultancy services. Qiaofang Investment has a registered share capital of RMB3,000,000 which was initially contributed as to 51% by Jiangsu Realway, as to 39% by Beijing Oriental Ruidi Commercial Consultancy Co. Limited* (北京東方瑞地商業諮詢有限公司) (“**Beijing Oriental**”) and as to 10% by Shenzhen Zhongqian Enterprise Development Co. Limited* (深圳市中乾實業發展有限公司) (“**Shenzhen Zhongqian**”). On 15 March 2017, Jiangsu Realway transferred its entire equity interests in Qiaofang Investment to our Company for a consideration of RMB1,530,000. On 16 August 2017, Beijing Oriental transferred 10% of its equity interest in Qiaofang Investment to Shenzhen Zhongqian for a consideration of RMB300,000. On 25 April 2018, Shenzhen Zhongqian transferred its entire equity interest in Qiaofang Investment to Shanghai Supei Business Management Co., Ltd* (上海蘇珮商業管理有限公司) (“**Shanghai Supei**”) for a consideration of RMB600,000. On the same date, the Company, Beijing Oriental and Shanghai Supei made additional capital commitments of an aggregate of RMB7,000,000 as registered capital in proportion to their existing equity interests in Qiaofang Investment. On 20 July 2018, Beijing Oriental and Shanghai Supei transferred all of their respective equity interests in Qiaofang Investment to Mr. Xue Jian (薛健) for consideration of RMB870,000 and RMB600,000, respectively. As a result of the aforesaid share transfers and capital contribution, the registered capital of Qiaofang Investment was increased to RMB10,000,000 and Qiaofang Investment is owned as to 51% and 49% by the Company and Mr. Xue Jian (薛健), respectively. To the best knowledge and belief of our Directors, after making reasonable enquiries, Mr. Xue Jian (薛健) is an Independent Third Party. Beijing Oriental is owned as to 100% by Mr. Pan Tao (潘韜) and Shanghai Supei is owned as to 70% by Ms. Ge Chen (葛晨) and as to 30% by Ms. Peng Peng (彭澎). Mr. Pan Tao (潘韜) and Ms. Ge Chen (葛晨) ceased to be directors of Qiaofang Investment on 20 July 2018. Save as disclosed herein, there has been no change in the shareholding structure of Qiaofang Investment.

Shanghai Ruichu

Shanghai Ruichu was established in Shanghai, the PRC as a limited liability company on 5 July 2017 and has commenced business since March 2018. Shanghai Ruichu is principally engaged in providing business and corporate management consultancy services. Shanghai Ruichu initially had a registered share capital of RMB1,000,000, all of which was contributed by our Company at establishment. On 17 August 2018, our Company made an additional capital contribution of RMB9,000,000 and the registered capital of Shanghai Ruichu was increased to RMB10,000,000. Save as disclosed herein, there has been no change in the shareholding structure since its establishment.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Wuhan Realway

Wuhan Realway was established in Wuhan, the PRC as a limited company on 20 February 2017 and has commenced business since November 2017. Wuhan Realway is principally engaged in providing business and corporate management consultancy service. Save as disclosed herein, Wuhan Realway has a registered share capital of RMB5,000,000 contributed as to 50% by the Company, as to 25% by Ms. Wang Jing (王靜) and as to 25% by Mr. Zhou Baodong (周保東). On 26 April 2018, Ms. Wang Jing transferred 15% of her equity interest in Wuhan Realway to the Company for a consideration of RMB750,000. As a result of the aforesaid share transfer, Wuhan Realway is owned as to 65%, 10% and 25% by the Company, Ms. Wang Jing (王靜) and Mr. Zhou Baodong (周保東), respectively. Ms. Wang Jing (王靜) and Mr. Zhou Baodong (周保東) are each a director of Wuhan Realway. Save as disclosed herein, there has been no change in the shareholding structure of Wuhan Realway since its establishment.

Wuhan Realway was established on 20 February 2017, and is accounted for as a subsidiary of our Group by holding 50% of equity interest because our Group has been delegated all the voting rights attached to the 25% of the equity interests owned by the other equity holder to control and operate Wuhan Realway.

Our subsidiaries disposed of during the Track Record Period

Jiangsu Realway

Jiangsu Realway was established in Jiangsu, the PRC as a limited company on 1 March 2011 and has commenced business since December 2012. Jiangsu Realway has been principally engaged in the business of fund management and consultancy. Jiangsu Realway has a registered share capital of RMB5,000,000 which was contributed as to 90% by our Company and 10% by Mr. Cheng Jun (成軍) at establishment. On 23 August 2015, our Company and Mr. Cheng Jun (成軍) transferred their respective equity interest in Jiangsu Realway to Shanghai Hongyi Investment Consultancy Co., Ltd* (上海鴻一投資諮詢有限公司) (“**Shanghai Hongyi**”) for a consideration of RMB4,500,000 and RMB500,000, respectively, upon the completion of which, Jiangsu Realway ceased to be a subsidiary of our Company. We disposed Jiangsu Realway because our Directors believe that we were unlikely to benefit from the favourable policies of the local government of the place in which Jiangsu Realway was registered. As confirmed by our PRC Legal Advisors, Jiangsu Realway complied with the applicable PRC laws and regulations prior to such disposal. To the best knowledge and belief of our Directors: (i) Shanghai Hongyi and its ultimate beneficial owners are Independent Third Parties, and (ii) the inclusion of Jiangsu Realway in our Group would not have affected our eligibility for Listing.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Ruiwei Investment Management

Ruiwei Investment Management was established in Shanghai, the PRC as a limited company on 22 September 2015 and has commenced business since December 2015. Ruiwei Investment Management has been principally engaged in the business of asset management. Ruiwei Investment Management has a registered share capital of RMB5,000,000, which was wholly contributed by the Company at establishment. Ruiwei Investment Management was set up as part of our collaboration with Fortune & Goal Investment for the sole purpose expanding our sales channel through obtaining the Securities and Futures Business Licence* (經營證券期貨業務許可證). Although Ruiwei Investment Management was wholly owned by us, Fortune & Goal Investment had appointed one out of two directors of the board of directors of Ruiwei Investment Management as part of our cooperation with Fortune & Goal Investment.

However, due to a shift in PRC government policies, our Directors considered it difficult to apply for a new licence. As the main purpose of establishing Ruiwei Investment Management (i.e. expanding our sales channel through obtaining the Securities and Futures Business Licence* (經營證券期貨業務許可證)) was frustrated, and the fact that our Directors did not have any other plan for developing Ruiwei Investment Management, our Directors decided to discontinue our collaboration with Fortune & Goal Investment in respect of Ruiwei Investment Management and dispose of our equity interests in such entity.

On 28 December 2016, our Company transferred the entire equity interest of Ruiwei Investment Management held by it to Beijing Zhonghui Xinde Investment Consultancy Co., Ltd* (北京中匯信德投資諮詢有限公司) (“**Zhonghui Xinde**”) for a consideration of RMB5,000,000, upon the completion of which Ruiwei Investment Management ceased to be a subsidiary of the Company. As confirmed by our PRC Legal Advisors, Ruiwei Investment Management complied with the applicable PRC laws and regulations prior to such disposal. To the best knowledge and belief of our Directors: (i) Zhonghui Xinde and its ultimate beneficial owners are Independent Third Parties, and (ii) the inclusion of Ruiwei Investment Management in our Group would not have affected our eligibility for Listing.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shanghai Ruifu

Shanghai Ruifu, previously known as Shanghai Maijue Investment Management Co., Ltd, (上海麥珏投資管理有限公司) was established in Shanghai, the PRC as a limited liability company on 22 September 2015. Our Company held 51% of the entire equity interests in Shanghai Ruifu. As at 15 November 2016, the registered capital of Shanghai Ruifu was not paid up, and our Company acquired the remaining 49% of the entire equity interests in Shanghai Ruifu with a consideration amounting to RMB10,000, which our Directors believed to be in line with the set up cost of such company as it did not commence any business at the time. Upon such acquisition, Shanghai Ruifu became a wholly-owned subsidiary of our Company.

Subsequent to the completion of the respective transfers of 30% and 20% of the entire equity interests in Shanghai Ruifu by our Company to Shanghai Jian'ai and Shanghai Yunheng, Shanghai Ruifu was owned as to 50%, 30% and 20% by our Company, Shanghai Jian'ai and Shanghai Yunheng, respectively, and Shanghai Ruifu ceased to be a subsidiary of the Company on 1 August 2017. Shanghai Jian'ai is owned as to 50% by Mr. Tian Xinyou (田辛酉) who is a director of Jiasheng Ruixin. To the best knowledge and belief of the Directors, after making reasonable enquiries, Shanghai Yunheng and its ultimate beneficial owner are Independent Third Parties.

Jinkai Dongrui

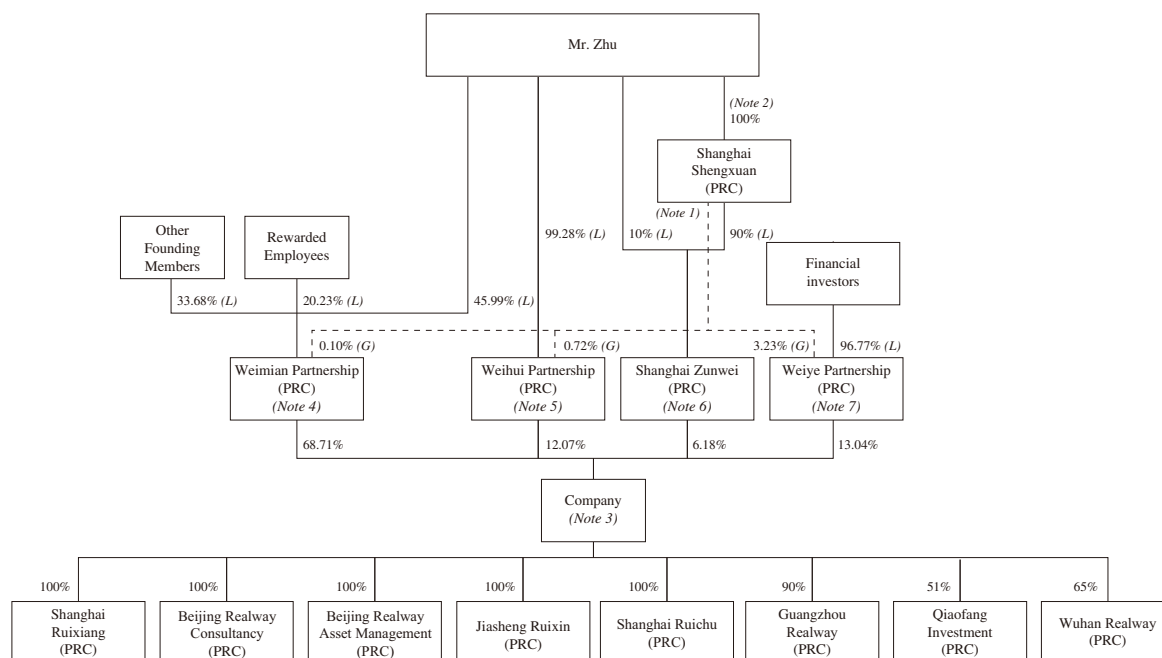
Jinkai Dongrui, previously known as Shanghai Qichuo Investment Management Co., Ltd.* (上海啟綽投資管理有限公司), was established in Shanghai, the PRC as a limited liability company on 25 November 2015. Our Company held the entire equity interests in Jinkai Dongrui. On 5 June 2018, our Company completed a transfer of 27.5% and 27.5% of its entire equity interests in Jinkai Dongrui to Bangxin Assets Management Co., Ltd.* (邦信資產管理有限公司) (“**Bangxin**”) and Wuxi Jinkong Investment Management Development Co., Ltd.* (無錫金控投資管理開發有限公司) (“**Wuxi Jinkong**”), respectively, for the respective considerations of RMB2,750,000 and RMB2,750,000. As a result of such transfer, Jinkai Dongrui is owned as to 45%, 27.5% and 27.5% by our Company, Bangxin and Wuxi Jinkong, and Jinkai Dongrui ceased to be a subsidiary of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

GROUP STRUCTURE

Group structure before completion of the Share Offer

The following diagram sets out the shareholding and corporate structure of our Group immediately before completion of the Share Offer:



Notes:

1. Shanghai Shengxuan has acted as a general partner of and held nominal interests in each of the Partnership Shareholders since the respective cross-shareholding was unwinded.
2. 5% of Mr. Zhu's interests in Shanghai Shengxuan was held by Mr. Chen Yu (陳宇) on trust for Mr. Zhu since 28 December 2015 and was unwinded before the Latest Practicable Date.
3. As at the Latest Practicable Date, the total registered capital of the Company was RMB115,000,000, of which 68.71%, 12.07%, 6.18% and 13.04% were held by Weimian Partnership, Weihui Partnership, Shanghai Zunwei and Weiyue Partnership, respectively, and was all fully paid up.
4. The letter "G" denotes Shanghai Shengxuan's nominal interests as a general partner in the Partnership Shareholders.
5. The letter "L" denotes the relevant limited partner's interests in the Partnership Shareholders.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

6. Weimian Partnership was established in the PRC as a limited partnership on 15 July 2015 and subscribed as to RMB1,000,000 by the Company as the general partner and as to RMB49.0 million by Shanghai Junwei as the limited partner. After Realway Capital transferred its entire equity interest in the Company to Weimian Partnership on 23 September 2015, there was a temporary cross shareholding between the Company and Weimian Partnership. Such cross shareholding was unwinded on 22 October 2015, where both the Company and Shanghai Junwei withdrew from Weimian Partnership while Shanghai Shengxuan and Mr. Zhu were admitted as general partners, and certain rewarded employees of our Group were admitted as limited partners. Please see the following table for a breakdown of capital contribution in Weimian Partnership, which represents their respective economic interests as at the Latest Practicable Date:

Partner	Capital Contribution in Weimian Partnership		
	Subscribed amount		Paid-up amount
	(RMB)	%	(RMB)
Shanghai Shengxuan	100,000	0.10	0
Mr. Zhu	45,581,941	45.99	45,581,941
<i>Other Founding Members</i>			
Mr. Cheng Jun (成軍)	20,881,146	21.07	20,881,146
Mr. Wang Xuyang (王旭陽)	4,456,260	4.50	4,456,260
Mr. Duan	8,042,472	8.11	8,042,472
<i>Rewarded Employees</i>			
Ms. Su	5,154,992	5.20	5,154,992
Ms. Chen Min (陳敏)	3,288,748	3.32	3,288,748
Ms. Yu Wenjie (俞文杰)	1,288,748	1.30	1,288,748
Mr. Wan Fang (萬方)	3,202,124	3.23	3,202,124
Mr. Liu Chunlei (劉春雷)	2,288,748	2.31	2,288,748
Mr. Song Hao (宋昊)	2,288,748	2.31	2,288,748
Mr. Sun Mao (孫懋)	2,288,748	2.31	2,288,748
Ms. Wang Fengdan (王鳳丹)	250,000	0.25	250,000
Total	99,112,675	100.00	99,012,675

7. Weihui Partnership was established in the PRC as a limited partnership on 15 July 2015 and subscribed as to RMB1.0 million by our Company as the general partner and as to RMB49.0 million by Shanghai Junwei as the limited partner. After our Company admitted Weihui Partnership as a new Shareholder on 23 September 2015, there was a temporary cross shareholding between our Company and Weihui Partnership. Such cross shareholding was unwinded on 22 October 2015, where both our Company and Shanghai Junwei withdrew from Weihui Partnership while Shanghai Shengxuan was admitted as the general partner and certain financial investors, who were our long term customers, had subscribed for economic interests in Weihui Partnership. Their interests were subsequently disposed of on 23 June 2016. Please see the following table for a breakdown of capital contribution in Weihui Partnership, which represents their respective economic interests as at the Latest Practicable Date:

Partner	Capital Contribution in Weihui Partnership		
	Subscribed amount		Paid-up amount
	(RMB)	%	(RMB)
Mr. Zhu	13,875,000	99.28	13,875,000
Shanghai Shengxuan	100,000	0.72	0
Total	13,975,000	100.00	13,875,000

8. As at the Latest Practicable Date, the total registered capital of Shanghai Zunwei was approximately RMB50.0 million, of which 10% and 90% were held by Mr. Zhu and Shanghai Shengxuan, respectively, and was all fully paid up.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

9. Weiye Partnership was established in the PRC as a limited partnership on 20 July 2015 and subscribed as to RMB1.0 million by our Company as the general partner and as to RMB19.0 million by Shanghai Junwei as the limited partner. On 29 March 2016, our Company withdrew from Weiye Partnership and transferred its interest in Weiye Partnership to Shanghai Shengxuan, which was admitted as the general partner of Weiye Partnership. On 2 June 2016, Shanghai Junwei withdrew from Weiye Partnership and certain financial investors (some of which were our long term customers) were admitted as limited partners. Please see the following table for a breakdown of capital contribution in Weiye Partnership as at the Latest Practicable Date:

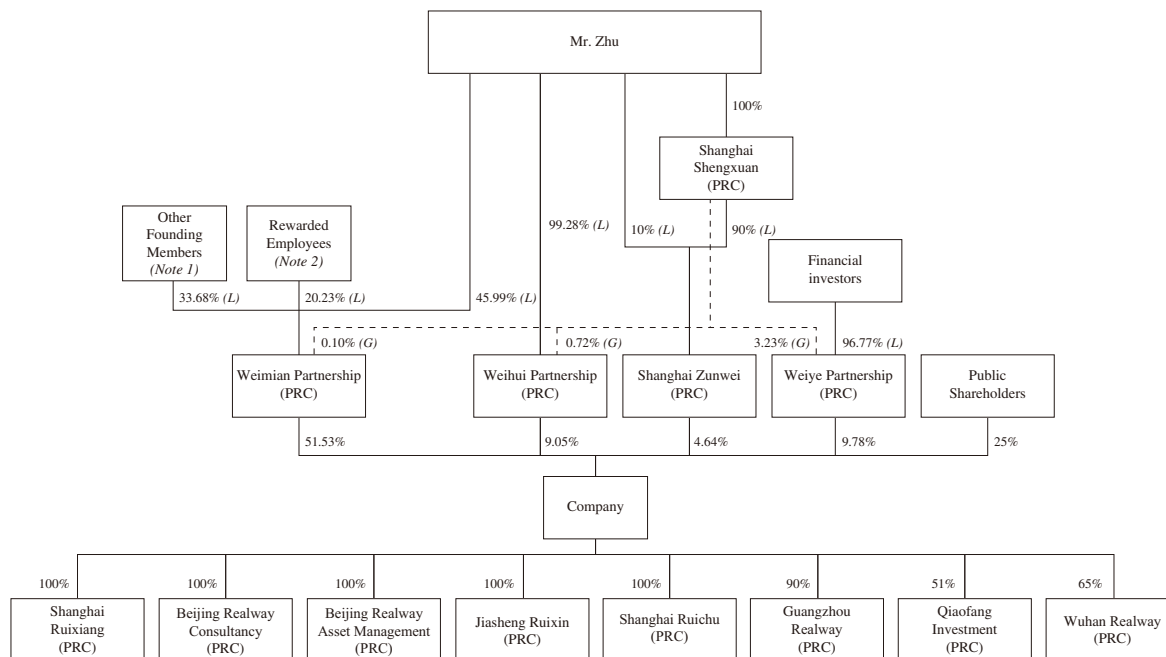
Partner	Capital Contribution in Weiye Partnership		
	Subscribed amount		Paid-up amount
	<i>(RMB)</i>	%	<i>(RMB)</i>
Shanghai Shengxuan.	1,000,000	3.23	0
Mr. Chu Jungang (褚軍剛).	1,000,000	3.23	1,000,000
Mr. Li Hui (李暉).	3,000,000	9.68	3,000,000
Shanghai Jundi Construction Design Advisory Co. Limited* (上海駿地建築設計諮詢有限公司).	2,000,000	6.45	2,000,000
Shanghai Duyin Industries Co. Limited (上海都寅實業有限公司).	1,200,000	3.87	1,200,000
Shanghai Shide	1,000,000	3.23	1,000,000
Mr. Zhu Ji (朱冀).	1,800,000	5.81	1,800,000
Shanghai Ruiwu Investments Partnership (Limited Partnership)* (上海瑞物投資合夥企 業(有限合夥)).	5,000,000	16.13	5,000,000
Mr. Zhu Liang (朱亮).	2,000,000	6.45	2,000,000
Mr. Luo Bing (羅斌).	2,000,000	6.45	2,000,000
Ms. Ge Yan (葛燕).	1,000,000	3.23	1,000,000
Beijing Kulian Investment Management Centre (Limited Partnership)* (北京庫謙投資管理中心(有限合夥)).	10,000,000	32.26	10,000,000
Total	31,000,000	100.00	30,000,000

10. 100% of the equity interests in Shanghai Shide was previously held on trust by Mr. Duan and Mr. Zhu Nanshan (朱南山), the father of Mr. Zhu, for Mr. Zou Yang (鄒陽), an Independent Third Party, from June 2016 to July 2017. Shanghai Shide ceased to be a related company after such trust arrangement was unwinded in July 2017.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Group structure upon completion of the Share Offer

The following diagram sets out the shareholding and corporate structure of our Group immediately after the completion of the Share Offer (without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option):



Notes:

1. “Other Founding Members” includes Mr. Cheng Jun (成軍), Mr. Wang Xuyang (王旭陽) and Mr. Duan.
2. “Rewarded Employees” includes Ms. Su, Ms. Chen Min (陳敏), Ms. Yu Wenjie (俞文杰), Mr. Wan Fang (萬方), Mr. Liu Chunlei (劉春雷), Mr. Song Hao (宋昊), Mr. Sun Mao (孫懋), and Ms. Wang Fengdan (王鳳丹).
3. The letter “G” denotes Shanghai Shengxuan’s nominal interests as a general partner in the Partnership Shareholders.
4. The letter “L” denotes the relevant limited partner’s interests in the Partnership Shareholders.

BUSINESS

OVERVIEW

We are investment fund managers specialising in the management of real estate investment funds in the PRC. According to Frost & Sullivan, we were the 10th largest real estate investment fund manager in China as at 31 December 2017 in terms of AUM. Our funds' portfolio covers commercial real estate projects, distressed assets projects and urbanisation and redevelopment projects. Our mission is to leverage on our asset management expertise, risk management knowhow and execution capability to enhance value of different types of real estate projects through, among others, destocking of existing inventory in real estate market and revitalisation of distressed or other underutilised assets, thereby promoting the overall healthy growth of the PRC economy. Since our establishment in 2010, the funds we manage have invested in a total of 25 sizeable investment projects, 15 of which were completed and successfully exited. These investment projects comprised portfolio assets which were spread over more than 10 PRC cities, including Shanghai, Shenzhen, Chengdu, Hangzhou, Nanjing, Wuxi, Ningbo, Xi'an, Hefei, Fuzhou and Jinjing.

We manage two broad types of funds, namely Project Funds and FOFs. Project Funds are set up for specific projects, whereas, FOFs are set up with high flexibility and may invest in different projects which fall within the designated investment scope of each FOF, at different stages. The fund life of Project Funds generally range from 15 to 48 months, and the fund life of FOFs generally range from 36 to 60 months. As at the Latest Practicable Date, we managed a total of 10 Project Funds and six FOFs with total AUM of approximately RMB4,452.9 million. This represents a CAGR of approximately 70.4% from AUM of approximately RMB583.2 million as at 1 January 2015, the beginning of the Track Record Period. All of our funds target high-net-worth individuals and institutional investors, and we raise capital for our funds privately through our direct sales and referrals from external marketing partners. None of our funds was raised through any internet peer-to-peer platforms.

Supported by our qualified team of professionals, we believe that one of our core strengths lies with our ability to manage a wide range of assets under our portfolio. Our management team and key technical personnel have extensive industry knowledge, management experience and technical expertise in the real estate asset management industry or related fields as either legal practitioners, qualified accountants or other related practices. Most of our senior management team members have over 10 years of experience in the asset management industry or related fields, and have served us for more than five years.

During the Track Record Period, we derived our revenue mainly from the fees we charge our Project Funds and FOFs, which comprised of regular management fees and performance fees. Regular management fees are directly charged periodically on our funds based on a predetermined fixed percentage of each fund's AUM for the duration of the fund life, and our performance fees are charged after the completion of each profitable project. While none of our funds provide any

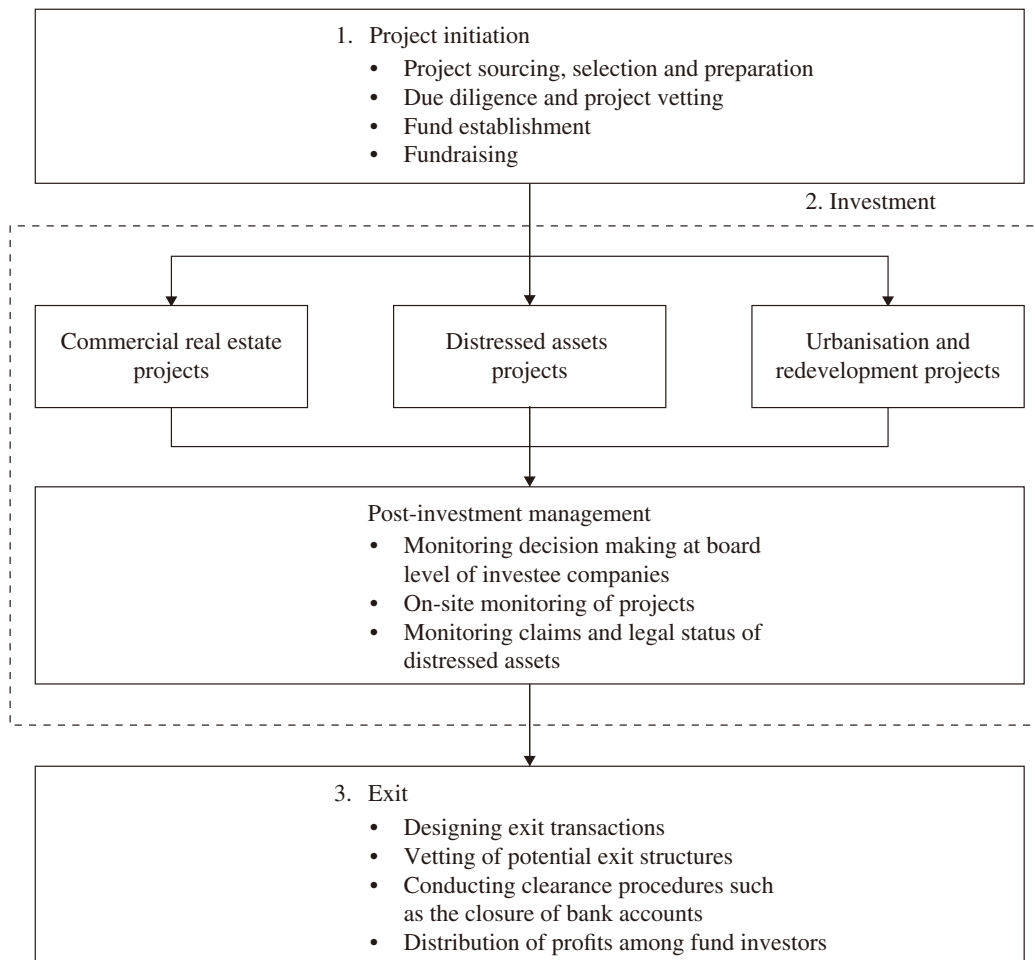
BUSINESS

guaranteed return to our investors, we generated an average realised return of approximately 18.8% per annum for the funds we managed during the Track Record Period. In addition, we also charge our funds one-off fund establishment fees in relation to the establishment and structuring of the relevant funds and the sourcing of investors.

With our established brand image and years of experience managing real estate investments, we believe that we are well positioned to take advantage of the growth of the PRC asset management industry and we will continue to attract high-net-worth individuals and institutional investors as well as securing quality investment projects in the future.

Our business model

Over the years, we have developed a proven business model which has driven our continual growth. We believe the replicable nature of our business model has allowed us to successfully expand our presence throughout China. Set out below is a simplified diagram of our business model:



BUSINESS

1. *Project initiation*

This process includes:

- (a) Project sourcing, selection and preparation — We normally identify real estate projects with potential value developed, owned or referred by reputable business partners from the real estate industry who are based in various cities in China or from financial institutions and non-financial enterprises either through competitive biddings, auctions, or negotiated acquisitions; and
- (b) Fund establishment — Once the preliminary terms of investment are agreed, we would design a specific fund structure to cater for the particular requirements of the project. Normally, a Project Fund would be set up to invest solely for one single project and its investors are divided into different tiers based on the risk preference and risk tolerance of the investors. We then sell the Project Fund through our direct sales and referrals from external marketing partners to high-net-worth individuals or institutional investors. Subject to our internal vetting procedures and the results of due diligence, once our investment fund has raised the target amount of funding, we would proceed to close the deal. Depending on projects' funding need, we may also deploy our FOFs to lock in the projects before Project Fund could raise the target fund size.

2. *Investment*

This process includes:

- (a) Investment in projects/assets — Our Project Funds for commercial real estate projects and urbanisation and redevelopment projects may acquire (in the case of equity investments) or encumber (in the case of debt investments) up to the entire equity interests in the project company. After February 2017, investments in the form of debt instruments in respect of residential properties located in the 16 Hotspot Cities may be subject to the provisions of Circular Four. Please refer to the section headed “Regulatory overview” of this prospectus for further details. For distressed assets projects, our Project Funds acquire assets from secondary market through auctions or direct acquisition and would assume all rights of the original creditors under the relevant debt instruments after the acquisition; and
- (b) Post-investment management stage — We proactively manage our portfolio assets after investments are made by our funds. For example, we would work with the relevant projects partners or operators and deploy staff to the project sites to manage cashflow, control major decisions and monitor the progress of each of these projects after our funds have invested in commercial real estate projects and urbanisation and redevelopment projects.

BUSINESS

We would also track our funds' distressed assets to ensure that debts are collected in a timely manner and that appropriate measures are taken before any legal claims are time barred. To implement a debt recovery process, we would engage third party legal professionals to assist our Group.

3. *Exit*

Depending on the nature of the portfolio asset, our funds generally would exit from the investment through realising gains by disposing the equity interests in the investment target or receiving repayments from the investment target pursuant to the relevant debt instruments. As for distressed assets, our funds may realise through legal proceedings, debt restructuring or resale.

Please refer to the paragraph headed "Investment work flow of Project Funds" in this section for more details.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths as set out below have driven our growth and distinguish us from our competitors:

Established brand recognition developed through our demonstrated track record which allows us to attract investors and secure quality projects

According to Frost & Sullivan, we were the 10th largest real estate investment fund manager in China as at 31 December 2017 in terms of AUM. As at the Latest Practicable Date, the aggregate AUM of our funds amounted to approximately RMB4,452.9 million. During the Track Record Period, we have been able to achieve an average realised return of approximately 18.8% per annum for the funds managed by us. Over the years, we have established a strong brand recognition which was built on our solid track record. Since our establishment in 2010 and up to the Latest Practicable Date, the funds we managed invested in a total of 25 sizeable investment projects, 15 of which were completed and successfully realised. These investment projects comprised portfolio assets which were spread over more than 10 PRC cities. Notable portfolio assets invested and realised by our funds during the Track Record Period include:

- (i) *Xintian 360 Project** (新田360項目) — a commercial integrated project developed near a major international theme park in Shanghai. The total investments made by the funds managed by us amounted to approximately RMB539.0 million.
- (ii) *Fuzhou Wanbaocheng Project** (福州萬寶城項目) — a commercial real estate project located in the central business district of Fuzhou, Fujian Province. The total investments made by the funds managed by us amounted to approximately RMB650.0 million.

BUSINESS

- (iii) *Dianshanhu Project** (淀山湖項目) — an urbanisation and redevelopment project comprises of flats and villa type property located in the injunction of Shanghai and Suzhou targeting high-end customers. The total investments made by the funds managed by us amounted to approximately RMB1,100.0 million.

* *For identification purpose only*

Built on such track record, we were approached by two of the Big Four AMCs for entering into the distressed asset segment, which was traditionally dominated by big state-owned or major financial institutions. We have developed stable strategic relationships with some of the key business partners within the local real estate industry, which allow us to better understand the developments of various markets, enhanced our ability to identify undervalued properties with high potential, and expand the range of investment projects under our portfolio. Our Directors believe that our demonstrated abilities in the area of project sourcing, assessment and deal structuring, project management and investment realisations, are major attractions to investors.

Effective business model particularly with the development of FOFs as a private fund manager, which helped us secure quality investment projects and attracted investors

Through the years of development, we have become one of the pioneers and leaders of the PRC real estate asset management industry with synergistic operations of diversified assets portfolio.

Over the years, we have developed a proven and replicable business model which has driven our stable growth. We believe that one of our key achievements was the introduction of our flexible non-project specific FOFs in the area of private fund market in December 2013. Unlike the typical investment funds managed by us which are formed solely for the purpose of investing in a single designated project, FOFs are flexible investment funds which could invest into any investment projects under our portfolio that fall within the designated scope of such FOF. Our Directors believe the inclusion of non-project specific FOFs under our business model sets us apart from our competitors as they enable us to (i) deploy capital into projects faster than our competitors (as project funds may take up to two to three months to set up), which in turn helps us lock in quality investment projects; (ii) achieve risk diversification for our funds' investors as FOFs could invest in multiple portfolio assets simultaneously; and (iii) provide an alternative choice of products for our investors with different risk preference and risk tolerance.

We believe that the inclusion of non-project specific FOFs under our business model and the ability to raise substantial portion of capital for our FOFs from Independent Third Parties differentiate ourselves from our competitors. According to Frost & Sullivan, majority of the investments with FOF characteristics managed by our competitors are generally raised from their internal resources, their shareholders, or a combination of the two. As a fund manager which generates majority of our revenue from the management fees we charge on the funds managed by us

BUSINESS

(instead of profits from investing activities or any fair value gains on our investments), we believe that our ability to raise funds from external investors, which, built on our proven track records and credibility, is fundamental to our success. Accordingly, as FOFs had been one of our fund investment products which we offer to our customers for subscription, its success should be measured against the amount of investments raised from external investors. With our solid reputation developed over time, we succeeded in increasing investors' confidence in our FOFs and attract their investments. During the Track Record Period, over 90% of the investments in our FOFs were sourced from external sources, which allowed us to lock in investment projects faster than our competitors by using limited portion of our own capital. In light of that, we are more flexible in setting up FOFs as compared to our competitors.

Our Directors believe that our FOFs will continue to play a crucial role in securing quality investment projects and attracting investors.

Strong execution and risk management capabilities in handling every aspect of the investment cycle of our funds' portfolio assets

Led by our experienced management team comprising of professionals with PRC legal practice certificates, PRC certificate of public accountants, fund manager licences or certain real estate development related licences, we have accumulated significant asset management expertise, risk management knowledge and execution capability, particularly in the following areas:

Capabilities in project sourcing, assessment and transaction design

We have established strong due diligence capabilities. Guided by our employees with strong legal and financial backgrounds, we have formulated effective systems for business, financial and legal due diligence. Supported by the technical expertise of our professional staff, we have also developed solid transaction design capabilities. We are able to flexibly combine various investment structures (including the combined use of project-specific Project Funds and flexible FOFs, and mixed investments in debt and equity) to suit the unique characteristics of each project and the specific demands of our investors and the business partners within the real estate industry. In addition, our established relationships with sizeable institutional investors and business partners also help us identify, assess and design profitable investment in portfolio assets.

Capabilities in the management of portfolio assets after investments are made

We proactively manage all of our portfolio assets after investments are made by our funds.

Through our solid experience working with various partners, we have developed strong capabilities and know-how in monitoring the progress of real estate investment projects. After investments are made by our funds into the project companies which hold the relevant portfolio assets, our funds may gain control over or possess veto right at the board of these project companies. In addition, we also deploy resident staff to the project site to conduct regular inspections to manage cashflow, control major decisions and monitor the works progress and to identify potential issues, such as construction defects or labour issues, which may delay the works progress or devalue the relevant property.

BUSINESS

As regards distressed assets, after our funds have acquired the relevant assets, we would track the distressed assets to ensure debts are collected in a timely manner and that appropriate measures are taken before any legal claims are time barred. Such process involves (i) conducting regular site visits to debtors, performing regular due diligence investigations and updating information in our due diligence information system; (ii) monitoring the compliance of debtors and guarantors, closely tracking changes in the value of collaterals and promptly reporting and proposing remedial measures for debt evasion and other serious issues; and (iii) making claims during legal or bankruptcy proceedings (if necessary).

Our Directors believe that our ability to effectively manage our portfolio assets after investments gives investors additional assurance and confidence in our products and enables us to implement procedures that bring value to the funds we manage. For further details of our project management work processes, please refer to the paragraph headed “Investment work flow of Project Funds” in this section.

Capabilities in handling investment exits efficiently and profitably

As a majority of our senior management have legal, financial or accounting backgrounds, we have an in-depth understanding of local judicial systems, social environments and the operation of capital markets. Based on the characteristics of each portfolio asset, we are able to design appropriate exit plans to maximise investment gains for our funds. During the Track Record Period, we achieved an average realised return of approximately 18.8% per annum for all the exited funds managed by us and were able to charge performance fees in all of our investment projects which had performance fee mechanisms provided for under the relevant investment agreements.

Capabilities in risk management

Risk management capability is one of our core competencies. We insist on a prudent and sound risk management strategy and continuously strengthen our risk management practice based on comprehensive investor and investment target due diligence, independent information review and multi-level approval process. As further discussed in the paragraph headed “Risk management and internal control” in this section, our risk management system is founded upon the following core principles: (i) comprehensiveness, (ii) prudence, (iii) independence, (iv) effectiveness, (v) timeliness, and (vi) firewalls. We have successfully established a comprehensive risk management system which meets the management and control requirements of our Group and is compatible with the market-oriented operations of our business.

Our Directors believe that our robust and comprehensive risk management system has been built to help us effectively manage the risks faced by our funds and our operations, as well as differentiating ourselves in terms of preparing us ahead in the increasingly stringent regulatory environment.

Stable management team and experienced technical team

Our management team and key technical personnel have extensive industry knowledge, management experience and technical expertise in the real estate asset management industry or related fields. Most of our senior management team members have over 10 years of experience in the asset management industry or related fields, and have served us for more than five years.

BUSINESS

As at the Latest Practicable Date, the number of professional qualifications such as PRC legal practice certificate, PRC certificate of public accountants or fund manager licence held by our 164 staff was over 100. In particular, Mr. Zhu, our chief executive officer and founder, has been practising law in the PRC for over 20 years and had been the managing partner of Boss & Young 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 our Group. The experience of our management team played a crucial role in the formulation of competitive investment structures, effective risk management strategies and the efficient and timely implementation and management of our investment portfolio. Please refer to the paragraph headed “Employees” in this section for detailed qualifications of our staff and the section headed “Directors, Supervisors, senior management and employees” of this prospectus for further details of our Directors and senior management.

We believe that the combination of our management and technical personnel’s collective expertise and knowledge of the industry, together with our highly qualified employees, have been and will continue to be our valuable assets supporting us for a sustainable growth.

OUR STRATEGIES

Our business objectives are to maintain the sustainable growth of our business and to create long term shareholder value. Following the growing affluence of PRC population and a more structured regulatory environment, we believe the PRC asset management industry would offer promising opportunities to practitioners, particularly to those with asset management expertise, risk management knowhow, execution capability and proven track record. In this connection, we consider that we are well positioned to tap such opportunities and intend to leverage our competitive advantages to continue to specialise in the management of real estate and related investment funds in the PRC.

To this end, we will implement the following strategies:

Enhance our ability to secure quality portfolio assets through further development of our FOFs and enriching our product offerings to expand our customer base

Innovation has been one of the reasons behind our success. We will leverage on our well-developed brand image and expertise in the asset management industry and continue to identify development trends of the real estate industry and develop innovative investment structures for our future investment projects to support our sustainable growth.

FOF

We believe one of our key achievements was the introduction of our flexible non-project specific FOFs in December 2013. The successful development of our FOFs have enabled our Group to deploy capital in a timely manner and secure quality portfolio assets. As our assets portfolio continues to grow in size with increasing number of quality investment projects in the pipeline, our Directors believe that it is necessary to further develop our FOFs to enhance our chance to secure

BUSINESS

quality investment projects. During the Track Record Period, due to the growth in both AUM and investment projects on hand, the amount of free capital under our existing FOFs available for deployment to secure quality investment projects had been increasingly stretched. By the end of the Track Record Period, we have encountered a situation where we had to utilise our internal resources to secure a quality urbanisation and redevelopment project by an Independent Third Party, namely the Shenzhen Xinqiaowei Project (深圳新喬園項目). As we were approaching the deadline for making the initial investment into such project in April 2018, the amount of funds available for investments under our existing FOFs were insufficient to meet the project's funding requirements since most our FOFs' funds were committed to our other investment projects and there were insufficient time for us to raise additional funds from our investors. We therefore resorted to utilising our internal resources to make a short term bridging loan of approximately RMB39.6 million to the relevant Project Fund set up for the project. The short-term bridging loan was interest-free and recorded in the principal amount less allowance for doubtful amounts on the consolidated statements of financial position as at 30 April 2018. Summarised in the table below are the salient terms of the relevant loan agreement:

Parties:	(1) Hangzhou Fuyang Huiyu Investment Management LLP (Limited Partnership)* (杭州富陽滙鈺投資管理合夥企業 (有限合夥)) (as the borrower)
	(2) Our Company (as the lender)
Loan amount:	Not more than RMB42 million was drawn
Drawdown period:	From the actual disbursement date of a tranche amount and until 30 October 2018
Interest:	Interest-free
Purpose:	Only to be used as working capital by the borrower
Default:	Upon failure to repay on time: daily interest of 0.1% until outstanding amount are repaid in full
	Events of default: (a) failure to repay principal and interest within 10 days after the foregoing falls due
	(b) deviation of the above purpose without the lender's consent
	(c) material breach of the loan agreement

BUSINESS

Upon the occurrence of an event of default, the lender may: (i) declare the loan immediately due and payable; (ii) require the borrower to indemnify the lender against all losses arising from/or incidental to the event of default; and (iii) exercise all legal rights and/or remedies as may be available to the lender.

Such loan was later repaid in June 2018. Please refer to the section headed “Financial information — Prepayment, deposits and other receivables” of this prospectus for details.

Set out in the table below is the utilisation rate of our FOFs’ capital as at the respective year/period end during the Track Record Period:

	As at 31 December									As at 30 April		
	2015			2016			2017			2018		
	Capital utilised for			Capital utilised for			Capital utilised for			Capital utilised for		
	AUM	investment ^(Note 1)		AUM	investment ^(Note 1)		AUM	investment ^(Note 1)		AUM	investment ^(Note 1)	
RMB’ million	RMB’ million	%	RMB’ million	RMB’ million	%	RMB’ million	RMB’ million	%	RMB’ million	RMB’ million	%	
FOF I	198.0	198.0	100.0	—	—	—	—	—	—	—	—	—
FOF II	27.5	27.5	100.0	27.5	27.5	100.0	—	—	—	—	—	—
FOF III	—	—	—	195.5	170.6	87.3	300.0	274.4	91.5	300.0	265.9	88.6
FOF IV	—	—	—	50.0	50.0	100.0	160.0	160.0	100.0	200.0	195.0	97.5
FOF V	—	—	—	—	—	—	9.0	8.7	96.7	9.0	8.8	97.8
FOF VI	—	—	—	—	—	—	48.0	46.5	96.9	48.0	48.5	101.0
												<i>(Note 2)</i>
FOF VII	—	—	—	—	—	—	18.0	—	—	18.0	—	—
FOF VIII	—	—	—	—	—	—	6.0	—	—	63.1	63.1	100.0
FOFs in aggregate . .	225.5	225.5	100.0	273.0	248.1	90.9	541.0	489.6	90.5	638.1	581.3	91.1

Notes:

1. Calculated by the total AUM of the FOF divided by the actual amount of capital investment made by the FOF
2. Certain portion of the capital of the funds were re-invested during the investment period and therefore the actual amount of capital utilised in investment by FOF VI as at 30 April 2018 exceeded the its total original AUM as at 30 April 2018.

BUSINESS

Our Directors therefore believe that, in order to support our further growth, it is imperative that we establish additional FOFs to help secure quality investments. As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018, the utilisation rate of our FOFs in investing in our Project Funds was approximately 100.0%, 90.9%, 90.5% and 91.1%, respectively. Throughout the Track Record Period, as a strategy to lock in long term investment from potential investors by increasing their confidence, we have made certain investments into our FOFs using our own resources. Having considered the amount of external financing we raised for our FOFs, our Directors believe that such business model was proven to be successful and we intend to replicate such model in our future FOFs.

We plan to set up new FOFs for the year ending 31 December 2019 and we expect that our investments therein will account for less than 10% of the total size of each new FOF. As at the Latest Practicable Date, we had a total of 17 pipeline projects identified by our investment team with total AUM of RMB6,080 million (representing the AUM of Project Funds' investments in such projects) which are not yet launched, out of which five projects (namely project A, E, F, G and H) with estimated aggregate investment amount of approximately RMB1,470.0 million were being evaluated by our Business Development Department and Steering Committee. Set out below is a breakdown of the planned investments by our new FOFs in our pipeline projects:

	Expected commencement date	Expected project duration	Type of portfolio asset(s)	Estimated management fee rate	Counterparty	Expected size of investment by our funds <i>(Note 1)</i>	Expected Project Fund's	Expected date of investment by new FOFs	Expected size of investment by new FOFs		Milestone triggering possible exit of FOF <i>(Note 2)</i>
							interest in the investee company		RMB million	%	
		Year		%		RMB million	%		RMB million	%	
Project A	November 2018	2.0	Urbanisation and redevelopment	2	Real estate agent and fitting-out works contractor based in Hainan	100.0	100.0	January 2019	20.0	20.0	Completion of relevant construction/redevelopment works
Project B	November 2018	2.0	Commercial real estate	2	Real estate developer and construction material supplier based in Zhengzhou	400.0	100.0	January 2019	80.0	20.0	Sale/lease out of the relevant properties
Project C	November 2018	2.0	Distressed assets	2	Real estate developer and construction material supplier based in Guangzhou	150.0	100.0	January 2019	30.0	20.0	Recovery rate reaching 50%
Project D	November 2018	3.0	Urbanisation and redevelopment	2	Real estate developer and installation and fitting-out works contractor based in Changchun	500.0	25.0	January 2019	100.0	20.0	Completion of relevant construction/redevelopment works

BUSINESS

	Expected commencement date	Expected project duration	Type of portfolio asset(s)	Estimated management fee rate	Counterparty	Expected size of investment by our funds <i>(Note 1)</i>	Expected Project Fund's		Expected size of investment by new FOFs	Milestone triggering possible exit of FOF <i>(Note 2)</i>	
							interest in the investee company	Expected date of investment by new FOFs			
		<i>Year</i>		<i>%</i>		<i>RMB' million</i>	<i>%</i>		<i>RMB' million</i>	<i>%</i>	
Project E	November 2018	5.0	Urbanisation and redevelopment	2	Real estate developer and property manager based in Hangzhou	180.0	33.5	January 2019	36.0	20.0	Completion of relevant construction/redevelopment works
Project F	December 2018	2.0	Urbanisation and redevelopment	2	Real estate developer and property manager based in Shanghai	390.0	100.0	January 2019	78.0	20.0	Sale/lease out of the relevant properties
Project G	December 2018	2.0	Commercial real estate	3	Real estate developer and property manager based in Ningbo	300.0	100.0	January 2019	60.0	20.0	Completion of relevant construction/redevelopment works
Project H	December 2018	4.0	Distressed assets	2	Distressed asset manager based in Beijing	500.0	100.0	January 2019	100.0	20.0	Recovery rate reaching 50%
Project I	January 2019	1.5	Commercial real estate	2	Asset manager based in Zhuhai	100.0	100.0	January 2019	20.0	20.0	Sale/lease out of the relevant properties
Project J	January 2019	2.0	Urbanisation and redevelopment	2	Real estate developer and civil works contractor based in Chengdu	760.0	95.0	January 2019	152.0	20.0	Completion of relevant construction/redevelopment works
Project K	January 2019	2.0	Commercial real estate	2	Mixed portfolio investment company based in Shenzhen	300.0	100.0	January 2019	60.0	20.0	Completion of relevant construction/redevelopment works
Project L	January 2019	4.0	Distressed assets	2	Distressed asset manager based in Henan	200.0	100.0	January 2019	40.0	20.0	Recovery rate reaching 50%
Project M	March 2019	1.5	Urbanisation and redevelopment	2	Real estate developer and property manager based in Zhengzhou	400.0	100.0	January 2019	80.0	20.0	Completion of relevant construction/redevelopment works

BUSINESS

	Expected commencement date	Expected project duration	Type of portfolio asset(s)	Estimated management fee rate	Counterparty	Expected size of investment by our funds <i>(Note 1)</i>	Expected Project Fund's		Expected size of investment by new FOFs	Milestone triggering possible exit of FOF <i>(Note 2)</i>	
							interest in the investee company	Expected date of investment by new FOFs			
		<i>Year</i>		<i>%</i>		<i>RMB' million</i>	<i>%</i>	<i>Year</i>	<i>RMB' million</i>	<i>%</i>	
Project N	March 2019	4.0	Urbanisation and redevelopment	3	Property developer specialising in urbanisation and redevelopment based in Shenzhen	500.0	100.0	January 2019	100.0	20.0	Completion of relevant construction/redevelopment works
Project O	July 2019	3.0	Urbanisation and redevelopment	3	Real estate developer and property manager based in Hangzhou	300.0	100.0	May 2019	60.0	20.0	Completion of relevant construction/redevelopment works
Project P	July 2019	2.0	Urbanisation and redevelopment	2	Property developer and advisory service provider based in Beijing	500.0	100.0	May 2019	100.0	20.0	Sale/lease out of the relevant properties
Project Q	December 2019	2.0	Urbanisation and redevelopment	2	Fund manager and investment company based in Sanya	500.0	50.0	October 2019	100.0	20.0	Completion of relevant construction/redevelopment works
Total						6,080.0			1,216.0		

Note:

- AUM of the projects represent the AUM of investments by our Project Funds in such projects.
- The expect date of FOF exits are based on the expected date on which the relevant project reaches a pre-set milestone which is suitable for FOF exits. Please refer to the paragraph headed "FOFs" in this section for further details of our FOF exit criteria.
- Performance fee rate of an investment project is tied to the actual return of the relevant investment project and is therefore unmeasurable as at the Latest Practicable Date since the fund agreements and investment agreements of the pipeline projects are not yet formed to determine the performance fee mechanism.

As advised by our PRC Legal Advisers and confirmed by our Directors, the existing stabilisation measures on housing prices implemented by the PRC government would not have a material impact on our Group's business as a fund manager considering the follow factors: (i) our Group engaged in private fund management business and is not a real estate development enterprise, and such stabilisation measures on housing prices are mainly applied to real estate development enterprise; and (ii) our Group's business mainly involves investments in commercial real estate projects, distressed

BUSINESS

assets project and the urbanisation and redevelopment projects. The government's housing price control policies are implemented mainly on residential real estate, while the underlying assets of our Company investment projects are mostly commercial and office real estates. Therefore, the government's housing price control policies would have no substantive impact on our business. Furthermore, we plan to explore more investment opportunities in the types of distressed assets and urbanisation and redevelopment projects in the future. In addition, our Directors are confident that the Company will be able to lock in investment projects at a faster rate by utilising or new FOFs without using a limited portion of our own capital.

Our Group plans to finance the set up costs and partial investments in our new FOFs using the net proceeds from the Share Offer. For details, please refer to the section headed "Future plans and use of proceeds" of this prospectus.

New product offerings

In addition to the further development of our FOFs, we will also continue to expand our funds' assets portfolio to attract both new and recurring customers. Leveraging on our solid expertise in managing real estate investment funds, in April 2016, we had extended our assets portfolio to distressed assets projects, which is a natural extension of our real estate investment management business as the distressed assets which our funds would acquire include mainly either real estate related or backed by property-based assets and we realise the value of our funds' distressed assets either through (i) court proceedings to liquidate the distressed asset and obtain the proceeds of the liquidation; (ii) assignment/disposal of debt interests by auction; (iii) obtain title to the underlying pledged real estate assets which were given as security and sell the same at market value; or (iv) obtain title to the underlying pledged real estate assets which were given as security and redevelop such properties to enhance its value before disposal.

Leveraging on our solid track record in the management of investment funds, combined with our professional team's extensive industry knowledge and technical expertise in legal and accounting fields, we have successfully incorporated distressed assets into our assets portfolio, an area which is heavily reliant on similar expertise and technical know-how on the part of the fund manager. All distressed assets under our management during the Track Record Period and up to the Latest Practicable Date were secured by underlying real estate and/or related assets. For the years ended 31 December 2016 and 2017, and the four months ended 30 April 2018, we have generated revenue of approximately RMB22.5 million, RMB51.9 million and RMB22.1 million, respectively, in relation to the management of such assets. As at the Latest Practicable Date, we had realised approximately RMB311.5 million ("**Realised Value**") for our distressed assets investment funds and entered into committed transactions valued at approximately RMB1,617.5 million ("**Committed Value**"), which together represented an overall recovery of the cost of distressed assets of 83.4% for the projects which commenced their recovery/realisation process, which is calculated by the aggregate of

BUSINESS

Realised Value and Committed Value as at the Latest Practicable Date of approximately RMB1,929.0 million divided by the aggregated initial acquisition costs of such distressed assets of approximately RMB2,314.0 million. The Realised Value of approximately RMB311.5 million represented the actual cash generated from realisation activities/transaction and Committed Value represented the considerations receivable by our funds based on firm realisation/disposal agreements which would not be accounted for as the Group's receivables since we did not consolidate these managed funds.

Given our aggregated initial acquisition costs of such distressed assets of approximately RMB2,314.0 million, our Target Value (21% to 56% over the cost of the distressed assets) was estimated at the range from RMB2,799.9 million to RMB3,609.8 million, and our achieved Realised Value and Committed Value in aggregate reached RMB1,929.0 million as at the Latest Practicable Date, leaving a value of at least RMB870.9 million to meet the Target Value.

Other than distressed assets, we will continue to expand and diversify our assets portfolio, particularly in the area of urbanisation and redevelopment projects. We plan to leverage on our expertise to capture the business opportunities arising out of the growth in such area.

Expand our marketing capabilities to directly attract high-net-worth individuals

Other than institutional investors, our funds only target high-net-worth individuals, which under our current policy, refer to individuals who have higher risk appetite and have at least RMB3.0 million freely available funds for investment. We sell our investment funds to high-net-worth individuals through our direct sales and our external marketing partners who are generally third-party wealth management companies. Regarding our sales to high-net-worth individuals, our direct sales efforts mainly focus on selling our FOFs, whereas referrals from external marketing partners are mainly for selling our Project Funds. During the Track Record Period, over 80% of the investments from high-net-worth investors were through referrals from our external sales channel partners. Please refer to the paragraph headed "Customers, sales and marketing" in this section for further details of our channels for sourcing potential investors for our funds. The PRC Legal Advisers advised that:

- (i) based on the interviews with the sales and marketing department of our Company, certain investors of our Group's investment funds and external marketing partners;
- (ii) as the Latest Practicable Date, our Group's registered fund managers and their sales personnel had not been subject to, or had not received, any disciplinary order from AMAC or any punishment measure published on the website of AMAC due to any breach of rules regulating the sale of investment products or any other non-compliances; and
- (iii) our Company has put in place internal control measures to regulate the sale and promotion of investment products with a view to ensuring that they are targeted at specific investors but not the general public,

BUSINESS

the PRC Legal Advisers are of the view that the sale of our Group's investment funds (including those through the external marketing partners) is not by way public channels to the general public and is in compliance with the Fundraising Administrative Measures. For further details of the Fundraising Administrative Measures, please refer to the section headed "Regulatory overview" of this prospectus. Our Directors believe that our risk management measures as further particularised in the paragraph headed "Risk management and internal control" in this section would be sufficient for controlling and mitigating regulatory risks involved in our business.

We intend to boost our marketing capabilities in order to develop direct relationship with a wider range of high-net-worth investors. To achieve this, we intend to (i) utilise part of the net proceeds from the Listing to expand our existing Guangzhou and Beijing representative offices to expand our marketing efforts by hosting marketing events within professional communities such as industry forums, club house events, alumni societies of leading business schools and other professional societies; and (ii) open new customers channels by leveraging on the Licence of Operating Securities and Futures Business acquired through Jiasheng Ruixin.

Set out below is the rationale behind our plan to develop our Beijing and Guangzhou offices:

Beijing office

Initially, we had chosen Beijing as the location for the setting up of a new office due to (i) the abundance of wealth management companies which are based in Beijing; and (ii) the strategic value of such location being in the heart of the Beijing-Tianjin-Hebei Region.

Throughout the Track Record Period, we had been engaging external marketing partners who were sizeable wealth management companies to assist us in the sourcing of high-net-worth investors. As part of our engagements with these external marketing partners, we would require these wealth management companies to help us match suitable investors based on our investor selection criteria. These marketing partners include external partner A, a wealth and asset management institution in the PRC which was listed on the New York Stock Exchange on 16 July 2015, and external partner B, an institution participating in primary and secondary market investment and investment consultancy in the PRC. Each of these companies had substantial presence in Beijing. In addition to these external partners, a substantial number of sizeable PRC wealth management companies also have significant presence in Beijing and we believe that they could be one of our potential sources of high-net-worth investors going forward.

BUSINESS

On top of engaging external marketing partners to source high-net-worth investors, we had also been developing our direct sales capabilities to cater for such type of investors. Our Directors believe the fact that Beijing has and will continue to be a hub for wealth management companies made it the ideal place for establishing a frontline contact point with potential high-net-worth investors and doing so would elevate our Group's image and reputation among such investors.

Further, we also believe that, geographically, Beijing is of high strategic importance. Beijing is the capital city of the PRC and is located in the centre of the Beijing-Tianjin-Hebei region. On 29 September 2018, the National Development and Reform Commission, the Ministry of Finance, and the Ministry of Industry and Information Technology set up a fund of RMB10,000 million for the promotion of the plan of the regional governments of Beijing, Tianjin and Hebei to integrate and further develop the economies within the Beijing-Tianjin-Hebei region.

In addition, according to the National Bureau of Statistics, the GDP of Beijing for the year of 2017 totalled approximately RMB2,800,040 million, representing an increase approximately 6.7% from that of the previous year, and ranked second in terms of GDP in 2017 among all the cities in the PRC. According to the "Statistical Communiqué on the National Economy and Social Development of Beijing in 2017" released by the Beijing Municipal Bureau of Statistics and the Survey Office of the National Bureau of Statistics in Beijing, the financial intermediation sector contributed to 16.6% of the total GDP of Beijing in 2017, amounting to approximately RMB463,450 million, and ranked first among all sectors.

As at the Latest Practicable Date, we had three pipeline projects with real estate assets located within Beijing-Tianjin-Hebei Region. The expected investment amount of these projects in aggregate would amount to approximately RMB1.0 billion.

Accordingly, we had set up our Beijing office, which commenced operations in December 2016, to focus on (i) enhancing our ability to attract high-net-worth investors; and (ii) creating a base of operations to cater for our Group's business in the Beijing-Tianjin-Hebei region.

As at the Latest Practicable Date, our Beijing office is still at a very early stage of development with only nine employees and limited resource, which our Directors believed to be inadequate in achieving the intended strategic objectives of such office. We therefore intend to utilise part of the net proceeds from the Listing to expand our Beijing office. Please refer to the section headed "Future plans and use of proceeds" for the specific details of such plan.

BUSINESS

Guangzhou office

We had initially chosen Guangzhou as the location for setting up another new office due to (i) the growing number of existing and potential investment projects with real estate assets located within the Greater Bay Area; (ii) the number of existing business partners which are based in such area; and (iii) the potential of the real estate markets within such areas.

During the Track Record Period, we had undertaken one investment project with real estate assets located within the Greater Bay Area. The investment amount of such project amounted to approximately RMB540.0 million. As at the Latest Practicable Date, we had five pipeline projects with real estate assets located within such area. The expected investment amount of these projects in aggregate would amount to approximately RMB1.55 billion.

To effectively manage post-investment risks of these projects, as part of our stringent internal control policy, we will deploy staff to the project sites to manage cashflow, control major decisions and monitor the progress of each project after our funds have made their investments. Instead of sending personnel from our Shanghai headquarters, our Directors believed that it would be more effective and efficient to manage these projects through a local office staffed with employees residing in such area who understand the local real estate market as well as the work culture, customs and regulatory requirements which are specific to such locality.

In addition to the fact that investment projects would be better managed by local staff operating out of the Guangzhou office, we believed that such office would be able to assist us in sourcing quality investment projects located within the Greater Bay Area. As the Guangzhou office would be staffed with personnel who understand the local real estate market, we believed that these new staff will help us identify local real estate assets with potential and provide on-the-ground analysis of potential investment projects.

On top of relying on our staff to identify real estate assets with potential, we had relied on, and will continue to rely on, referrals from our business partners within the real estate industry to source quality portfolio assets. Due to our established track record of operating within the Greater Bay Area, we have developed solid relationship with sizeable players of the real estate industry based in such area. Notable examples include the property developer and investment manager in our Shenzhen Xinqiaowei Project which commenced in April 2018. Our Directors believe that, with the setting up of a new office located within the Greater Bay Area, we would be able to further develop our relationship with these business partners and source quality real estate assets for our funds in the future.

BUSINESS

Since our Guangzhou office commenced operations in March 2017, we had already sourced, through such office, one investment project with real estate assets located within the Greater Bay Area with investment size of approximately RMB540.0 million.

Due to the recent developments in the Greater Bay Area, our Directors believe that there will be further opportunities for the expansion of our funds' asset portfolio to cover real estate assets located in such area. In the “Key Points of Institutional Mechanism Innovation Work in the National New District in 2017 《2017年國家級新區體制機制創新工作要點》”, the National Development and Reform Commission put a strong emphasis on perfecting the financial systems and urban infrastructure development with the aim to improve the inter-connection within the Greater Bay Area. Further, “The Greater Bay Area Initiative” was introduced in China's 13th Five Year Plan (2016-2020), aiming to transform Guangzhou and 10 other cities in Guangdong into a key hub for facilitating China's Belt and Road Initiative as well as a world class city cluster.

Our Directors believed that Guangzhou would be the ideal location to set up an office to achieve the abovementioned objectives because it is the provincial capital of Guangdong Province and a core city of the Greater Bay Area.

Accordingly, we had set up our Guangzhou office to focus on (i) managing our on-going and pipeline investment projects with real estate assets located in the Greater Bay Area; and (ii) identifying potential portfolio assets located in such areas for future investment projects.

As at the Latest Practicable Date, our Guangzhou office was still at a very early stage of development, with only three employees and limited resource, which our Directors believed to be inadequate in achieving the intended strategic objectives of such office. We therefore intend to utilise part of the net proceeds from the Listing to expand our Guangzhou office. Please refer to the section headed “Future plans and use of proceeds” for the specific details of such plan.

Replicate the success of our business model in other PRC cities and Hong Kong by establishing local presence

Over the years, we have developed a successful business model and applied to portfolio assets located in different parts of the PRC. Due to rapid urbanisation, we anticipate that the demand for real estate project financing in various PRC cities will continue to grow over the coming years.

As at the Latest Practicable Date, we have established offices in Beijing, Guangzhou, Wuhan, Tianjin and Shanghai for project sourcing, monitoring as well as serving our investors. To enable us to further enhance our local presence, we plan to set up representative offices in Hangzhou, Xi'an, and Chongqing, which will assist us to achieve a wider geographical coverage in the PRC. As the number of our investment projects and our funds' AUM continue to grow in size and the locations

BUSINESS

of portfolio assets continue to spread over a wider area within the PRC, we believe that it is necessary for us to expand our physical presence covering a wider area within the PRC in order to (i) implement effective projects risk management; (ii) broaden project sourcing channels; and (iii) attract potential high-net-worth investors residing in different parts of the PRC. According to Frost & Sullivan, it is common to set up a representative office for such purposes within the industry for players of similar size to our Group.

Effective project risk management

As an investment fund manager specialising in the management of real estate investment funds, substantially all of our funds' asset portfolio were and will continue to be made up of real estate assets. To effectively manage post-investment risks, as part of our stringent internal control policy, we would deploy staff to the project sites to manage cashflow, control major decisions and monitor the progress of each project after our funds have made their investments. While previously we have been able to send our staff to various project sites from our existing offices, as the number of and the geographical spread of our investment projects continue to grow, our Directors believe that we will not be able to manage these projects as effectively or efficiently as before by relying solely on our staff operating out of our existing offices. Further, as we appreciate that the local real estate markets of different parts of the PRC may have different work cultures, customs, as well as different regulatory requirements which are specific to each locality, our Directors believe that it would increase our effectiveness in managing our funds' portfolio assets located at different parts of China by staffing local offices with staff who resides within the area and understands the local real estate market, in addition to reducing travel time for our staff to commute from our offices to the project site.

Broaden project sourcing channels

During the Track Record Period, in order to identify potential portfolio assets, we had, among other means, relied on referrals from business partners within the real estate industry, attending or hosting marketing activities for market participants of the PRC real estate industry and directly approaching partners who meet our criteria for selecting potential partners. In addition to the fact that investment projects would be better managed by local staff operating out of local offices, we believe that each local office will be able to assist us in sourcing quality investment projects located within its vicinity as the office will be staffed with personnel who understands the local real estate market. We believe that these new staff will help us identify local real estate assets with potential and provide on-the-ground analysis of potential investment projects. We also believe that each local office would also help us develop and foster ties with key players of the local real estate market and thereby opening the door to new potential project referral sources.

BUSINESS

Attracting additional high-net-worth investors

Due to the fact that we, as a private fund manager, may not conduct any public fund raising activity for our investment funds, physical face-to-face interactions with potential investors in private settings are therefore absolutely necessary for our fundraising activities in respect of potential high-net-worth investors. As such, we believe that the setting up of new representative offices at different parts of the PRC will enhance our ability to engage high-net-worth investors residing in the area by enabling us to conduct marketing or promotion activities through the new offices. Such marketing activities would include roadshow activities, investor luncheons, investor question and answering seminars, and product awareness seminars, as well as other forms of private marketing activities that are consistent with the Group's practice of sourcing potential investors during the Track Record Period. For further details of the relevant regulatory restrictions on fundraising, please refer to the section headed "Regulatory Overview — Fundraising" of this prospectus.

Set out below is the rationale behind the choice of location for each new office:

Hangzhou

Hangzhou is the provincial capital of Zhejiang Province, one of the most economically vibrant provinces in China which ranked as the fourth largest province in China in terms of GDP in 2017 according to National Bureau of Statistics. In May 2018, the Zhejiang Provincial Government unveiled its economic blueprint to integrate development of the Hangzhou Bay economic rim, the Ningbo-Taizhou-Wenzhou port industrial belt, and the Yiwu-Ningbo-Zhoushan open channel, with the aim to double the economic output within the three areas to RMB6,000 billion by 2022 and RMB750 billion in investment over the same time.

According to "Implementation Outline of Hangzhou Wealth Management Center for 2014-2018 《杭州財富管理中心2014-2018年實施綱要》" issued by the Municipal Government of Hangzhou, the government put a strong emphasis on the growth of its private equity financial services industry and wealth management intermediaries within the region.

According to the "2017 Report on the Economic Performance of Hangzhou 《2017年杭州經濟運行報告》" issued by the Survey Office of the National Bureau of Statistics of China in Hangzhou (杭州市統計局和國家統計局杭州調查隊), the GDP of Hangzhou for the year of 2017 amounted to approximately RMB1,255.6 billion which represented an increase of 8.0% from that of 2016 and ranked tenth among all the cities in the PRC.

BUSINESS

According to “2017 Population Statistics Report of Zhejiang Province 《2017年浙江省人口主要數據公報》” issued by Zhejiang Provincial Bureau of Statistics, the residential population of Hangzhou has increased by approximately 0.3 million from approximately 9.2 million in 2016 to approximately 9.5 million in 2017.

During the Track Record Period, we had undertaken five investment projects with real estate assets located within or near Hangzhou. The aggregate investment amount of these projects amounted to approximately RMB2.4 billion. As at the Latest Practicable Date, we had three pipeline projects with real estate assets located within or near Hangzhou. The expected investment amount of these projects in aggregate would amount to approximately RMB780.0 million.

Our new representative office in Hangzhou will act as a regional contact point to provide first point of contact to deal with all potential sources of projects, as well as acting as a local service centre which caters for the needs of potential high-net-worth investors residing within the vicinity of such area. We believe that the establishment of a representative office in Hangzhou will put us in a stronger position to take advantage of the opportunities that are expected to arise from the rapid economic development of the Hangzhou Bay economic rim and assist our Group in the sourcing and securing of quality projects around the area.

Xi'an

Xi'an is the provincial capital of Shaanxi Province and is the eastern starting point of the Silk Road. It is also the only megacity in northwest China and ranked third in terms of economic output among cities in western China in 2017 according to National Bureau of Statistics. Pursuant to the 《2018年全省金融工作要點》 issued by the Shaanxi Provincial Committee and the Shaanxi Provincial Government, the government aims to position Xi'an as the “Silk road financial centre”.

According to the “2017 Report on the Economic Performance of Xi'an City 《2017年西安市經濟運行報告》” issued by the Survey Office of the National Bureau of Statistics of China in Xi'an (西安市統計局和國家統計局西安調查隊), the GDP of Xi'an for the year of 2017 amounted to approximately RMB747.0 billion which represented an increase of approximately 7.7% from that of the previous year and ranked as the fastest growing capital city in the PRC in terms of GDP growth rate during the year of 2017. Further, the annual fixed asset investment (全年全社會固定資產投資) of Xi'an for the year of 2017 was approximately RMB755.6 billion which represented an increase of 12.9% as compared to that of the previous year.

According to the Survey Office of the National Bureau of Statistics of China in Xi'an (西安市統計局和國家統計局西安調查隊), the total number of population registered under the household registration system of Xi'an for the year of 2017 was approximately 9.1 million, of which approximately 0.3 million were newly registered populations.

BUSINESS

During the Track Record Period, we had undertaken one investment project with real estate assets located within Xi'an. The investment amount of such project amounted to approximately RMB239.2 million.

Our new representative office in Xi'an will act as a regional contact point to provide first point of contact to deal with all potential sources of projects, as well as acting as a local service centre which caters for the needs of potential high-net-worth investors residing within the vicinity of such area. We believe that the establishment of a representative office in Xi'an will enable us to seize the opportunities arising from Xi'an's positioning as the "Silk road financial centre" and assist our Group in the sourcing and securing of quality projects around the area.

Chongqing

Chongqing, one of the four direct-controlled municipalities of the PRC, is located in the connecting zone of between the Silk Road Economic Belt and the Yangtze River Delta Economic Zone.

According to the "2017 Report on the Economic Performance of Chongqing 《2017年重慶經濟運行報告》" issued by the Survey Office of the National Bureau of Statistics of China in Chongqing (重慶市統計局和國家統計局重慶調查隊), the GDP of Chongqing for the year of 2017 reached an approximate of RMB1,950.0 billion which represented an increase of 9.3% from that of 2016 and ranked fifth among all the cities in the PRC.

In 2017, the Municipal Government of Chongqing issued the "Several Preferential Policies Provisions Concerning the Introduction of High-end Talents into Chongqing 《重慶市引進高層次人才若干優惠政策規定》" and the "Implementation Measures for the Chongqing Domestic and Overseas Talents "Swan-Goose Project" 《重慶市引進海內外英才「鴻雁計劃」實施辦法》", which aim to support the transformation, upgrading and talent introduction of traditional industries as well as to support the development of strategic emerging industries.

By the end of 2017, the residential population of Chongqing reached an approximate of 30.8 million, representing an increase by approximately 0.3 million from approximately 30.5 million in 2016. According to "Chongqing City Population Development Plan for 2016–2030 《重慶市人口發展規劃(2016–2030年)》", the residential population of Chongqing is expected to reach approximately 32 million by 2020 and approximately 36 million by 2030.

BUSINESS

During the Track Record Period, we had undertaken one investment project with real estate assets located near Chongqing. The investment amount of such project amounted to approximately RMB440.0 million. As at the Latest Practicable Date, we had one pipeline project with real estate assets located near Chongqing. The expected investment amount of such project would amount to approximately RMB760.0 million.

Our new representative office in Chongqing will act as a regional contact point to provide first point of contact to deal with all potential sources of projects, as well as acting as a local service centre which caters for the needs of potential high-net-worth investors residing within the vicinity of such area. We believe that the establishment of a representative office in Chongqing will enable us to benefit from the favourable developments in the area, and assist our Group in the sourcing and securing of quality projects around the area.

Our Group plans to finance the initial set up cost by the net proceeds from the Share Offer. Please refer to the section headed “Future plans and use of proceeds” of this prospectus for further details.

In addition, we may also consider the possibility of expanding business into Hong Kong in order to cater for the international investment needs of our high-net-worth investors. Our Directors believe that Hong Kong is a major international financial centre comprising established infrastructure that attracts investors worldwide and recognised that our Group’s presence in the Hong Kong capital markets after the Listing could create a higher level of visibility for our Group internationally, which may in turn gain us better access to international investment projects. However, we have not conducted any business or fund raising activities in Hong Kong or anywhere outside the PRC as at the Latest Practicable Date and our Directors currently have no concrete plans for our expansion into Hong Kong. In the event that any such plan or investment opportunities become mature, we will conduct feasibility studies which will primarily focus on matters relating to operating in such jurisdiction (such as the licence requirements, legal and regulatory environment and tax planning in relation to our Group’s potential business activities) and engage additional legal, financial or technical expertise if and when necessary, and these are intended to be funded by our working capital.

Continue to expand our professional team and enhance our risk management capabilities

We will continue to improve our risk management system based on both international best practice and the specific circumstances of China’s asset management industry.

To enhance our risk management capabilities, we plan to integrate quantitative approaches such as analysis and forecasts based on advanced internal rating models. We also plan to further optimise the reporting lines between our business departments and the senior management of the Group, enhance risk control system at the Group level and improve the efficiency and quality of our risk

BUSINESS

management. We will strengthen the risk management positions and personnel allocation within each business departments to enhance frontline compliance and risk management departments at the subsidiary level. We will continue to invest in improving risk management structures and personnel and enhance risk management training for our employees.

We also believe that, in order for our enhanced risks management system to be effective in practice, it has to be implemented by professional and experienced staff members. Our success therefore depends on our ability to hire and cultivate experienced, motivated and well-trained members of our professional team. To meet the increasing demand of the market, new headcounts will be added to our professional team in order to enhance the efficiency and quality of our services. We will continue to attract management and technical talents with the required competence and experience in the asset management industry through external recruitment.

OUR PRINCIPAL BUSINESSES

We are investment fund managers specialising in the management of real estate investment funds in the PRC. Our Group structures and manages investments in quality portfolio assets identified by us. Our funds portfolio covers commercial real estate projects, distressed assets projects and urbanisation and redevelopment projects. We are managing two broad types of funds, namely Project Funds and FOFs. While Project Funds are set up for investing in a designated investment project, FOFs are set up for investment in various investment projects which falls within each FOF's designated scope. All the funds we managed target high-net-worth and/or institutional investors. During the Track Record Period, we derived our revenue mainly from the fees we charge our Project Funds and FOFs. Such fees comprised of the regular management fees we received from our funds throughout the project and performance fees we received after the completion of each project. We may also charge our funds one-off fund establishment fees in relation to the establishment and structuring of the relevant funds and the sourcing of investors.

BUSINESS

Set out below are breakdowns of our revenue by income source during the Track Record Period:

Breakdown of revenue by income source

	For the year ended 31 December						For the four months ended 30 April 2018	
	2015		2016		2017		RMB'000	%
	RMB'000	%	RMB'000	%	RMB'000	%		
Project Funds								
— regular management fee	13,611	39.0	57,019	68.4	103,518	79.1	35,306	62.5
— performance fee	15,184	43.5	11,737	14.1	17,682	13.5	16,163	28.6
— one-off fund establishment fees	3,562	10.3	3,421	4.0	2,100	1.6	2,286	4.1
Sub-total	32,357	92.8	72,177	86.5	123,300	94.2	53,755	95.2
FOFs ^(Note 1)								
— regular management fee	4,498	12.9	4,059	4.9	6,231	4.8	2,962	5.3
— performance fee	—	—	8,447	10.1	2,061	1.6	—	—
— one-off fund establishment fees	—	—	—	—	19	—	83	0.1
Sub-total	4,498	12.9	12,506	15.0	8,311	6.4	3,045	5.4
Advisory fees ^(Note 2)	100	0.3	—	—	—	—	—	—
Less: sales-related taxes	(2,086)	(6.0)	(1,261)	(1.5)	(736)	(0.6)	(333)	(0.6)
Total	34,869	100.0	83,422	100.0	130,875	100.0	56,467	100.0

Notes:

1. Included revenue generated from our direct investment into these FOFs.
2. During the Track Record Period, we have provided a one-off advisory service in relation to the evaluation and assessment of a potential real estate investments to an Independent Third Party.

Regular management fees are directly charged periodically from our funds based on a predetermined fixed percentage (generally between 1.0% to 2.5%, with the exception of certain projects which had rates of up to 5%) during the Track Record Period. Upon a fund's profitable exit, performance fees are charged as a percentage (generally 20%, actual rates may be higher) of the capital gains achieved upon such exit if the capital gains exceed a certain predetermined benchmark.

BUSINESS

Set out below are the range of regular management fee rate, performance fee rate and benchmark return during the Track Record Period with corresponding total AUM:

(i) AUM by management fee rate

Regular management fee rate	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
2.5% or below	913.2	1,070.0	2,692.8	3,046.2
Above 2.5%-3.5%	130.0	2,110.3	2,631.7	1,796.5
Above 3.5%-5.0%	171.4	650.0	150.0	150.0
Total gross AUM	1,214.60	3,830.3	5,474.50	4,992.70
Less FOF's investment in Project Funds .	(225.5)	(248.1)	(489.6)	(581.3)
Net AUM	989.1	3,582.2	4,984.9	4,411.4

(ii) AUM by performance fee rate

Performance fee rate	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Nil	48.7	47.7	434.6	716.3
20% to 25%	935.9	2,744.0	3,504.9	3,731.5
Above 25% to 30%	—	660.3	1,100.0	241.7
Others (<i>Note</i>)	230.0	378.3	435.0	303.2
Total gross AUM	1,214.6	3,830.3	5,474.5	4,992.7
Less FOF's investment in Project Funds .	(225.5)	(248.1)	(489.6)	(581.3)
Net AUM	989.1	3,582.2	4,984.9	4,411.4

Note: Others mainly represented the charges based on performance which were not measured in the usual way (as a certain percentage of surplus gains) but instead take into account other factors such as residual profit, certain amount of the area of property sold and so on.

BUSINESS

(iii) AUM by benchmark return

Benchmark return (Note)	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Nil	450.1	2,107.3	2,508.7	1,864.7
8% to 12%	539.0	195.5	435.7	492.8
Above 12% to 15%	225.5	1,527.5	2,530.1	2,635.2
Total gross AUM	1,214.6	3,830.3	5,474.5	4,992.7
Less FOF's investment in Project Funds	(225.5)	(248.1)	(489.6)	(581.3)
Net AUM	<u>989.1</u>	<u>3,582.2</u>	<u>4,984.9</u>	<u>4,411.4</u>

Note: The benchmark returns (if any) as set out in investment agreement do not in any way represent any guarantee of whatever nature as to the return on investment or profitability of our funds and should not be relied on as an indication of or create any expectation as to the foregoing.

We have been able to charge performance fees in all of our investment projects completed during the Track Record Period which had performance fee mechanisms under the relevant investment agreements.

Please refer to the paragraph headed “Our investment funds” in this section for further details of our funds.

OUR PORTFOLIO ASSETS

Our fund portfolio covers commercial real estate projects, distressed assets projects and urbanisation and redevelopment projects. The following table sets out a breakdown of our portfolio assets held by our Project Funds as at 31 December 2015, 2016 and 2017, 30 April 2018 and the Latest Practicable Date:

	As at 31 December						As at 30 April		As at the Latest Practicable Date	
	2015		2016		2017		2018		Number of projects	AUM
	Number of projects	AUM	Number of projects	AUM	Number of projects	AUM	Number of projects	AUM		
		<i>RMB'million</i>		<i>RMB'million</i>		<i>RMB'million</i>		<i>RMB'million</i>		<i>RMB'million</i>
Commercial real estate projects	3	759.0	3	1,076.0	4	986.6	4	1,084.5	3	948.5
Distressed asset projects	—	—	1	1,450.0	3	2,451.8	3	2,493.8	3	2,593.8
Urbanisation and redevelopment projects	2	230.0	2	1,031.3	4	1,495.1	5	776.3	4	858.8
Project Funds total ^(Note)	<u>5</u>	<u>989.1</u>	<u>6</u>	<u>3,557.3</u>	<u>11</u>	<u>4,933.5</u>	<u>12</u>	<u>4,354.6</u>	<u>10</u>	<u>4,401.1</u>

Note: The AUM of our FOFs which has been invested in these projects has already been taken into account in such total.

BUSINESS

Breakdown of revenue by portfolio assets under Project Funds

The following table sets out the breakdown of our revenue by portfolio assets during Track Record Period.

	For the year ended 31 December						For the four months ended	
	2015		2016		2017		30 April 2018	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Commercial real estate projects . . .	8,439	26.1	37,150	51.5	34,836	28.3	10,187	19.0
Distressed assets projects	—	—	22,538	31.2	51,905	42.1	22,104	41.1
Urbanisation and redevelopment projects	23,918	73.9	12,489	17.3	36,559	29.6	21,464	39.9
Project Funds total ^(Note)	<u>32,357</u>	<u>100.0</u>	<u>72,177</u>	<u>100.0</u>	<u>123,300</u>	<u>100.0</u>	<u>53,755</u>	<u>100.0</u>

Note: The revenue generated directly from our management of FOFs has been excluded from the table for better illustration of our revenue by portfolio assets.

All of the investees of our funds' investment projects during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties.

BUSINESS

For more details about our portfolio assets under our Project Funds during the Track Record Period, please refer to the paragraph headed “Our investment funds — Project Funds — Portfolio assets” in this section. As at 30 April 2018, we had a total of 12 on-going investment projects which had commenced but not completed. The following table sets out a breakdown of such projects:

Project name	Project type	AUM as at 30 April 2018	Commencement date	Expected completion date ^(Note 1, 4)	Status of development as at the Latest Practicable Date
<i>RMB'million</i>					
1. Huaqiao Cheng Project* (華僑城項目)	Commercial real estate	568.0	October 2017	October 2021	Approximately 73.3% leased out
2. Zhongheng Project* (眾恒項目).	Commercial real estate	63.3	November 2017	June 2020	Public sales announcement made
3. Fuzhou Wanbaocheng Project* (福州萬寶城項目) ^(Note 3)	Commercial real estate	150.0	December 2015	July 2018	Completed
4. Shaoxing Keqiao Project* (紹興柯橋項目)	Commercial real estate	303.2	September 2016	June 2019	Sales of units commenced in third quarter of 2018
5. Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目)	Distressed assets	1,450.0	April 2016	April 2020	Recovery rate ^(Note 2) of approximately 92.8% achieved
6. Yuhang Xinhua Yuan Project* (余杭馨華園項目)	Distressed assets	962.1	June 2017	November 2018	Recovery rate ^(Note 2) of approximately 75.1% achieved; in preparation for bulk disposal of the entire distressed assets
7. Xinda Jiangsu 11 Projects* (信達江蘇11戶項目)	Distressed assets	81.7	November 2017	September 2021	Assets acquired, undergoing tax planning in preparation for disposal; recovery/realisation process has not been commenced
8. Ningbo Zhenhai Project* (寧波鎮海項目) ^(Note 3)	Urbanisation and redevelopment	111.3	June 2016	September 2018	Completed

BUSINESS

Project name	Project type	AUM as at 30 April 2018	Commencement date	Expected completion date <i>(Note 1, 4)</i>	Status of development as at the Latest Practicable Date
		<i>RMB' million</i>			
9. Dianshanhu Project* (淀山湖項目) <i>(Note 3)</i>	Urbanisation and redevelopment	241.7	November 2016	December 2018	Investment realised by our funds and our funds are in the process of liquidation
10. Shengsi Project* (嵯泗項目). . .	Urbanisation and redevelopment	278.9	December 2017	November 2019	Sales of units commenced in fourth quarter of 2018
11. Chengdu Project* (成都項目) . .	Urbanisation and redevelopment	121.3	December 2017	November 2019	At constructing and pre-market stage
12. Shenzhen Xinqiaowei Project* (深圳新喬圍項目).	Urbanisation and redevelopment	23.1	April 2018	July 2020	Preparing to commence demolition of existing structure
Total:		<u><u>4,354.6</u></u>			

Notes:

1. Based on our Directors' estimation.
2. Calculated by the aggregate of Realised Value and Committed Value as at the Latest Practicable Date divided by the aggregate initial cost of acquisition of the distressed assets.
3. As at the Latest Practicable Date, we have principally completed these projects. For details, please refer to the section headed "Financial information — Recent developments" of this prospectus.
4. Revenue expected to be generated after 30 April 2018 is approximately RMB260 million, which is estimated based on the AUM as at 30 April 2018.

Our Directors confirm that to the best of their knowledge and beliefs having made all reasonable enquires, during the Track Record Period and up to the Latest Practicable Date, none of our Project Funds or FOFs has invested in any project which any of our connected persons was interested.

BUSINESS

Commercial real estate projects

Commercial real estate projects mainly comprise non-residential real estate assets such as shopping malls, office buildings and hotels. Our funds' targets are generally projects from business partners within the real estate industry or property owners or the special purpose vehicles formed by them for a specific property development project. In these projects, our fund would add value by providing financial management and/or risk management advisory.

Our funds may invest in a commercial real estate in the following manners:

- acquiring the legal title to completed and leased-out properties
- acquiring commercial properties at discount and realising the same at higher price during the Project Fund's fund life which is generally no longer than four years
- acquiring legal title and developing/redeveloping the relevant commercial project in the same manner as our urbanisation and redevelopment projects

During the Track Record Period, our total investment size for a commercial real estate project ranged from approximately RMB48 million to approximately RMB800 million. Our funds obtain revenue and exit through cash flow from project operation or cash flow from project realisation. We would deploy resident staff to the project sites to manage cashflow, control major decisions and monitor the progress of our real estate investment projects and our funds may maintain control of or possess veto rights over the board of project companies as part of our risk management measures.

Distressed assets projects

Leveraging on our solid expertise in managing real estate investment funds, in April 2016, we had extended our assets portfolio to distressed assets projects, which is a natural extension of our real estate investment management business as the distressed assets which our funds would acquire include mainly either real estate related or backed by property-based assets, which is heavily reliant on similar expertise and technical know-how on the part of the fund manager. Such property-based assets include independent houses, flats, industrial factories, shopping malls and on-street shops.

Our Directors believed that we could leverage on the opportunities brought by a shift in the prevailing government policies which favoured investments in existing stock piled properties to extend our real estate assets portfolio to cover distressed assets. At the economic working meeting of the PRC Central Government* (中央經濟工作會議) held on 18 December 2015, it was, among other things, noted that the growing stock piles of distressed, unsold or unutilised properties in the PRC real estate market had been causing structural and liquidity problems and risks for the PRC economy as whole. Accordingly, it was stated at the meeting that the PRC government should launch various market initiatives to reduce stock piled properties to improve the overall climate of the PRC real estate market and to reduce systematic risks for the PRC economy by improving the liquidity in

BUSINESS

the market going-forward. Among these initiatives was a pledge made by the PRC government officials at the meeting to initiate and establish tax and other benefits in favour of enterprises engaging in the disposal of distressed assets as one of the means to reduce the number of stock piled properties in the PRC real estate market. As such policy initiative was specifically directed at real estate related distressed assets, with the distressed assets secured by our solid expertise in the management of real estate investment funds, our Directors believed that we were well positioned to take advantage of such policy initiative to launch our distressed asset funds.

In addition, we also consider distressed assets projects as an alternative source of real estate projects in a cost effective manner. Generally our distressed assets portfolio comprise a range of debt instruments that are mainly secured by real estate properties.

Our funds acquire distressed assets from secondary markets offered by financial institutions such as Big Four AMC Companies as well as non-financial enterprises either through competitive biddings, auctions or negotiated acquisitions. During the Track Record Period, our funds acquired distressed assets portfolios at discount ranging from 17% to 68% to their book value. Based on our internal appraisal, we target to recover and realise assets at value (“**Target Value**”) that are 21% to 56% over the cost of the distressed assets. We classify distressed assets into two broad types, namely those secured by real estate related assets and unsecured. During the Track Record Period, the distressed assets secured by real estate related assets represented approximately 81% to 100% of the Target Value of our distressed assets portfolios.

Prior to the acquisition of distressed assets, we would conduct stringent due diligence investigation and prudent assets evaluation. After the acquisition of the distressed assets, we would track as well as dynamically manage the related collateral. Prior to our disposal of any assets, we would also conduct appropriate evaluation to maximise the return we could generate from our distressed assets. Through such process, we could classify, reassess and enhance the value of our distressed assets, while at the same time, maximise the revenue of our funds.

Based on the characteristics of the distressed assets, the repayment abilities of the debtors, the conditions of the collateral securing the distressed assets and the level of risks involved, we realise value preservation and appreciation of these assets through flexible disposal or restructuring. Our realisation methods may include (i) commencing court proceedings to liquidate the distressed asset and obtain the proceeds of the liquidation; (ii) assignment/disposal of debt interests by auction; (iii) obtaining title to the underlying real estate assets which were given as security and sell the same at higher; or (iv) obtaining title to the underlying real estate assets which were given as security and redevelop such properties to enhance its value before disposal. We would normally deal with real estate related distressed assets ourselves and, depending on nature and expected value of other items in the distressed assets portfolio, we would consider various options in handling them, including the engagement of third party legal experts in assisting on the collection/realisation process.

BUSINESS

As advised by our PRC Legal Advisers, the management of distressed assets under our funds' portfolio falls within the ambit of the existing licences and regulatory approvals held by our Group throughout the Track Record Period.

During the Track Record Period, our investment size for a distressed asset portfolio ranged from approximately RMB81.7 million to approximately RMB1,450.0 million. We structure and manage the investments in distressed assets and generates revenue from the regular management fees we receive throughout the management of the relevant assets and performance fees upon exit. We began extending our assets portfolio to cover distressed assets in April 2016. As at the Latest Practicable Date, we had realised approximately RMB311.5 million (“**Realised Value**”) for our distressed assets investment funds and entered into committed transactions valued at approximately RMB1,617.5 million (“**Committed Value**”), which together represented an overall recovery of the cost of distressed assets of 83.4% for the projects which commenced their recovery/realisation process, which is calculated by the aggregate of Realised Value and Committed Value as at the Latest Practicable Date of approximately RMB1,929.0 million divided by the aggregated initial acquisition costs of such distressed assets of approximately RMB2,314.0 million. The Realised Value of approximately RMB311.5 million represented the actual cash generated from realisation activities/transaction and Committed Value represented the considerations receivable by our funds based on firm realisation/disposal agreements which would not be accounted for as the Group's receivables since we did not consolidate these managed funds.

Given our aggregated initial acquisition costs of such distressed assets of approximately RMB2,314.0 million, our Target Value (21% to 56% over the cost of the distressed assets) was estimated at the range from RMB2,799.9 million to RMB3,609.8 million, and our achieved Realised Value and Committed Value in aggregate reached RMB1,929.0 million as at the Latest Practicable Date, leaving a value of at least RMB870.9 million to meet the Target Value.

Urbanisation and redevelopment projects

Urbanisation and redevelopment projects mainly include the redevelopment or reconstruction projects of specific cities, and the funds we manage generally invest in equity capital of related projects. Our investment funds can invest in urbanisation and redevelopment projects at different stages of their development. Our typical urbanisation and redevelopment projects generally would comprise the following stages:

- Land preparation stage — for urbanisation and redevelopment projects in Shenzhen, pursuant to the relevant local government policies, our funds' project companies may obtain approval to commence demolition of existing structure and sell the property thereafter via open auction/competitive bidding. Such process is expected to take up to 12 months:

BUSINESS

- Acquisition stage — securing land title(s) and obtaining approval on the proposed use of land, which would generally take two weeks to eight months, and completion of such stage is evidenced by the granting of land certificate(s) (土地證) and permit(s) for planning parcels of land for construction purpose (建設用地規劃許可證);
- Planning and pre-construction stage — carrying out initial survey of the land, designing schematic plans, and obtaining approval of the schematics and the permission to proceed the commencement of construction, which would generally take one to five months, and completion of such stage is evidenced by the granting of permit(s) for planning construction projects (建設工程規劃許可證) and permit(s) for implementing construction projects (建築工程施工許可證);
- Construction stage — construction works would be carried out by the relevant contractors after the permit(s) for implementing construction projects has been obtained; and
- Presale stage — after the construction works has reached over 25% (calculated on cost basis), which generally would take up to four months, the project company would commence pre-selling of the relevant property(ies), which would last until the completion of the relevant construction works. Our Project Funds generally would exit from the relevant investment project prior to the end of the presale stage. From the commencement of the presale stage to our Project Funds' exit would take up to 30 months.

Our funds may invest in an urbanisation and redevelopment project at any of the above-mentioned stages and further funding from our funds, if any, is generally pre-agreed in the initial investment agreement entered into between our Group and the relevant investee company. In addition to the investment in equity capital for the related projects, our funds would also provide financial management and risk management advisory.

During the Track Record Period, our total investment size for an urbanisation and redevelopment project ranged from approximately RMB80.0 million to approximately RMB1,100.0 million. Our funds realise value through either the collection of interest payments from the relevant partners or through the disposal of equity interests in the project companies or interests in the residential property. We would deploy resident staff to the project sites to manage cashflow, control major decisions and monitor the progress of our urbanisation and redevelopment projects and may maintain control of or veto rights over the board of project companies as part of our risk management measures.

BUSINESS

Our pipeline projects

We continue source and select suitable investment projects and set up funds to invest in them. As at the Latest Practicable Date, our Business Development Department and Steering Committee were evaluating five investment proposals with potential investment amount of RMB1,470.0 million.

Investee Companies

For commercial real estate projects and urbanisation and redevelopment projects, our managed Project Funds may acquire (in the case of equity investments) or encumber (in the case of debt investments) up to the entire equity interests in the investee company. Our managed funds would gain control over or veto rights in the board of the investee companies and/or gain custody of the investee companies' company seal in all applicable investment projects. Our managed funds would exercise such power and control to ensure that (i) funds are being used appropriately; (ii) each milestone of the project are reachable pursuant to the pre-agreed timetable; (iii) the costs of the projects do not exceed the pre-agreed budget plans; (iv) the project companies comply with the applicable legal and regulatory requirements; and (v) the project companies do not incur any liabilities without our prior approval.

Set out below are the salient terms of our arrangements with the investee companies during the Track Record Period:

Parties:	(1) Our Project Fund (2) Investee company
Mode of investment:	— equity; — debt (<i>Note</i>); or — mixed (equity and debt)
Security/guarantee arrangement:	— charge over investee company's immovable assets; — charge over investee company shareholder's equity interests in the investee company; — charge over counterparty's receivables; and/or — continuing guarantee provided by the controller of the investee company
Governance:	The voting rights of the board members appointed by our Project Funds range from 33% to 100%.
Profit distribution:	The relevant investment agreements do not contain any provisions for the distribution of profits as between our Project Fund and the investee company.

BUSINESS

Transferability: The relevant investment agreements do not contain any provisions for the transfer of each party's interests therein.

Note: Please refer to the section headed "Regulatory overview" of this prospectus for details of the relevant regulatory requirements in respect of debt investments by real estate investment funds.

The investee companies generally do not have the right to capital call or require our funds to inject additional capital. The investment agreement generally does not contain any material liability clauses and our Project Fund's liability is limited to the investment amount.

In addition to the above contractual rights, we have adopted a range of internal control measures to monitor and control these investee companies. Please refer to the paragraph headed "Risk management and internal control — Project management risks" in this section for further details. Our Directors believe that, with the above contractual mechanisms and our solid internal control measures in place, we would be able to safeguard the interests of our funds in the investee companies.

Impact of Circular Four

As further particularised in the section headed "Regulatory overview" of this prospectus, the restrictions of Circular Four include, among other things: (i) limiting the investment in the form of debt in respect of residential projects located in the 16 Hotspot Cities; and (ii) limiting the credit financing provided to real estate enterprises to pay for land transfer or supplementary liquidity.

During the Track Record Period, one of our commercial real estate projects and three of our urbanisation and redevelopment projects fell within the ambit of Circular Four. These projects contributed total revenue of approximately RMB10.9 million, RMB12.8 million, RMB7.8 million and RMB12.1 million, and represented approximately 31.2%, 15.3%, 6.0% and 21.4% of our total revenue for the years ended 31 December 2015, 2016 and 2017, and the four months ended 30 April 2018, respectively. The abovementioned projects were completed and successfully exited in July 2015, July 2016, August 2016 and September 2018, respectively. As advised by our PRC Legal Advisers, although these projects did fall within the ambit of Circular Four, as they were commenced prior to the promulgation of Circular Four and no additional investments were made in to these projects thereafter, the investments into these projects by our funds would not constitute breaches of the provisions of Circular Four.

Given such change in the regulatory environment, (i) our funds' investments had gradually shifted from the use of debt instruments to the use of equity investments for projects involving residential properties within the 16 Hotspot Cities; and (ii) we or our managed funds had not provided any further credit financing to real estate enterprises to pay for land transfer or supplementary

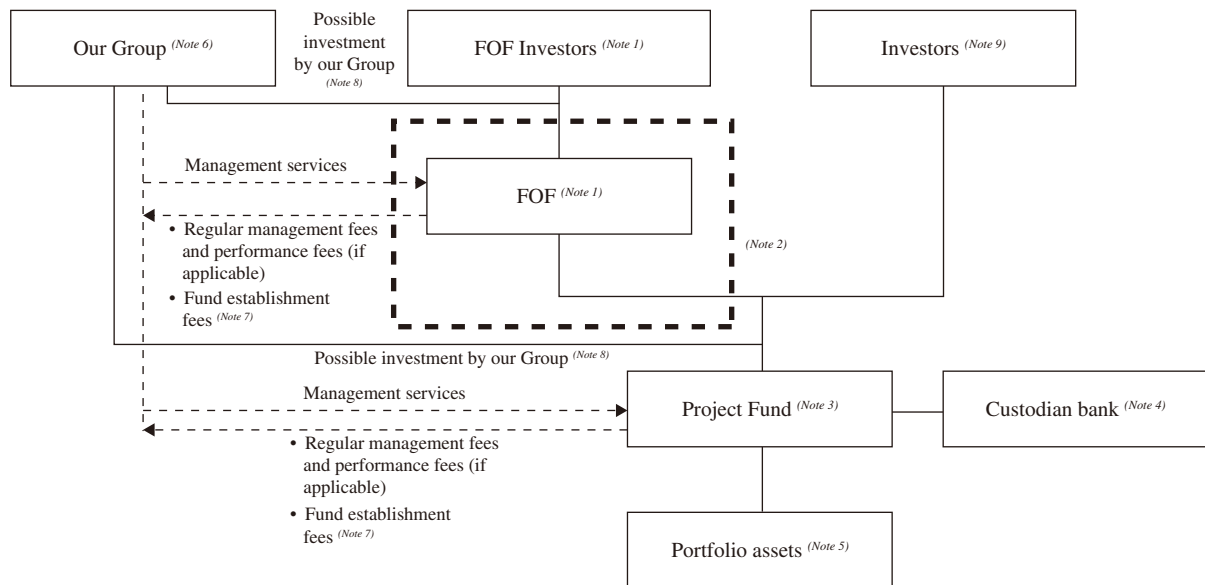
BUSINESS

liquidity after Circular Four become effective towards the end of the Track Record Period. As none of our pipeline projects as at the Latest Practicable Date fell within the ambit of Circular Four, our Directors therefore believe that the promulgation of Circular Four would not have a material impact on our business.

OUR INVESTMENT FUNDS

Typical investment structure of our funds

Set out below is the typical investment structure of the funds structured and managed by us:



Notes:

1. Details of our FOFs are set out in the paragraph headed “FOFs” in this section.
2. As further particularised in the paragraph headed “FOFs” in this section, we may or may not involve the investments of FOFs in our investment structure. If FOFs are involved in an investment project, its level of involvement in the project may vary at different stage of an investment project. FOFs would share gain of project on a time-weighted average bases.
3. Details of our Project Funds are set out in the paragraph headed “Project Funds” in this section.
4. All monies of our funds are held by custodian banks, and the custodian banks would only release funds upon receiving reasonable evidence demonstrating that certain conditions precedents for such release under the relevant financing agreements are met.
5. Our portfolio assets currently comprise of (i) commercial real estate projects; (ii) distressed assets projects; and (iii) urbanisation and redevelopment projects. For details of our arrangements with the investee companies, please refer to the paragraph headed “Our principal businesses — Investee companies” in this section.
6. Our Group’s certificate for private investment fund manager registration are held by our Company and Shanghai Ruixiang. Details of the regulatory requirements are set out in the section headed “Regulatory overview” of this prospectus.

BUSINESS

7. In addition to regular management fees, we also charge our funds one-off fund establishment fees in relation to the establishment and structuring of the relevant funds and the sourcing of investors.
8. Please refer to the paragraphs headed “Project Funds” and “FOFs” in this section.
9. We group investors with different risk and risk tolerance profiles into different classes of investment through establishing different contract based funds for them. As these contract based funds are formed for the sole purpose of facilitating investors’ investments in Project Funds, we generally would not charge management or performance fees at this level. Also, in calculating our AUMs and number of funds we manage, we have excluded these funds.
10. We may co-manage some of our FOFs with our strategic partners. Please refer to the paragraph headed “FOFs” below for further details.
11. We may co-manage some of our Project Funds with our strategic partners. Please refer to the paragraph headed “Project Funds” below for further details.

Set out in the table below is a breakdown of our AUM by types of fund as at the end of the relevant years/period:

	As at 31 December						As at	
	2015		2016		2017		30 April 2018	
	No. of funds	AUM	No. of funds	AUM	No. of funds	AUM	No. of funds	AUM
		<i>RMB’ million</i>		<i>RMB’ million</i>		<i>RMB’ million</i>		<i>RMB’ million</i>
Project Funds	5	989.1	6	3,557.3	11	4,933.5	12	4,354.6
FOFs	2	225.5	3	273.0	6	541.0	6	638.1
Less: FOF investments in								
Project Funds	—	(225.5)	—	(248.1)	—	(489.6)	—	(581.3)
Adjusted total	7	989.1	9	3,582.2	17	4,984.9	18	4,411.4

Note: We have eliminated the amount that FOFs have invested in Project Funds to avoid double counting.

BUSINESS

The movements in the number of funds under our management and AUM during the Track Record Period are as follows:

	Project Funds		Adjustment for FOFs realisations/(injection) in				FOFs		Total funds	
	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM
		RMB' million		RMB' million		RMB' million		RMB' million		RMB' million
As at 1 January 2015 . . .	5	583.2	—	(224.0)	5	359.2	2	224.0	7	583.2
Movements in existing projects:										
Add/(Less): Net										
additions/(realisations)	—	37.7	—	15.5	—	53.2	—	1.5	—	54.7
Less: Completion	(3)	(442.2)	—	100.8	(3)	(341.4)	—	—	(3)	(341.4)
Sub-total	(3)	(404.5)	—	116.3	(3)	(288.2)	—	1.5	(3)	(286.7)
Movements in new projects:										
Add: Additions	3	810.4	—	(117.8)	3	692.6	—	—	3	692.6
As at 31 December 2015 and 1 January 2016 . . .	5	989.1	—	(225.5)	5	763.6	2	225.5	7	989.1
Movements in existing projects:										
Add/(Less): Net										
additions/(realisations)	—	477.6	—	59.4	—	537.0	(1)	(198.0)	(1)	339.0
Less: Completion	(3)	(769.0)	—	128.3	(3)	(640.7)	—	—	(3)	(640.7)
Sub-total	(3)	(291.4)	—	187.7	(3)	(103.7)	(1)	(198.0)	(4)	(301.7)
Movements in new projects:										
Add: Additions	4	2,859.6	—	(210.3)	4	2,649.3	2	245.5	6	2,894.8
As at 31 December 2016 and 1 January 2017 . . .	6	3,557.3	—	(248.1)	6	3,309.2	3	273.0	9	3,582.2
Movements in existing projects:										
Add/(Less): Net										
additions/(realisations)	—	(159.6)	—	47.9	—	(111.7)	—	214.5	—	102.8
Less: Completion	(1)	(47.7)	—	27.5	(1)	(20.2)	(1)	(27.5)	(2)	(47.7)
Sub-total	(1)	(207.3)	—	75.4	(1)	(131.9)	(1)	187.0	(2)	55.1

BUSINESS

	Adjustment for FOFs realisations/(injection) in									
	Project Funds		Project Funds		Adjusted Project Funds		FOFs		Total funds	
	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM
		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>
<i>Movements in new projects:</i>										
Add: Additions	6	1,583.5	—	(316.9)	6	1,266.6	4	81.0	10	1,347.6
As at 31 December 2017 and 1 January 2018	11	4,933.5	—	(489.6)	11	4,443.9	6	541.0	17	4,984.9
<i>Movements in existing projects:</i>										
Add/(Less): Net additions/(realisations)	—	(602.0)	—	(68.6)	—	(670.6)	—	97.1	—	(573.5)
Less: Completion	—	—	—	—	—	—	—	—	—	—
Sub-total	—	(602.0)	—	(68.6)	—	(670.6)	—	97.1	—	(573.5)
<i>Movements in new projects:</i>										
Add: Additions	1	23.1	—	(23.1)	1	—	—	—	1	—
As at 30 April 2018 and 1 May 2018	12	4,354.6	—	(581.3)	12	3,773.3	6	638.1	18	4,411.4
<i>Movements in existing projects:</i>										
Add/(Less): Net additions/(realisations)	—	307.8	—	(60.4)	—	247.4	—	55.4	—	302.8
Less: Completion	(2)	(261.3)	—	—	(2)	(261.3)	—	—	(2)	(261.3)
Sub-total	(2)	46.5	—	(60.4)	(2)	(13.9)	—	55.4	(2)	41.5
<i>Movements in new projects:</i>										
Add: Additions	—	—	—	—	—	—	—	—	—	—
As at Latest Practicable Date	10	4,401.1	—	(641.7)	10	3,759.4	6	693.5	16	4,452.9

BUSINESS

We normally structure our Project Funds in the form of limited liability partnerships which act as project platform funds with different contract based funds as limited partners of the Project Funds to segregate different groups of investors based on their risk-return profiles, and our FOFs are usually structured as limited liability partnerships or contract based funds. In order to perform our management responsibilities, we act as general/managing partners (in respect of partnership fund) or fund manager (in respect of contract based fund) to manage our funds. None of our funds has given any guarantee as to investment return to any of our investors. Set out in the table below is a brief comparison of the two types of funds:

	Project Funds	FOFs
Timing of formation	At the commencement of a specific investment project	Not linked to any specific investment project
Duration	Ranging from 15 to 48 months	Ranging from three to five years
Scope of investment	Limited to a specific investment project	Any investment project which fall within its designated investment scope
Type of entity	Generally as limited liability partnerships	Limited liability partnership or contract based funds
Our role in the fund	Fund manager/General partner	Fund manager/General partner

FOFs are established for investment in multiple investment projects and their capitals are intended to be recycled for another investment projects after exiting from an investment project. In contrast, each Project Fund is formed for the sole purpose of investing in a specific investment project. Its fund life would therefore correspond only to the duration of the investment project. According, the fund lives of FOFs would generally be longer than that of a Project Fund.

Investment classes

In order to suit the specific capital needs of each investment project and the risk appetite of different types of investors (including FOF Investors), our investments are generally structured in ways which allow different investment classes with different risk-return profiles. Normally a Project Fund would have two to three tiers of investors, whereas an FOF generally has only one class of investors. Set out below is a brief summary of some of the key features of each investment class:

Class	Risk level <i>(Note 1)</i>	Priority in respect of distribution of profits <i>(Note 2)</i>	Principal source of funding
A-I	Low	First	Institutional investors Wealth management companies
A-II	Medium	Second	High-net-worth individuals Wealth management companies
B	High	Third	FOF High-net-worth individuals Institutional investors

BUSINESS

Notes:

1. The risk exposure of an investor is linked to his/its position in the priority waterfall of the Project Fund's resources in the event that the Project Fund defaults. For instance, as the Class B investors are lowest in the priority waterfall, in the event the Project Fund defaults, the Class B investors will only be entitled to the remaining resources of the Project Fund (if any) after the claims of both Class A-I and Class A-II investors have been satisfied and therefore the principal amount of the investment of Class B investors could be exposed to substantial risk.
2. The distribution of the Project Fund's profits also follows a priority waterfall. A profits cap would generally be predetermined for each of the Class A-I and Class A-II investors under the relevant fund formation documents. An amount which equals to the profit cap of Class A-I investors would first be distributed to the Class A-I investors out of the distributable profits (the "**Class A-I Distribution**"). The distributable profits which remains after the Class A-I Distribution would then be (so far as it is possible) distributed to the Class A-II investors up to such amount which equals to its profit cap (the "**Class A-II Distribution**"). If and only if there are any distributable profits remaining after the Class A-I Distribution and the Class A-II Distribution, the Class B investors would be entitled to all such profits.
3. Depending on the capital needs of and investors' interests in an investment project, we may adopt a two-class investment structure without Class A-II investors.

Historically, our internal guidelines set limit of ratio between class A and class B investors in our Project Funds at 3:1. After promulgation of Guiding Opinion on Regulating Asset Management Business of Financial Institutions (關於規範金融機構資產管理業務的指導意見), we changed such guideline ratio into 1:1 since 27 April 2018. Such change in the guideline ratio will reduce our demand for Class A investors but increase demand for Class B investors but it will not impose any difficulty to a material extent on our sourcing of Class B investors arising from the increased demand. As the proportion of investment amount from Class B investors in a Project Fund will be greater than that of before, the expected return and associated risk exposure to the priority waterfall to Class B investors will be reduced accordingly. The Directors are of the view that the reduced risk exposure would enable our Group to attract new pool of Class B investors with lower risk tolerance level. Having said that, investors looking for high return with higher risk tolerance level might reduce. In light of the combined effect above, the Directors are of the view that the change in the limit of ratio between Class A and Class B investors will not result in any material impact on the sourcing funding which was evidenced by the fact that we have successfully launched Shenzhen Xinqiaowei Project in April 2018 after the promulgation of such change. In addition, as the new regulation is generally applicable to all real estate investment funds, we therefore believe that the adjustments in the guideline ratio would not make our products any less attractive to investors as compared to our competitors. Accordingly, we believe that the promulgation of the new regulation will not have any material impact on our business.

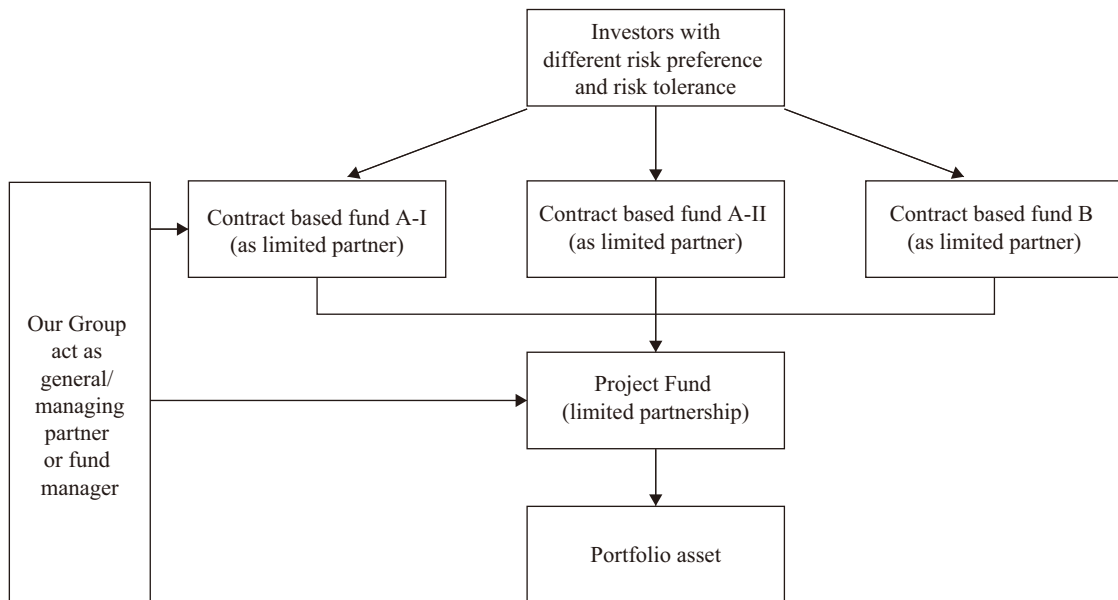
BUSINESS

The segregation of investment classes is normally achieved by forming a contract based fund for each investment class to group investors of the same class and direct their investments to the Project Funds through such contract based fund. We, as the fund manager, manage such contract based funds. As such contract based funds serve to group investors with different risk preference and risk tolerance into different classes, they are formed to facilitate investors' investment in Project Funds and we do not charge management or performance fees at this level. Also, in calculating our AUMs and number of funds we manage, we have excluded them.

Project Funds

Structure

Our Project Funds are normally structured in the form of limited liability partnerships to act as project funds with different contract based funds as limited partners to segregate different groups of investors based on their risk preference. Each contract based fund is constituted by the contract entered into between the partners of the fund. It is not a separate legal entity to enable it to sue or be sued. When our Group acts as manager to carry out our fund management responsibilities, we are under no obligation to undertake any form of guarantee in respect of the fund's liabilities or contribute additional capital to the fund. Accordingly, our risk exposure would be limited save for cases where we are alleged to have committed fraud or wilful default. The typical structure of our Project Funds is as follows:



BUSINESS

Project Funds are normally limited liability partnerships registered under the laws of the PRC. These limited liability partnerships are formed for the purpose of investing in a specific investment project. Investments activities which are outside the scope of the designated project are generally not permitted under the relevant partnership agreements. Unlike contract based funds, each limited liability partnership would be a separate legal entity enabling it to sue or be sued. As a general partner to the limited liability partnership, we may be exposed to the full extent of the fund's liabilities. Please refer to the section headed "Risk factors — We are subject to litigation risks" of this prospectus for details of the relevant risks. We act as general/managing partner to manage these partnerships and would generally hold no more than a nominal equity interests therein, normally less than 0.5% of total fund size directly. Pursuant to the relevant partnership agreements, we are entitled to a regular management fee and contingent performance fee. We would also charge one-off fund establishment fees in relation to the establishment and structuring of the relevant funds and the sourcing of investors. None of our Project Fund partnership agreements contained any key man clauses.

Portfolio assets

Set out below is a summary of our portfolio assets during the Track Record Period:

No.	Portfolio asset	Lettable area m ²	Location	AUM as at				30 April 2018 RMB million	Annualised return ⁽ⁱ⁾⁽ⁱⁱ⁾ %	Investment Period	Project Fund's interests in the investee company %	Co-managed with our partners	Counterparty(ies)	External advisers engaged ⁽ⁱⁱⁱ⁾	Regular management fee rate ^(iv) %	Performance fee rate %	Benchmark return %	For the year ended 31 December			For the four months ended 30 April 2018				
				2015	2016	2017	2015											2016	2017	2015	2016	2017	2015	2016	2017
				RMB million	RMB million	RMB million	RMB million											RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Commercial real estate																									
<i>Completed as at the Latest Practicable Date</i>																									
1.	Xintan 340 Project ⁽ⁱ⁾ (徐汇340项目)	53,793	Shanghai	530	—	—	17.2	From August 2015 to July 2016	90	N		(i) Real estate developer based in Shanghai (ii) Investment manager based in Shanghai	N	2.0	24.0% of the surplus gains	11.0	2.6	2.2	3.6	6.8	—	0.1	—	—	
2.	Wangji Project ⁽ⁱ⁾ (浦东项目)	29,000	Shanghai	487	—	—	5.4	From December 2013 to April 2017	100	Y	Business management advisory service provider and marketing company based in Shanghai	Real estate developer and property manager based in Shanghai	Y	(Note 9)	—	—	—	—	—	—	—	—	—	—	
3.	Fuzhou Wanhoocheng Project ⁽ⁱ⁾ (福州万象城项目)	19,480	Fuzhou, Fujian Province	1714	680	190	20.0	From December 2015 to July 2018	750	N		(i) Asset manager based in Fuzhou (ii) Asset manager based in Beijing	N	5.0	20.0% of the surplus gains	(Note 11)	0.3	—	223	—	109	14.3	—	—	4.6
<i>On-going as at the Latest Practicable Date</i>																									
4.	Shaoxing Kaqiao Project ⁽ⁱ⁾ (绍兴柯桥项目)	38,570	Shaoxing, Zhejiang Province	—	378.3	455.0	N/A	From September 2016 to June 2019 (expected)	100	N		Mixed portfolio investment company based in Shaoxing	N	2.0	(Note 5)	(Note 5)	—	—	1.8	—	8.1	—	—	2.5	—

BUSINESS

No.	Portfolio asset	Lettable area	Location	AUM as at				30 April 2018	Annualised return ^(iv,1)	Investment Period	Project Fund's interests in the investee company	Co-managed with our partners	Counterparty(ies)	External values engaged ^(iv,2)	Regular management fee rate ^(iv,3)	Performance fee rate	Benchmark return	For the year ended 31 December				For the four months ended 30 April 2018				
				2015	2016	2017	2018											2015	2016	2017	2018	Regular management fee	Regular management fee	Regular management fee	Regular management fee	
				RMB million	RMB million	RMB million	RMB million											fe	fe	fe	fe	RMB million	RMB million	RMB million	RMB million	RMB million
5.	Huang Cheng Project* (青島項目)	95,430.0	Shanghai	—	384.1	586.0	N/A	From October 2017 to October 2021 (expected)	40%	Y	Real estate developer and construction material supplier based in Zhejiang	Real estate developer and property manager based in Shanghai	Y	2.0	(Note 10)	—	—	—	—	—	—	—	2.8	—		
6.	Zhongheng Project* (深圳項目)	19,365	Shanghai	—	11.5	63.3	N/A	From November 2017 to June 2020 (expected)	100%	N	Information technology developer based in Shanghai ^(Note 3)	Information technology developer based in Shanghai	Y	2.0	20.0% of the surplus gains	(Note 11)	—	—	—	—	—	—	—	0.2	—	
Distressed assets																										
<i>On-going as at the Latest Practicable Date</i>																										
1.	Yang Ximangyan Project* (松江籌劃項目)	N/A	N/A	—	90.1	96.1	N/A	From June 2017 to November 2018 (expected)	N/A	Y	Real estate developer based in Hangzhou	N/A	N	2.0	20.0% of the surplus gains	15.0	—	—	—	—	—	—	4.2	—	5.9	—
2.	Dongfang Baoni Distressed Assets Project* (東方巴拿馬不良資產項目)	N/A	N/A	—	1,490.0	1,490.0	N/A	From April 2016 to April 2020 (expected)	N/A	N	N/A	N/A	Y	3.4	20.0% of the surplus gains	15.0	—	—	—	—	—	—	21.5	—	15.4	—
3.	Xinda Jiangsu II Project* (信託(蘇州)二期項目)	N/A	N/A	—	81.7	81.7	N/A	From November 2017 to September 2021 (expected)	N/A	N	N/A	N/A	Y	3.0	20.0% of the surplus gains	8.0	—	—	—	—	—	—	0.3	—	0.8	—

BUSINESS

No.		Portfolio asset		Lettable area m ²	AUM as at				Project Fund's interests in the investee company	Investment Period	Annualised return ^(iv)	Co-managed with our partners	Counterparty(ies)	External values engaged ^{(iv)(v)}	Regular management fee rate ^{(iv)(v)}	Performance fee rate	Benchmark return	For the year ended 31 December			For the four months ended 30 April 2018												
					2015		2016											2017		2015		2017		2018									
					RMB million	RMB million	RMB million	RMB million										RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million		
Urbanisation and redevelopment																																	
<i>Completed as at the Latest Practicable Date</i>																																	
1.	Xi'an Guoshan Project* (西安高新山项目)	Xi'an, Shaanxi Province	928,740	-	-	-	-	980	N	From February 2014 to July 2015	14.5	N	Real estate developer based in Xi'an	N	2.0	20.0% of the surplus gains	11.0	1.0	1.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Gopuo Fuyang Bolege Project* (濮陽富博萊項目)	Fuyang, Anhui Province	759,950	-	-	-	-	N/A	N	From August 2014 to August 2016	20.5	N	(i) Real estate developer and construction material supplier based in Hefei (ii) Investment manager based in Shanghai	N	2.0	(N/A)	-	3.0	0.1	-	-	-	-	-	-	-	-	-	-	-	-		
3.	Shaoxing Xiangjing Mingji Project* (绍兴香景名邸项目)	Shaoxing, Zhejiang Province	948,860	1300	-	-	-	600	N	From July 2014 to September 2016	20.6	N	Real estate developer and property manager based in Shaoxing	N	3.5	(N/A)	-	2.4	5.6	2.1	4.6	-	-	-	-	-	-	-	-	-	-	-	0.1
4.	Shandong Yanshen Project* (山東源申项目)	Jining, Shandong Province	384,430	1000	-	-	-	1000	N	From March 2015 to August 2016	26.9	N	Real estate developer based in Shanghai	Y	2.5	(N/A)	-	1.3	-	1.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-
5.	Nanjing Lide Starshine Project* (南京立德星项目)	Nanjing, Jiangsu Province	323,300	-	-	-	-	N/A	N	From October 2014 to December 2015	17.5	N	Real estate developer based in Jining	N	3.5	(N/A)	-	3.1	5.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-

BUSINESS

No.	Portfolio asset	Lettable area	AUM as at				Location	Project Fund's interests in the investee company	Investment Period	Annualised return ^(iv)	Co-managed with our partners	Counterparty(ies)	External values engaged ^{(iv),3}	Regular management fee rate ^{(iv),4}	Performance fee rate	Benchmark return	For the year ended 31 December						For the four months ended 30 April 2018					
			31 December		2016												2017		2015		2016		2017		Regular management		Regular management	
			RMB million	2015	RMB million	2016											RMB million	2017	RMB million	2015	RMB million	2016	RMB million	2017	RMB million	2016	RMB million	2017
6.	Ningbo Zhusha Project ⁽ⁱ⁾ (寧波鎮海項目)	1,260,680 m ²	—	371.1	215.0	111.3	10.9	From June 2016 to September 2018	990	N	(i) Small and medium-sized enterprise investment management company based in Ningbo	Y	2.0	30.0% of the surplus gains	—	(Note 1)	—	—	2.4	—	4.6	3.1	—	—	0.5	11.6		
7.	Dianshanhu Project ⁽ⁱ⁾ (淀山湖項目)	349,571.0	—	601.2	1,000.0	241.7	N/A	From November 2016 to December 2018 (expected)	81.7	N	(i) Real estate developer based in Kunshan	Y	2.7	27.0% of the surplus gains	—	(Note 1)	—	1.0	—	27.3	—	—	—	—	5.3	—		

On-going as at the Latest Practicable Date

BUSINESS

No.	Portfolio asset	Lettable area	AUM as at				30 April 2018	Annualised return ^(iv)	Investment Period	Project Fund's interests in the investee company	Co-managed with our partners	Counterparty(ies)	External values engaged ^{(iv)(v)}	Regular management fee rate ^{(iv)(v)}	Performance fee rate	Benchmark return	For the year ended 31 December			For the four months ended 30 April 2018							
			2015	2016	2017	2015											2016	2017	Regular management fee	Performance fee	Regular management fee	Performance fee	Regular management fee	Performance fee			
			RMB million	RMB million	RMB million	RMB million											RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
8.	Shangs Project* (樟樹項目)	187,460	Zhejiang Province	—	—	156.6	278.9	N/A	From December 2017 to November 2019 (expect)	100%	N	(i) Real estate developer based in Shangs	Y	2.0	30.0% of the surplus gains	(vii) 11	—	—	0.2	—	—	—	—	1.6	—		
9.	Chengde Project* (成都項目)	3,572	Chengde, Sichuan Province	—	—	23.5	121.3	N/A	From December 2017 to November 2019 (expect)	100%	N	Asset manager based in Chengde	Y	2.0	(viii) 0	—	—	—	—	—	—	—	—	—	—	0.4	—
10.	Shenzhen Xiquowei Project* (深圳西區項目)	131,480	Shenzhen	—	—	—	23.1	N/A	From April 2018 to July 2020 (expect)	100%	Y	Property developer and investment manager based in Shenzhen	N	3.0	30.0% of the surplus gains	13.0	—	—	—	—	—	—	—	—	—	—	—
Total					981	3,573	4,935	4,354.6																			

BUSINESS

Notes:

1. Annualised return was calculated as net investment return of the respective fund divided by the original AUM per annum. As advised by our PRC Legal Advisers, pursuant to Fundraising Administrative Measures, the unrealised return (such as “expected return” or “estimated return”) of any specific fund may not be disclosed to the fund’s investors or disclosed to the public by a private fund manager. Therefore, only the realised annualised return rates of the exited Project Funds are included in this table. Please refer to the section headed “Regulatory overview” for details of the relevant regulatory restrictions. The weighted average annualised return of all the Project Funds exited during the Track Record Period was approximately 17.6%. According to the latest estimation, the unrealised annualised return of the on-going projects was in line the market performance of the same industry as confirmed by Frost & Sullivan.
2. We would engage external valuers to perform valuation or validation of our funds’ assets portfolio for potential investment projects that have a total investment amount which exceeds RMB200.0 million and/or when there is limited information regarding the market value of the underlying portfolio assets. Save for projects involving investments using our internal resources and for annual audit thereon only, we did not engage any external valuers to perform valuation or re-valuation of on-going projects.
3. The relevant investee company, being an information technology developer, initially intended to develop the property for its own use as their headquarters but subsequently decided to dispose the relevant property. The investment project represents a one-off disposal of such property by such investee company.
4. Management fee rates were generally between 1.0% to 2.5%, with the exception of 6 projects, namely (i) a commercial real estate project (i.e. Fuzhou Wanbaocheng Project) which required extensive due diligence as this project involved the conversion of an old bomb shelter to a commercial property; (ii) two distressed assets projects (i.e. Dongfang Baorui Distressed Assets Project and Xinda Jiangsu 11 Projects) which involved complex post-investment monitoring work; (iii) 2 urbanization and redevelopment projects (i.e. Shenzhen Xinqiaowei Project, Shaoxing Xiangjiang Mingdi Project) which involved extensive due diligence and in-depth understanding of the urban renewal policy in the cities and regions where the project is located; and (iv) a project with small total investment (i.e. Nanjing Lide Shanzhuang Project) where we charged a higher management fee rate in order to maintain our profitability.
5. If surplus gains is less than RMB23 million, performance fee is 20.0% of the surplus gains; if surplus gains is between RMB23 million and RMB50 million, performance fee is 40% of the surplus gains; if surplus gains is greater than RMB50 million, performance fee is 80.0% of the surplus gains.
6. Residual profit after deducted all relevant costs during the exit process.
7. 30% of the amount over the base price of the property or RMB12.6 million, whichever is lower.
8. RMB35 per square meter of actual area of the property sold.
9. As this project was a one-off case where our FOF invested directly into the investee company which was managed by an Independent Third Party, as such, no fund management service in respect of such project was performed and therefore, no Project Fund management fee was chargeable and our management fees derived indirectly from this project and charged at the FOF level amounted to approximately RMB0.7 million, RMB0.6 million, RMB0.2 million and RMB nil for the three years ended 31 December 2015, 2016, 2017 and the four months end 30 April 2018, respectively.
10. The relevant investment agreements for the Huaqiao Cheng Project and the Chengdu Project did not provide any performance fee mechanisms.
11. Under the relevant investment agreements for the Fuzhou Wanbaocheng Project, Ningbo Zhenhai Project, Shengsi Project and Zhonghen Project, performance fees shall be chargeable so long as it is able to generate profits (i.e. performance fee charged was based on the profits generated, Benchmark Return is 0%).

BUSINESS

We may co-manage some of our Project Funds with our strategic partners. Set out below are the salient terms of our arrangements with them during the Track Record Period:

Parties:	(1) Our Project Fund (2) Strategic partner
Security/guarantee arrangement:	— charge over equity interests held by shareholder of the strategic partner in it/his/her associate company; and/or — continuing guarantee provided by the controller of the strategic partner
Governance:	The voting rights of the board members appointed by our Project Funds range from 33% to 100%.
Profit distribution:	In proportion to each party's capital contribution therein
Transferability:	The relevant investment agreements do not contain any provisions for the transfer of each party's interests therein.

The main reason why we chose to co-manage investment projects with our strategic partners was because of their property management expertise. Accordingly, while we focus on financial management, our strategic partners would focus on operational management of the project.

During the Track Record Period, interests in our Project Funds were offered to our employees and their relatives for subscriptions. Set out in the table below are the particulars of their investments in our Project Funds and the revenue generated from such investments:

Investor	Project(s) that our Project Funds invested	Maximum investment					Revenue contribution ^(Note 1)			
		for the year ended 31 December			for the four months ended 30 April	as at the Latest Practicable Date	for the year ended 31 December			for the four months ended 30 April
		2015	2016	2017	2018		2015	2016	2017	2018
		(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Li Xiaofang (李曉芳) ^(Note 2)	Shandong Yuanshen Project*	1,000	1,000	—	—	—	13	13	—	—
Shanghai Haiyi Cultural Broadcasting Co., Ltd* (上海海昇文化傳播有限公司) ^(Note 3)	Shandong Yuanshen Project* Shaoxing Xiangjiang Mingdi Project*	1,000 5,000	1,000 5,000	— —	— —	— —	13 165	13 5	— —	— —
	Shaoxing Keqiao Project*	—	1,000	2,000	—	—	—	5	24	—

BUSINESS

Investor	Project(s) that our Funds invested	Maximum investment					Revenue contribution ^(Note 1)				
		for the year ended 31 December			for the four months ended 30 April 2018	as at the Latest Practicable Date	for the year ended 31 December			for the four months ended 30 April 2018	
		2015	2016	2017			2015	2016	2017		
		(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	
Ms. Su	Shaoxing Xiangjiang Mingdi Project*	3,500	—	—	—	—	66	—	—	—	
	Shandong Yuanshen Project*	3,200	3,200	—	—	—	41	41	—	—	
Wang Zhen (王貞) ^(Note 4)	Shaoxing Xiangjiang Mingdi Project*	1,000	—	—	—	—	19	—	—	—	
	Huaqiao Cheng Project*	—	—	1,000	—	—	—	—	8	—	
Shanghai Zunwei ^(Note 5)	Zhongheng Project*	—	—	13,500	6,500	—	—	—	16	4	
	Chengdu Project*	—	—	—	2,000	2,000	—	—	—	12	
Lv Jing (呂憬) ^(Note 6)	Shandong Yuanshen Project*	1,900	1,900	—	—	—	24	25	—	—	
Lv Shuangjian (呂雙建) ^(Note 7)	Shaoxing Keqiao Project	—	4,500	4,500	—	—	—	22	63	—	
	Ningbo Zhenhai Project*	—	2,500	2,500	—	—	—	23	18	—	

Notes:

- Revenue generated from each investor above is estimated based the rate of regular management fee charged on each investor which ranged from 2% to 5% of his/her total investment during the relevant year/period.
- Li Xiaofang (李曉芳) is the aunt of Ms. Su, an executive Director.
- Shanghai Haiyi Cultural Broadcasting Co., Ltd* (上海海羿文化傳播有限公司) is a company owned as to 100% jointly by Ms. Piao Chunyan (朴春燕) and Ms. Liu Meixiang (劉美香). Ms. Piao Chunyan (朴春燕) is the spouse and Ms. Liu Meixiang (劉美香) is the mother of Mr. Cheng Jun (成軍), a non-executive Director, respectively.
- Wang Zhen (王貞) is the spouse of Mr. Duan, an executive Director.
- Shanghai Zunwei is a company owned as to 10% by Mr. Zhu directly and as to 90% by Mr. Zhu through Shanghai Shengxuan.
- Lv Jing (呂憬) is the cousin of Ms. Su, an executive Director.
- Lv Shuangjian (呂雙建) is the uncle of Ms. Su, an executive Director.

Our Directors confirm that (i) the rights and obligations of our employees under the above investments were in all respect the same as that of the other investors of our funds; (ii) all of the above investment had either been transferred to third parties at cost or exited before the Latest Practicable Date; (iii) we currently do not have any plans to offer any further interests in our funds for subscription by connected persons after the Listing; and (iv) if we decide to offer any interests in our funds for subscription by connected persons after the Listing, we shall comply with the relevant requirements of the Listing Rules.

BUSINESS

Terms of Project Funds investment agreement

The follow summarises salient terms of investment agreement for our Project Funds:

Parties	:	<ul style="list-style-type: none">(1) Our Group acts as general and/or managing partner of the Project Fund; and (2) limited partners, either:<ul style="list-style-type: none">(a) our Group acting as fund manager for and on behalf of the contract based funds which act as limited partners of the Project Fund; and/or (b) other investors as limited partners in cases where the investors are directly investing into our Project Funds without going through the contract based funds structured and managed by us.
Fund life	:	Ranging from 15 to 48 months.
Scope of investment	:	Limited to a specific investment project.
Capital contribution	:	Project Funds agreements generally would set out the amount of capital contribution of each partner as well as the methods and deadline for settling its committed capital contribution. Settlement time normally set at within three months from the fund's establishment.
Profit distribution	:	The distribution of the Project Fund's profits after realisation generally follows a priority waterfall, where the amount of profits each partner receives would mainly depend on the amount of capital contributions it made and its position in the priority waterfall. For details of our funds' waterfall arrangement, please refer to the paragraph headed "Investment classes" in this section.
Governance	:	Our Group, acting as general/managing partner, are authorised to make investment decisions and enter into transactions for and on behalf of the funds. Save for the occurrence of events of default, our status as general/managing partner may only be removed by unanimous vote of all partners of the Project Fund.

BUSINESS

Reserved matters	:	Certain reserved matters, such as major corporate restructuring, change of the fund's name and change of the fund's investment scope, may only be effected by the unanimous vote of all partners of the fund.
Transferability and acceptance of new partners	:	<p>Transfers of a general partner's interests in the fund and the acceptance of new partners into the fund are generally subject to the unanimous vote of all existing partners of the fund.</p> <p>Transfers of a limited partner's interests in a Project Fund would only require the approval from the managing partner.</p>
Termination and settlement	:	Upon either the occurrence of an event of default or the fund achieving its stated purpose, the fund would commence its distribution/settlement process. Such process would be undertaken by a third party or a partner of the fund nominated by simple majority of the partners of the fund.

Limited partners generally do not have the right to unilateral early termination of the relevant agreements, unless it is unanimously approved by all partners of the agreement. Accordingly, the relevant agreements do not contain any provision for penalty for early termination. As for transfer(s) of interests by a limited partner, we as managing partners would only permit such transfer if the limited partner's interests in the fund would be transferred to new incoming or existing limited partner(s) and our Directors confirmed that, during the Track Record Period, early exits by limited partners have only taken place under such circumstances. In order for a limited partner to transfer its interests, the limited partner is responsible for sourcing of new incoming or existing limited partner(s) to acquire such interests at such price as may be mutually agreed between them. We as fund manager will assess whether the buyer is a qualified investor and sign a fund transfer agreement with the transferrer and transferee if all the requirements are fulfilled. We are also responsible for registering such changes of investors of a managed fund at AMAC according to the signed transfer agreement. Future profit distribution (if any) at the fund exit will be based on the terms specified in the transfer agreement.

FOFs

We normally structure FOFs as either limited liability partnerships registered under the laws of PRC or as contract based funds. To exercise our managerial responsibilities, we would act as general/managing partners of the partnerships or as fund manager. In the formation of FOFs, we also would partner with our strategic partners namely, Haide Investment Management Co., Ltd (海德資產管理有限公司), a PRC asset management company, and Henan Xintian Real Estate Group Co., Ltd (河南新田置業有限公司), a property developer based in Henan, PRC. Both are Independent Third Parties.

BUSINESS

Our collaboration with Haide Investment Management Co., Ltd

In September 2016, we established FOF IV together with Haide Investment Management Co., Ltd to mainly focus on the investment of distressed assets. The main reason for such collaboration was because we believed that Haide Investment Management Co., Ltd, being a licensed AMC corporation, would be able to assist us in the sourcing of distressed assets with good potential. Under the terms of our collaboration, we would focus on the sourcing of investors and raising funds, and the management of, for the FOF while Haide Investment Management Co., Ltd would focus on the sourcing of distressed assets. The capital contributions to the FOF were made by the parties in equal shares. To carry out our respective roles, we act as the general/managing partner of the FOF whereas Haide Investment Management Co., Ltd acts as the investment consultant to the fund.

As regards investment decisions, a separate investment decision making committee was formed under the FOF in which we are entitled to three votes and Haide Investment Management Co., Ltd are entitled to two votes. Investment decisions would be approved by a simple majority.

Set out below are the salient terms of our collaboration with Haide Investment Management Co., Ltd:

Parties	:	(1) Our Company; and (2) Haide Investment Management Co., Ltd
Date	:	9 September 2016 (Initial agreement) 4 May 2018 (Supplemental agreement)_
Mode of collaboration	:	Co-establishment of an investment fund in the form of a partnership Each party shall invest 50% of the total capital commitment
Total capital commitment	:	RMB200 million
Scope of investment	:	Limited to distressed assets projects
Fund life	:	Not more than 60 months from the date of the first investment made by the fund
Profit distribution	:	Profits are distributed according to capital contribution proportions

BUSINESS

Operations of the fund : Our Company shall act as the manager of the fund and be responsible for business development, decision-making and operations of the fund

Haide Investment Management Co., Ltd shall act as the investment consultant and be responsible for monitoring the financial position of the fund and providing relevant support

Governance : Establishment of an investment decision-making committee which comprises five members, three of which shall be appointed by our Company and two of which shall be appointed by Haide Investment Management Co., Ltd

Investment decisions shall be approved by a simple majority of the investment decision-making committee

Our collaboration with Henan Xintian Real Estate Group Co., Ltd.

In June 2017, we established FOF VII together with Henan Xintian Real Estate Group Co., Ltd. to mainly focus on the investment of commercial real estate projects. Henan Xintian Real Estate Group Co., Ltd. is a prominent real estate developer headquartered in Henan principally engaged in both the development, management and operation of commercial real estate properties. Prior to the formation of FOF VII, our funds have invested in several sizeable commercial real estate properties operated by Henan Xintian Real Estate Group Co., Ltd., including the Xintian 360 Project and the Huaqiao Cheng Project. Given its well established track record in the development and management of commercial real estate properties, we believe that Henan Xintian Real Estate Group Co., Ltd. will continue to be an important source of potential commercial real estate projects for our funds in the future. Accordingly, we decided to set up FOF VII together with Henan Xintian Real Estate Group Co., Ltd. to strengthen our business relationship.

Under the terms of our collaboration, we would focus on the sourcing of investors, raising funds, and the management of, the FOF while Henan Xintian Real Estate Group Co., Ltd. would focus on the sourcing and operation of commercial real estate projects. The capital contributions to the FOF were made by the parties in equal shares. To carry out our respective roles, we act as the general/managing partner of the FOF whereas Xintian Real Estate Group Co., Ltd. acts as the investment consultant to the fund.

As regards investment decisions, a separate investment decision making committee was formed under FOF VII in which we are entitled to three votes and Henan Xintian Real Estate Group Co., Ltd. are entitled to two votes. However, investment decisions may only be approved by unanimous votes.

BUSINESS

Set out below are the salient terms of our collaboration with Henan Xintian Real Estate Group Co., Ltd:

Parties	:	(1) Our Company; and (2) Henan Xintian Real Estate Group Co., Ltd
Date	:	15 June 2017
Mode of collaboration	:	Co-establishment of an investment fund in the form of a partnership
Total fund commitment	:	RMB500 million
Scope of investment	:	Limited to commercial real estate projects in the Yangtze River Delta Region
Fund life	:	Up to five years or the end of the hold period of the last tranche of funds (whichever is later)
Profit distribution	:	Profits are distributed according to capital contribution proportions
Loss sharing	:	Both parties shall assume liability limited to their respective capital contribution proportions
Operations of the fund	:	Both parties or any designated third party shall act as a general partner of the fund Our Company shall act as the fund manager and the managing partner of the fund A standard fixed management fee is charged by us as fund manager at 2% of the total paid-up capital of the fund

BUSINESS

Governance : Establishment of an investment decision-making committee which comprises five members, three of which shall be appointed by our Company and two of which shall be appointed by Henan Xintian Real Estate Group Co., Ltd

Investment decisions shall be approved by unanimous votes of the committee.

Unlike Project Funds, FOFs are investment funds which can invest in any project which fall within its designated scope, with fund life ranging from three to five years. We believe that the inclusion of non-project specific FOFs under our business model sets us apart from our competitors as they enable us to (i) deploy capital into projects faster than our competitors (as Project Funds may take up to two to three months to set up), which in turn helps us lock in quality investment projects; (ii) achieve risk diversification for our funds' investors as FOFs could invest in multiple portfolio assets simultaneously; and (iii) provide an alternative choice of products for our investors with different risk preference and risk tolerance. During the Track Record Period, one of our FOFs invested into a commercial real estate project, namely Wangu Project* (灣谷項目), without going through a typical Project Fund structured and managed by us because the relevant investee company was already established in the form of a limited partnership (pure limited partnership, not a registered fund) directly holding the relevant portfolio assets. As such, we did not receive any Project Fund's management fees arising from this project. The project comprises office building space located in Shanghai. Save for the Wangu Project, during the Track Record Period, all of our FOFs have invested in portfolio assets via the typical investment structures as further particularised in the paragraph headed "Our Investment Funds — Typical investment structure of our funds" in this section.

As FOFs' capital are free to be utilised and re-cycled for investment in multiple investment projects, given such flexibility and the ability to ensure that we would be able to secure projects in a timely manner, our preferred deal structure would be to include FOFs in all investment projects unless any of the following factors is applicable where we may consider excluding FOFs in the deal structure by investing through Project Funds only:

- (a) FOFs' capital has been fully utilised and there is no FOF capital available for investment at the relevant time;
- (b) Capital raising period was sufficiently long for us to raise capital from non-FOF investors;
- (c) risk level of the investment project at the time of initial investment is suitable for non-FOF investors;

* for identification purpose

BUSINESS

From the deal structuring perspective, the primary consideration which we would take into account when deciding whether our FOF will invest in an investment project is the risk level of the investment project at the time of initial investment. For example, when our funds are required to invest in a commercial real estate project when it is still at the initial construction or pre-construction stage, the project would be considered a higher risk project as opposed to those which had already completed its initial construction works. For distressed assets projects, FOFs are generally involved in the initial acquisition stage due to the risks involved. As external investors would generally be less inclined to invest in an investment project when it is still at the early stage with high risk, we would utilise our FOF's capital for investment at such stage.

On top of the fundamental principle of FOF investments stated above, we would also consider the specific selection criteria set out below prior to executing an FOF investment decision:

- analysis of remaining fund life of the FOF against the expected duration of the investment project, if the remaining FOF fund life is significantly shorter than the expected duration of the investment project, we generally would not bring in FOF's capital
- analysis of risk appetite of the FOF investors, whether they are capable of handling the expected risk of the investment project
- the expected return rate of the investment project to justify the risks to involved by the FOF

The relevant risk involved in our FOF management strategies are disclosed to and confirmed by our FOF investors when we solicited their investments.

After our FOFs have invested into a project, the continuation of our FOF's involvement in the project will depend on the interest of external investors and the amount of funds raised from them. FOFs may exit either fully or partially at different stages upon raising sufficient funds from external investors or the profitability target of the investment projects achieved. Our FOFs' capital may remain committed to an investment project until the project has completed its initial higher risk stage. After such milestone has been reached, our FOFs may gradually exit from the investment and be replaced by the funding from external investors. For commercial real estate projects and urbanisation and redevelopment projects, such milestone would generally be the completion of the relevant construction works or redevelopment works and prior to the sale or lease out of the relevant properties. As regards distressed asset projects, such milestone would generally be a time when the recovery rate of the distressed assets has reached about 50% or we have identified suitable buyers to acquire our portfolio assets.

BUSINESS

Once an FOF has completed an exit from an investment, if the relevant FOF has sufficient residual fund life to undertake further investments, the relevant capital involved in the exited project could be recycled and utilised for investment into another portfolio asset.

Set out below is a breakdown of investments by our existing FOFs that are expected to be recycled for new investments in 2019:

Project	Expected time of exit	FOF	Expected amount of capital that can be recycled for new investments in 2019
			<i>RMB'million</i>
Yuhang Xinhua Yuan Project* (余杭馨華園項目)	November 2018	IV	145.0
		VI	30.0
Shengsi Project* (嵯泗項目)	November 2019	VI	10.0
Chengdu Project* (成都項目)	November 2019	VI	8.5
		VIII	10.0
Total:			203.5

An FOF's return in a Project Fund is calculated based on the time-weighted average on the time and amount that it invest in the fund and will receive relevant distribution at the same time with other Project Fund investors at realisation of such fund. As further particularised in the paragraph headed "Investment classes" in this section, our FOFs generally invest in an investment project as Class B investor. None of our FOFs provided any guarantee or commitment as to investment return or minimum investment amount within any prescribed period.

In addition to raising funds from our investors accumulated over the years and strategic partners, we may also make investments into our FOFs. As a marketing strategy to increase the confidence of potential FOF Investors, we would align our interests with the interests of the potential investors. In addition to locking long term investments from our investors, our investments into our FOFs also enabled us to have greater flexibility to deploy funds to secure quality investment projects. We may exit from our FOFs (together with such return which may arise from our investment therein) after we have raised sufficient funds from external investors.

Set out in the table below is a summary of our FOFs as at 31 December 2015, 2016 and 2017, 30 April 2018, and the Latest Practicable Date:

Fund name	Co-managed with our partner(s)	AUM as at				Revenue contribution during the Track Record Period				Interests held by our Group as at				Revenue contribution from the interest in FOFs held by our Group during the Track Record Period (Note 3)					
		31 December		30 April 2018		for the year ended 31 December		for the four months ended 30 April 2018		31 December		30 April 2018		the Latest Practicable Date		for the year ended 31 December		for the four months ended 30 April 2018	
		RMB million	RMB million	RMB million	RMB million	2015	2016	2017	2018	2015	2016	2017	2018	Date	%	2015	2016	2017	2018
FOF I	N	198.0	—	—	—	4.0	11.3	—	—	26.3	—	—	—	—	—	—	—	—	—
FOF II	N	27.5	—	—	—	0.5	2.2	—	—	—	—	—	—	—	—	—	—	—	—
FOF III	N	—	195.5	300.0	300.0	—	0.6	5.2	1.9	—	15.3	10.0	10.0	10.0	—	—	—	—	0.2
FOF IV (Note 4)	Y	—	50.0	160.0	200.0	—	0.1	0.5	0.6	—	50.0	15.6 (Notes)	50.0	50.0	—	—	—	—	0.1
FOF V	N	—	—	9.0	9.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FOF VI	N	—	—	48.0	48.0	—	—	0.4	0.3	—	—	—	—	—	—	—	—	—	—
FOF VII (Note 4)	Y	—	—	18.0	18.0	—	—	—	—	—	—	—	—	5.0	5.0	—	—	—	—
FOF VIII	N	—	—	6.0	6.1	—	—	—	0.2	—	—	—	—	—	—	—	—	—	—
Total						225.5	273.0	541.0	638.1										

Note:

1. “C” denotes commercial real estate projects
“D” denotes distressed assets projects
“U” denotes urbanisation and redevelopment projects
2. As advised by our PRC Legal Adviser, pursuant to the Fundraising Administrative Measures, unrealised return (such as “expected return” or “estimated return”) of any specific fund may not be disclosed to the fund’s investors or disclosed to public by a private fund manager. Therefore, only the annualised return rates of the exited FOFs are included in this table. Please refer to the section headed “Regulatory overview” in this prospectus for details of the relevant regulatory restrictions. According to the latest estimation, the unrealised annualised return of the on-going FOFs was in line with the market performance of the same industry as confirmed by Frost & Sullivan.
3. As the management fees revenue arising out of our investments in FOFs were calculated based on management estimates, such revenue was not excluded from our Group’s consolidated revenue for the Track Record Period.
4. These FOFs were formed together with our strategic partners but managed by us.
5. FOF IV underwent an increase in registered capital in 2017 and our Group’s portion was not paid up until 2018. Such time gap had resulted in a dilution of our Group’s interests in FOF IV (on the basis of paid-up capital) as at 31 December 2017. However, our Group’s interests in FOF IV (on the basis of registered capital) had been consistently at 50% since our initial investment in 2016 up to the Latest Practicable Date.

BUSINESS

Set out below are the notable portfolio assets invested by our FOFs during the Track Record Period and up to the Latest Practicable Date:

- FOF I:
- Nanjing Lide Shanzhuang Project* (南京立德山莊項目)
 - Shandong Yuanshen Project* (山東原申項目)
 - Shaoxing Xiangjiang Mingdi Project* (紹興香江名邸項目)
 - Guoyao Fuyang Baolong Project* (國耀阜陽寶龍項目)
 - Xi'an Guohuishan Project* (西安國會山項目)
 - Fuzhou Wanbaocheng Project* (福州萬寶城項目)
 - Wangu Project* (灣谷項目)
 - Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目)
 - Xintian 360 Project* (新田360項目)
- FOF II:
- Xi'an Guohuishan Project* (西安國會山項目)
 - Xintian 360 Project* (新田360項目)
 - Wangu Project* (灣谷項目)
- FOF III:
- Huaqiao Cheng Project* (華僑城項目)
 - Zhongheng Project* (眾恒項目)
 - Fuzhou Wanbaocheng Project* (福州萬寶城項目)
 - Shaoxing Keqiao Project* (紹興柯橋項目)
 - Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目)
 - Yuhang Xinhua Yuan Project* (余杭馨華園項目)
 - Dianshanhu Project* (淀山湖項目)
 - Chengdu Project* (成都項目)
- FOF IV:
- Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目)
 - Yuhang Xinhua Yuan Project* (余杭馨華園項目)
- FOF V:
- Huaqiao Cheng Project* (華僑城項目)
 - Zhongheng Project* (眾恒項目)
 - Shaoxing Keqiao Project* (紹興柯橋項目)
 - Fuzhou Wanbaocheng Project* (福州萬寶城項目)
 - Shengsi Project* (嵯泗項目)

BUSINESS

- FOF VI:
- Huaqiao Cheng Project* (華僑城項目)
 - Yuhang Xinhua Yuan Project* (余杭馨華園項目)
 - Shengsi Project* (嵯泗項目)
 - Chengdu Project* (成都項目)
 - Xinda Jiangsu 11 Projects* (信達江蘇11戶項目)
- FOF VII:
- Pending allocation
- FOF VIII:
- Zhongheng Project* (眾恒項目)
 - Chengdu Project* (成都項目)
 - Shenzhen Xinqiaowei Project* (深圳新喬園項目)

During the Track Record Period and up to the Latest Practicable Date, none of our FOFs had invested in any project funds set up by entities other than our Group.

BUSINESS

At the early stage of developing our brand, in order to increase the confidence of potential FOF investors by aligning our founders' interests with the interests of these potential investors, some of our founders and their connected persons had also made certain investments into our early FOFs. However, as our business model matures and with our higher brand recognition over time, the need for them to be involved in our FOFs diminished and their investments in our FOFs had therefore decreased over time. Set out in the table below is the particulars of their involvements in our FOFs during the Track Record Period and up to the Latest Practicable Date:

Investor	Funds invested	Maximum investment												Estimated revenue contribution ^(Note 1)							
		for the year ended 31 December				for the four months ended 30 April 2018				as at the Latest Practicable Date				for the year ended 31 December				for the four months ended 30 April 2018			
		2015	2016	2017	30 April 2018	2015	2016	2017	30 April 2018	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
		RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Mr. Zhu	FOF II	2,000	7.3	3,100	11.3	3,100	11.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ms. Chen	FOF II	300	1.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai Tengjun Investment																					
Co., Ltd. ^(Note 2)	FOF I	15,000	7.6	15,000	7.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	FOF III	—	—	8,000	4.1	8,000	2.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai Shide ^(Note 3)	FOF I	5,000	2.5	5,000	2.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wang Zhen ^(Note 4)	FOF I	3,000	1.5	3,000	1.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai Yayi Business Consulting																					
Co., Ltd.*																					
(上海雅逸商務諮詢有限公司) ^(Note 5)	FOF I	20,000	10.1	20,000	10.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Zhou Baodong (周保東) ^(Note 6)	FOF II	1,000	3.6	1,000	3.6	1,000	3.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	FOF VI	—	—	—	—	1,600	3.3	1,600	3.3	—	—	—	—	—	—	—	—	—	—	—	—
Zhang Guizhi (張桂智) ^(Note 7)	FOF III	—	—	22,000	11.3	22,000	7.3	22,000	7.3	—	—	—	—	—	—	—	—	—	—	—	—

BUSINESS

Notes:

1. Revenue generated from each investor above is calculated based on the 2% (being the rate of regular management fee charged on each investor) for simple estimation of his/her total investment during the relevant year/period.
2. Shanghai Tengjun Investment Co., Ltd is a wholly-owned subsidiary of Shanghai Kunshang Industries Co., Ltd, a company owned as to 75% jointly by Mr. Wang Xuping, Mr. Wang Xugang and Mr. Wang Xuyang, a non-executive Director. Mr. Wang Xuping and Mr. Wang Xugang are each a brother of Mr. Wang.
3. Shanghai Shide Architecture and Installation Co. Limited* (上海石德建築安裝工程有限公司) (“**Shanghai Shide**”) was a related company of Mr. Duan, an executive Director. 100% of the equity interests in Shanghai Shide was previously held on trust by Mr. Duan and Mr. Zhu Nanshan (朱南山), the father of Mr. Zhu, for Mr. Zou Yang (鄒陽), an Independent Third Party, from June 2016 to July 2017. Shanghai Shide ceased to be a related company after such trust arrangement was unwinded in July 2017.
4. Wang Zhen is the spouse of Mr. Duan, an executive Director.
5. Shanghai Yayi Business Consulting Co., Ltd.* (上海雅逸商務諮詢有限公司) is a related company of Feng Shan (馮杉) who cease to be a supervisor of any member of our Group in July 2018.
6. Zhou Baodong (周保東) is a shareholder of Realway Capital Business Consultancy (Wuhan) Co., Ltd* (武漢瑞威商務諮詢有限公司), a subsidiary of Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司).
7. Zhang Guizhi (張桂智) is the mother of Feng Shan (馮杉) who cease to be a supervisor of any member of our Group in July 2018.

Our Directors confirmed that the rights and obligations of our founders’ and their connected persons under the above investments were in all respect the same as that of the other investors of our funds. To the best of our Directors’ knowledge and belief, save as disclosed in the table above, all of the investors who invested in the FOFs managed by us during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties.

BUSINESS

FOF Agreement

The following summarises the salient terms of our FOF agreements (applicable to both when the FOF is established as a limited liability partnership or a contract based fund), which are the principal agreements governing the relationship between our investors and us as the fund manager in respect of the FOFs:

Parties	:	FOF Investor (acting through its trustee where applicable), our Group (as fund manager) and a licensed bank in PRC (as custodian).
Fund life	:	The fund life of our FOFs generally range from three to five years.
Scope of investment	:	Any investment projects or funds which fall within its designated investment scope
Investor eligibility	:	A FOF Investor must be an “eligible investor of a private equity fund” as provided under The Interim Measures for the Supervision and Management of Private Investment Funds (私募基金投資基金監督管理暫行辦法).
Minimum assets requirement	:	A FOF Investor must be: (i) an institution with net assets of not less than RMB10.0 million; or (ii) an individual with financial assets of not less than RMB3.0 million or an average annual income of not less than RMB0.5 million for the last three years.
Minimum commitment	:	A FOF Investor is generally required to make an initial commitment of not less than RMB3.0 million
Regular management fees	:	We charge our FOFs regular management fees at the rates up to 2% per annum.
Profit distribution and risk allocation	:	Our FOF agreements would set out the calculations and arrangements for investors to receive the profits, as well as the risk allocation for each investor, which is proportional to its capital contribution.

BUSINESS

Transferability : Any full or partial transfer of the subscribed interests in the FOF which is in compliance with the relevant laws and regulations of the CSRC are permitted, which is in essence similar to Project Funds.

As the abovementioned FOF agreements would govern the relationship between our FOF investors and us as the fund manager, we generally would not enter into any other separate agreements with our FOF investors.

A typical FOF Agreement also includes the following documents as part of the agreement:

- (i) a risks disclosure statement separately entered into between us (as the fund manager) and our FOF Investor, which sets out, amongst other things, the specific risks and the general risks associated with the FOF investments; and
- (ii) an investor eligibility declaration signed by our FOF Investor (acting through its trustee where applicable) to confirm his/her/its eligibility as an investor of a private equity fund in compliance with The Interim Measures for the Supervision and Management of Private Investment Funds (私募投資基金監督管理暫行辦法).

None of our FOF agreements contained any key man clauses.

Fee structure

We charge our funds regular management fees which derived as a percentage of the total investments in the fund. Upon a fund's exit of an investment project, performance fees are generally charged as a percentage of the capital gains achieved upon such exit if the capital gains exceed a certain predetermined benchmark. We have been able to charge performance fees in all of the investment projects completed during the Track Record Period which had performance fee mechanisms provided for under the relevant investment agreements.

BUSINESS

A summary of our regular management fee and performance fee structure is set out below:

Project Funds

Regular Management Fee

Regular management fees are currently payable to us out of the assets of the fund monthly in arrears, generally at the rate of 1.0% to 2.5% (with the exception of certain projects which had rates of up to 5%), of each fund's AUM.

Performance Fee

Performance fees are payable to us out of the capital gains of the funds upon the fund's exit of the relevant investment project if the capital gains on the investment exit amounts to more than a predetermined rate (the "**Benchmark Return**") as compare to the initial investment amount.

The actual amount of performance fees payable to us is charged at a predetermined rate on the **Surplus Gains** (as defined below) generally at 20%, actual rates may be higher if the capital gains exceeded additional benchmarks which trigger upward adjustments.

For the purpose of calculating our performance fees, "**Surplus Gains**" is an amount which equals to the total profits in a given project less (1) tax expenses; (2) all costs and expenses payable to us such as consultancy fees, reasonable disbursements and due diligence expenses; (3) investment principal; and (4) Benchmark Return.

For example, if the Benchmark Return is 15% and we charge 20% on the Surplus Gains, if the total investment gain of a fund upon exit of a project is 16%, the performance fees receivable by us shall be 20% of such 1% additional investment gain after deducting tax expenses and all costs and expenses payable to us.

Our regular management fee rate, performance fee rate and the Benchmark Return have no direct correlation and are independent to one another, which were determined on a case-by-case basis and based on the complexity of the project and the negotiation with the investors.

BUSINESS

FOFs

Regular Management Fee

Regular management fees are currently payable to us out of the assets of the fund monthly in arrears, at the rates of up to 2% per annum.

Performance Fee

Performance fees are payable to us out of the capital gains of the funds upon the fund's exit of the relevant investment project if the capital gains on the investment exit amounts to more than the Benchmark Return.

The Benchmark Return varies between different FOFs. During the Track Record Period, the Benchmark Return of the FOFs managed by us ranged from 10% to 15%.

Surplus Gains are calculated in the same way as Project Funds.

The actual amount of performance fees payable to us is charged at rate of 20% on the Surplus Gains.

In addition to management fees, we also charge our funds one-off fund establishment fees. Such fees mainly comprise the fees relating to the sourcing of investors for each of our funds, and the structuring and the establishment of the fund. It would be recorded upon the establishment of the fund, when the provision of services concludes and the fee becomes fixed and determinable.

BUSINESS

CUSTOMERS, SALES AND MARKETING

Our brand

We are investment fund managers specialising in the management of real estate investment funds. According to Frost & Sullivan, we were the 10th largest real estate investment fund manager in China as at 31 December 2017 in terms of AUM. With our established brand image and years of experience managing real estate investments, we have attracted high-net-worth individuals and institutional investors.

Our investors

We target high-net-worth individuals and institutional investors.

High-net-worth individuals — refers to the individuals who have high risk appetite and have capital of at least RMB3.0 million readily available to invest in the funds managed by us or average annual income of not less than RMB0.5 million for the last three years. Given the high risk appetite and relatively abundant financial resources of the high-net-worth investors, investments from these investors had been the backbone of our funds, in particular, our FOFs.

Institutional investors — comprise banks, financial institutions and other qualified institutional investors. We sell our products through direct sales and external partners, which mainly comprise licensed wealth management companies. In some occasions, instead of referring their customers to invest in our funds, some of these wealth management companies repackaged our investment products and consolidated them into part of their investment products' portfolios offered to their customers. In these situations, the wealth management companies (instead of the indirect individual fund investors) were considered our customers. In such circumstances, we classify them as institutional investors.

Please refer to the section headed “Industry overview” of this prospectus for details of the qualification of high-net-worth individuals and institutional investors.

Communication with our investors

We issue quarterly reports for each of our funds in order to keep our investors informed of the investment activity and performance of our funds for the duration of their respective fund lives.

Our funds' quarterly reports provide our investors updates on the developments of our funds over the quarter in the following aspects:

- financial position including changes in cash flow, closing balance and the utilisation of funds;

BUSINESS

- investment activity including the portfolio asset(s) invested or to be invested and the status thereof;
- profit distribution to each class of investors (where applicable); and
- other updates including risk management and control processes, and any other matters which should be brought to the fund investors' attention including any significant delay or material issue encountered during the execution of the investment projects.

We had served 141, 242, 254 and 275 customers for the three years ended 31 December 2015, 2016 and 2017 and for the four months ended 30 April 2018, respectively, of which 29, 48, 147 and 229 customers, respectively, were recurring customers. To the best of our Directors' knowledge and belief, save as disclosed in the paragraphs headed "Our investment funds — Project Funds" and "Our investment funds — FOFs" in this section, all of the investors who invested in the funds managed by us during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties. The table below sets forth a breakdown of our customers by customer type and their respective AUM contribution as at 31 December 2015, 2016 and 2017, and 30 April 2018:

	As at 31 December						As at 30 April	
	2015		2016		2017		2018	
	<i>RMB'</i> million	%	<i>RMB'</i> million	%	<i>RMB'</i> million	%	<i>RMB'</i> million	%
Project Funds								
— High-net-worth individuals	262.5	26.5	790.7	22.2	843.1	17.1	821.3	18.9
— Institutional investors . .	501.1	50.7	2,518.5	70.8	3,596.8	72.9	2,924.0	67.1
— Our Group ^(note)	—	—	—	—	4.0	0.1	28.0	0.6
FOF investments in Project Funds	225.5	22.8	248.1	7.0	489.6	9.9	581.3	13.4
Project Funds total	989.1	100.0	3,557.3	100.0	4,933.5	100.0	4,354.6	100.0
FOFs								
— High-net-worth individuals	60.5	26.8	175.0	64.1	314.0	58.0	366.1	57.4
— Institutional investors . .	113.0	50.1	43.0	15.8	172.0	31.8	142.0	22.3
— Our Group	52.0	23.1	55.0	20.1	55.0	10.2	130.0	20.3
FOFs total	225.5	100.0	273.0	100.0	541.0	100.0	638.1	100.0
Less: FOF investments in Project Funds	(225.5)		(248.1)		(489.6)		(581.3)	
Total	989.1		3,582.2		4,984.9		4,411.4	

Note: As available for investment of our FOFs were exhausted at the time, we have used our internal resources to meet the fund raising requirements of certain project.

BUSINESS

Our top five customers

As (a) our investors are grouped together and managed under different funds; and (b) all costs incurred in relation to the sourcing of investors are charged on such funds, to provide a meaningful analysis of our top five customers, we have compiled such information based on our top five revenue contributing funds for the relevant year/period. Our top five revenue contributing funds contributed approximately 76.7%, 86.1%, 77.5% and 64.1% of our revenue for the three years ended 31 December 2017 and for the four months ended 30 April 2018, respectively. For the three years ended 31 December 2017 and the four months ended 30 April 2018, our largest revenue contributing fund accounted for approximately 23.0%, 29.4%, 31.2% and 23.8%, respectively of our total revenue. To the best of our Directors' knowledge and belief, save as disclosed in the paragraph headed "Our investment funds — Project Funds" in this section, none of our Substantial Shareholders and Directors or any of their respective associates had any interest in any of our top five revenue contributing funds.

BUSINESS

The following tables set out the profile of our top five revenue contributing funds for the Track Record Period:

For the year ended 31 December 2015

No.	Name of fund	Revenue contribution	% of our total revenue	Type(s) of portfolio assets invested	Portfolio assets invested	Realised return during the Track Record Period (Note)	Business relationship since	Principal business
		<i>RMB'000</i>	<i>(%)</i>			<i>(%)</i>	<i>(year)</i>	
1	Shanghai Yuzhen Investment Limited Partnership* (上海御甄投資合夥企業(有限合夥))	8,032	23.0	Urbanisation and redevelopment	Nanjing Lide Shanzhuang Project* (南京立德山莊項目)	17.5	2014	An investment fund structured in the form of a limited liability partnership
2	Shanghai Junyou Investment Limited Partnership* (上海君佑投資合夥企業(有限合夥))	7,480	21.5	Urbanisation and redevelopment	Shaoxing Xiangjiang Mingdi Project* (紹興香江名邸項目)	20.6	2014	An investment fund structured in the form of a limited liability partnership
3	Shanghai Weitong Investment Limited Partnership* (上海威潼投資合夥企業(有限合夥))	4,583	13.1	Commercial real estate	Xintian 360 Project* (新田360項目)	17.2	2015	An investment fund structured in the form of a limited liability partnership
4	Shanghai Weiheng Investment Limited Partnership* (上海威亨投資合夥企業(有限合夥))	3,736	10.7	(i) Urbanisation and redevelopment; and (ii) Commercial real estate	FOF I	22.1	2013	An investment fund structured in the form of a limited liability partnership
5	Shanghai Realway Junting Investment Limited Partnership* (上海瑞威君庭投資合夥企業(有限合夥))	2,904	8.3	Urbanisation and redevelopment	Guoyao Fuyang Baolong Project* (國耀阜陽寶龍項目)	20.5	2014	An investment fund structured in the form of a limited liability partnership

BUSINESS

For the year ended 31 December 2016

No.	Name of fund	Revenue	% of our	Type(s) of portfolio	Portfolio assets	Realised	Business relationship	Principal business
		contribution	total revenue	assets invested	invested	return		
		<i>RMB'000</i>	<i>(%)</i>			during	Period	Record
						the Track	<i>(Note)</i>	since
						Record		
						Period		
						<i>(%)</i>		
						<i>(year)</i>		
1	Shanghai Caisheng Investment Limited Partnership* (上海財笙投資合夥企業(有限合夥))	24,545	29.4	Commercial real estate	Fuzhou Wanbaocheng Project* (福州萬寶城項目)	N/A	2015	An investment fund structured in the form of a limited partnership
2	Shanghai Realway Zunsheng Investment Limited Partnership* (上海瑞威尊晟投資合夥企業(有限合夥))	19,292	23.1	Distressed Assets	Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目)	N/A	2016	An investment fund structured in the form of a limited partnership
3	Shanghai Weiheng Investment Limited Partnership* (上海威亨投資合夥企業(有限合夥))	11,093	13.3	(i) Urbanisation and redevelopment; (ii) Commercial real estate; and (iii) Distressed Assets	FOF I	22.1%	2013	An investment fund structured in the form of a limited partnership
4	Shanghai Weitong Investment Limited Partnership* (上海威潼投資合夥企業(有限合夥))	10,297	12.3	Commercial real estate	Xintian 360 Project* (新田360項目)	17.2%	2015	An investment fund structured in the form of a limited partnership
5	Shanghai Junyou Investment Limited Partnership* (上海君佑投資合夥企業(有限合夥))	6,636	8.0	Urbanisation and redevelopment	Shaoxing Xiangjiang Mingdi Project* (紹興香江名邸項目)	20.6%	2014	An investment fund structured in the form of a limited partnership

BUSINESS

For the year ended 31 December 2017

No.	Name of fund	Revenue	% of our	Type(s) of portfolio	Portfolio assets	Realised	Business relationship	Principal business
		contribution	total revenue	assets invested	invested	return		
		<i>RMB'000</i>	<i>(%)</i>			during	Period	Record
						the Track	<i>(Note)</i>	since
						Record		<i>(year)</i>
1	Shanghai Realway Zunsheng Equity Investment Limited Partnership* (上海瑞威尊晟股權 投資合夥企業(有限 合夥))	40,808	31.2	Distressed assets	Dongfang Baorui Distressed Assets Project* (東方保瑞不良資 產項目)	N/A	2016	An investment fund structured in the form of a limited partnership
2	Shanghai Caisheng Investment Limited Partnership* (上海財笙投資合夥 企業(有限合夥))	23,950	18.3	Commercial real estate	Fuzhou Wanbaocheng Project* (福州萬寶城項 目)	N/A	2015	An investment fund structured in the form of a limited partnership
3	Shanghai Shengyin Investment Limited Partnership* (上海晟因投資合夥 企業(有限合夥))	22,416	17.1	Urbanisation and redevelopment	Dianshanhu Project* (淀山湖項目)	N/A	2016	An investment fund structured in the form of a limited partnership
4	Shanghai Xunlu Investment Limited Partnership* (上海勛鹿投資合夥 企業(有限合夥))	8,303	6.3	Commercial real estate	Shaoxing Keqiao Project* (紹興柯橋項目)	N/A	2016	An investment fund structured in the form of a limited partnership
5	Shanghai Yuling Investment Limited Partnership* (上海昱凌投資合夥 企業(有限合夥))	5,910	4.5	Distressed assets	Dongfang Baorui Distressed Assets Project* (東方保瑞不良資 產項目)	N/A	2016	An investment fund structured in the form of a limited partnership

BUSINESS

For the four months ended 30 April 2018

No.	Name of fund	Revenue contribution	% of our total revenue	Type(s) of portfolio assets invested	Portfolio assets invested	Realised return during the Track Record Period (Note)	Business relationship since	Principal business
		<i>RMB'000</i>	<i>(%)</i>			<i>(%)</i>	<i>(year)</i>	
1	Shanghai Realway Zunsheng Equity Investment Limited Partnership* (上海瑞威尊晟股權投資合夥企業(有限合夥))	13,413	23.8	Distressed Assets	Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目)	N/A	2016	An investment fund structured in the form of a limited partnership
2	Realway Houyu No. 5 Unit Trust Fund* (瑞威厚譽5號契約型基金)	7,649	13.6	Urbanisation and redevelopment	Ningbo Zhenhai Project* (寧波鎮海項目)	N/A	2016	An investment fund structured in the form of a contract based fund
3	Ningbo Meishan Bonded Port Area Ruichong Investment Management Limited Partnership* (寧波梅山保稅港區瑞冊投資管理合夥企業(有限合夥))	5,865	10.4	Distressed Assets	Yuhang Xinhua Yuan Project* (余杭馨華園項目)	N/A	2017	An investment fund structured in the form of a limited partnership
4	Shanghai Shengyin Investment Limited Partnership* (上海晟因投資合夥企業(有限合夥))	4,827	8.6	Urbanisation and redevelopment	Dianshanhu Project* (淀山湖項目)	N/A	2016	An investment fund structured in the form of a limited partnership
5	Shanghai Ruiyin Investment Limited Partnership* (上海瑞因投資合夥企業(有限合夥))	4,455	7.9	Urbanisation and redevelopment	Ningbo Zhenhai Project* (寧波鎮海項目)	N/A	2016	An investment fund structured in the form of a limited partnership

BUSINESS

Note: As advised by our PRC Legal Advisers, pursuant to Fundraising Administrative Measures, the unrealised return (such as “expected return” or “estimated return”) of any specific fund may not be disclosed to the fund’s investors or disclosed to the public by a private fund manager. Therefore, only the realised annualised return rates of the exited funds are included in this table.

Sales and marketing

We mainly rely on our direct sales to source institutional investors and certain high-net-worth individuals for our funds. During the Track Record Period, over 50% of the investments into our funds were sourced from our direct sales. In addition, our external marketing partners, who are sizeable wealth management companies, also assist us in sourcing high-net-worth individuals. During the Track Record Period and up to the Latest Practicable Date, we had not conducted any public fund raising activity for our funds or raise our fund through any online peer-to-peer platform.

Set out in the table below is an analysis of sources of our funds during Track Record Period:

	As at 31 December						As at 30 April	
	2015		2016		2017		2018	
	<i>RMB' million</i>	%	<i>RMB' million</i>	%	<i>RMB' million</i>	%	<i>RMB' million</i>	%
Direct sales	562.3	56.8	1,928.4	53.8	3,213.9	64.5	3,268.0	74.1
External marketing partners								
— Repackaged under their own products	—	—	90.0	2.5	70.0	1.4	70.0	1.6
— Investors referred by them	426.8	43.2	1,563.8	43.7	1,701.0	34.1	1,073.4	24.3
	426.8	43.2	1,653.8	46.2	1,771.0	35.5	1,143.4	25.9
Total	989.1	100.0	3,582.2	100.0	4,984.9	100.0	4,411.4	100.0

Our direct sales

Our direct sales had been our main channel for sourcing investments for our funds. During the Track Record Period, over the 50% of the investments into our funds were sourced from our direct sales.

Institutional investors

Most of the investments into our Projects Funds came from institutional investors. We generally source institutional investors through our direct sales.

BUSINESS

High-net-worth individuals

Given the higher risk appetite and relatively abundant financial resources of the high-net-worth individuals, investments from these investors had been the backbone of our FOFs. As the inclusion of FOFs in our investment structures have been fundamental to our success which sets us apart from our competitors, we have been actively developing our marketing capabilities to maintain direct relationships with these high-net-worth individuals. Our marketing activities which target high-net-worth individuals, include (i) hosting marketing events within professional communities such as industry forums, club house events, alumni societies of leading business schools and other professional societies; and (ii) opening new customers channels by leveraging on the Licence of Operating Securities and Futures Business acquired through Jiasheng Ruixin.

Going forward, we plan to further enhance our marketing capabilities in order for us to develop direct relationship with a wider range of high-net-worth individuals. Please refer to the paragraph headed “Our strategies” in this section for further details of our plan to develop our marketing capabilities.

External marketing partners

In addition, our external marketing partners, who are sizeable wealth management companies, also assist us in sourcing high-net-worth individuals. Their referral fees are paid by the funds managed by us and charged as a one-off percentage of the amount of investments brought in by them, ranging from 2% to 5%, which is within the range of market practice as confirmed by Frost & Sullivan. The principal business of our external marketing partners is the provision of wealth management services to individual investors. We generally select wealth management companies based on the following criteria:

- (i) their size of operation;
- (ii) their reputation within the industry;
- (iii) their record of complying with the relevant laws and regulations;
- (iv) their risk management capabilities;
- (v) other investment products they are selling at the time;
- (vi) their target customer group; and
- (vii) their focus industry sectors.

BUSINESS

During the Track Record Period, we mainly used two external partners who are both sizeable wealth management companies who have business relationship with us for three years and five years, respectively.

External partner A

External partner A is part of the group which is a wealth and asset management institution in the PRC which was listed on the New York Stock Exchange on 16 July 2015.

External partner B

External partner B is an institution participating in primary and secondary market investment and investment consultancy in the PRC.

We have also started using an additional wealth management company as sales channel in 2018. Due to the large number of wealth management companies in the PRC market and our growing direct sales capabilities, we believe that we do not rely on these external marketing partners and it would be unlikely for us to encounter any major difficulties in sourcing investors. As part of our engagements with these external marketing partners, we would require these wealth management companies to help us match suitable investors based on our investor selection criteria and to conduct stringent background checks on the potential investors which meets the standards of the applicable laws and regulations. We would also conduct stringent checks on the potential investors referred to and approved by these external marketing partners. For details of our investor selection criteria, standards we impose on these external marketing partners and our methods of assessing potential investors referred to by these external sales partners, please refer to the paragraph headed “Risk management and internal control” in this section.

To the best of our Directors’ knowledge and belief, all of the external marketing partners which mainly assisted us in sourcing investors during the Track Record Period and up to the Latest Practicable Date are Independent Third Parties.

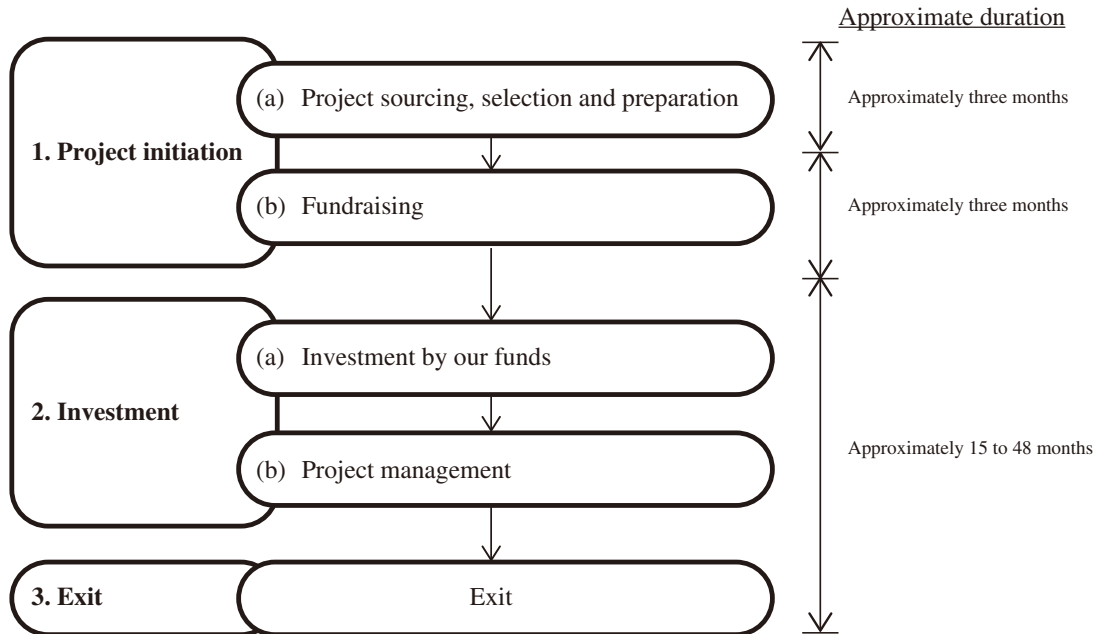
Customer due diligence

We would conduct stringent checks on the potential investors and regular reassessment of our existing investors to mitigate a range of investor/fundraising related risks. These measure include client money laundering risk assessments, investor due diligence, investor profiling and tolerance assessments, investor financial qualification assessments and suitability assessments. For further details of our customer due diligence procedures, please refer to the paragraph headed “Risk management and internal control” in this section.

BUSINESS

INVESTMENT WORK FLOW OF PROJECT FUNDS

Set out below is a simplified diagram illustrating the typical workflow of an investment project:



The workflow of our investment projects generally comprises three major phases: (1) project initiation; (2) investment; and (3) exit.

1. Project initiation

(a) *Project sourcing, selection and preparation*

We generally identify potential portfolio assets through the following means:

- (a) referrals from business partners within the real estate industry such as top five nationwide property consultancy agencies in the PRC;
- (b) referrals from banks such as major PRC state-owned banks and major commercial bank in the PRC, trusts and other financial institutions such as Big Four AMCs and regional AMCs in relation to the investment opportunities which these financial institutions are unable to undertake because of their lack of capacity or the relevant property development is of a type which falls outside of their target markets;
- (c) attending or hosting marketing activities for market participants of the PRC real estate industry;
- (d) directly approaching partners who meet our criteria for selecting potential partners; and

BUSINESS

- (e) for distressed assets, from secondary markets offered by financial institutions such as Big Four AMC Companies as well as non-financial enterprises either through competitive biddings, auctions or negotiated acquisitions.

During the Track Record Period and up to the Latest Practicable Date, we have not placed any material reliance on any single business partner or entity for the sourcing of investment projects as confirmed by our Directors.

Once our business development department has identified a potential project, we would commence feasibility studies on such potential project. Please refer to the paragraph headed “Risk management and internal control — first line of defence” in this section for further details about our business development department.

The preliminary feasibility report would then be passed to our steering committee for preliminary review. Please refer to the paragraph headed “Risk management and internal control — Risk management structure — Second line of defence” in this section for details about our steering committee. The proposed project may only proceed further towards comprehensive assessment and initial preparation of transaction documents if and only if the steering committee considers that the proposed project is feasible.

In the event that a potential project is deemed feasible by our steering committee, we would commence a comprehensive assessment of the potential project and begin preparing the initial draft of the transaction documents. The comprehensive assessment would include an assessment of the potential investment mechanisms and fund structures.

At this stage, our business development department would also begin contacting the relevant parties who may need to be involved in the proposed project. This may include professional advisors who may be involved in our legal and financial due diligence on the target company, and third party wealth management companies who will assist us on matching suitable investors.

Once we complete the comprehensive assessment of the proposed project, the proposals for such project would be submitted to our investment decision-making committee for first vetting. Please refer to the paragraph headed “Risk management and internal control — Risk management structure — second line of defence” in this section for details about our investment decision-making committee. During the Track Record Period, the Investment Decision-making Committee has rejected over half of the proposals presented to them at the initial vetting stage.

Once a proposal passes first vetting by our investment decision-making committee, our business departments would simultaneously commence (i) negotiations with our project counterparty; and (ii) perform legal, commercial and market due diligence.

When the negotiation process and our due diligence review are substantially completed and we are reasonably satisfied of the results thereof, we would begin formulating the specific fundraising mechanism and designing the fund structure.

Once the heavily negotiated transaction documents reach near final drafts and that the fundraising mechanism and fund structure are mapped out, the ultimate proposal together with the finalised transaction documents would be submitted to the investment decision-making committee for final approval. If the investment decision-making committee is not satisfied with such proposal, the

BUSINESS

committee would provide its comments on the proposal and request our business development department to revise the relevant parts of the plan and/or negotiate with our counterparty for the amendment of certain terms and provisions of the transaction documents. Such process would be repeated until the investment decision-making committee is finally satisfied with the ultimate proposal.

The relevant costs incurred will be charged back to the relevant fund if a fund is eventually established. Otherwise, our Group would take up such costs as our expenses.

From project identification to final approval from the investment decision-making committee may take up to approximately three months. Please refer to the paragraph headed “Risk management and internal control — 3. Risks related to investment decisions and project vetting” for further details of our stringent multi-level approval/vetting process.

(b) Fundraising

Once our investment decision-making committee has approved a project, we would, in the capacity as general partner of the Project Fund, execute financing agreement(s) with the business partners and the project company for and on behalf of the Project Fund. The financing agreement(s) we execute with business partners generally would specify the following:

- the scope of the project;
- investment method by our funds;
- capital requirements of the project;
- investment schedule, specifying the timing for each round of capital injection from our funds;
- investment period;
- profit distribution;
- use of investment proceeds from our funds;
- securities to be given by the partners (in the case of debt investments); and
- conditions precedent to our funds making the investment(s).

During the Track Record Period, investments by our Project Funds took the form of debt or equity investments or a combination thereof. Our funds may acquire (in the case of equity investments) or encumber (in the case of debt investments) up to the entire equity interests in the project company.

BUSINESS

Once the financing agreement(s) are executed, we would begin setting up the fund structure approved by our investment decision-making committee for potential investors to invest their funds into. The process comprises establishing various special purpose vehicles in the form of limited liability partnerships or contract based funds to segregate different classes of investors and arranging for licensed banks to act as custodians for our funds.

Under the financing agreement(s), we are required to match investors and gather a sufficient amount of capital for the investment within the tight time frame specified in the financing agreement(s). The time frame for gathering the first round of investors is generally one month and the subsequent fundraising rounds must be completed within three months. Please refer to the paragraph headed “Customers, sales and marketing” in this section for further details of our sources of investors.

We would conduct stringent checks on potential investors. For details of our investor selection criteria, please refer to the paragraph headed “Risk management and internal control — Investor and money laundering risks” in this section.

2. Investment

(a) Investment by our funds

Once we have gathered enough investors and completed our stringent assessment on them and are satisfied with the results thereof, we would direct our Project Fund to make the investment into the target project company and instruct the custodian banks to release funds for the purpose of the investment. Please refer to the paragraph headed “Our portfolio assets” in this section for details of asset types of our funds.

(b) Project management

For commercial real estate projects and urbanisation and redevelopment projects, we would proactively manage our portfolio assets after investments are made by the funds managed by us. Our funds may acquire control over the board of these project companies and we would exercise such power to ensure that (i) funds are being used appropriately; (ii) each milestone of the project is reachable pursuant to the pre-agreed timetable; (iii) the project costs do not exceed the pre-agreed budget plans; (iv) the project companies comply with the applicable legal and regulatory requirements; and (v) the project companies do not incur any liabilities without our prior approval. In addition, we would also deploy staff to the project sites to track the works progress and to identify potential issues.

We would also track our funds’ distressed assets to ensure debts are collected in a timely manner and that appropriate measures are taken before any legal claims are time barred. Such process involves (i) conducting regular site visits to debtors, performing regular due diligence investigations and updating information in our due diligence information system; (ii) monitoring the compliance of debtors and guarantors, closely tracking changes in the value of collaterals and promptly reporting and proposing remedial measures for debt evasion and other serious issues; and (iii) making claims during legal or bankruptcy proceedings (if necessary). For further details of our project management measures, please refer to the paragraph headed “Risk management and internal control — Project management risks” in this section.

BUSINESS

3. Exit

The duration of our funds' investments in an investment project generally ranges from approximately 15 to 48 months. Once an investment project is reaching a point which may be desirable for any one of our funds to exit, our exit approval process would be triggered. Please refer to the paragraph headed "Risk management and internal control — Risks related to investment exits" in this section for further details of such process.

If the exit plan has been duly approved through our exit approval process, we would commence the clearance procedures such as the closure of bank accounts and distribution of profits among the investors.

Under our typical investment structure, the following exit mechanisms are generally available to our Project Funds:

Commercial real estate projects and urbanisation and redevelopment projects

- *Project fund's put option* — In the case of equity investments, we are usually granted a put option which is exercisable after a predetermined number of months after the date of the investment/financing agreement to require the property developer to buy-back, at a predetermined price, all or part of the equity interests in the project company previously transferred to our Project Funds.
- *Disposal* — Our Project Funds may dispose all or part of the equity interests in the project company held by our Project Funds.
- *Operating partner's call option* — Pursuant to our investment/financing agreements, the operating partner is usually granted a call option which is exercisable after a predetermined number of months from the date of the financing agreement (the "**Exercise Period**") to buy-back, at a predetermined price (the "**Exercise Price**"), all or part of the equity interests in the project company previously transferred to our Project Funds. If the vendor wishes to exercise the call option prior to the commencement of the Exercise Period, the Exercise Price shall increase by a predetermined amount pursuant to the financing agreement.
- *Redemption* — In case of debt investments, the partner may, upon the expiry of the loan period, redeem by paying the principal amount of the loan together with the interest and all relevant costs and expenses as stipulated in the financing agreements.

In addition to the exit options above, under the financing agreements, our funds may also exercise their put options at any time upon the happening of certain extraordinary events such as events of default. Our Directors believe that this is an important mechanism to safeguard our funds' investments. For further information regarding our risk management system, please refer to the paragraph headed "Risk management and internal control" in this section.

BUSINESS

Distressed assets

We may realise the value of our distressed assets through the following means:

- (i) commencing court proceedings to liquidate the distress assets and obtain the proceeds of the liquidation;
- (ii) assignment/disposal of debt interests by auction;
- (iii) obtaining title to the underlying pledged real estate assets which were given as security and sell the same at market value; and/or
- (iv) obtaining title to the underlying pledged real estate assets which were given as security and redevelop such properties to enhance its value before disposal.

RISK MANAGEMENT AND INTERNAL CONTROL

As an investment fund managers specialising in the management of real estate investment funds in the PRC, we are subject to a variety of risks in our business operations. These risks can be broadly categorised in to (1) investor and money laundering risks; (2) regulatory risks; (3) risks related to investment decisions and project vetting; (4) project management risks; (5) risks relating to investment exits; and (6) other operational and financial risk. The overall objective of our risk management system is to maintain and optimise robust and efficient risk management and internal control to ensure the security of our operations and assets, to achieve a balance between business growth and risk control, and to protect the long-term interests of our Shareholders.

We have developed a risk management system tailored to the characteristics of our business operations, with a focus on managing the risks through comprehensive investor and investment target due diligence, independent information review and multi-level approval process. Our risk management system is founded upon the following core principles:

- *Comprehensiveness* — Our risk management procedures extend to our staff at every single level of our operations including the decision making, execution, supervision and internal advisory functions.
- *Prudence* — The aims of our risk management system, our departmental structure and internal control measures are to ensure that our business is operated in a highly prudent.
- *Independence* — Members of our risk management team are strictly independent of our business departments and our risk management system ensures that members of our risk management team will not be subject to any pressure or undue influence from our business departments.
- *Effectiveness* — Our risk management system complies with the applicable legal and regulatory requirements in the PRC and all internal guidelines which forms part of our risk management system ensures that there are sufficient checks and balances on the powers delegated to each employee.

BUSINESS

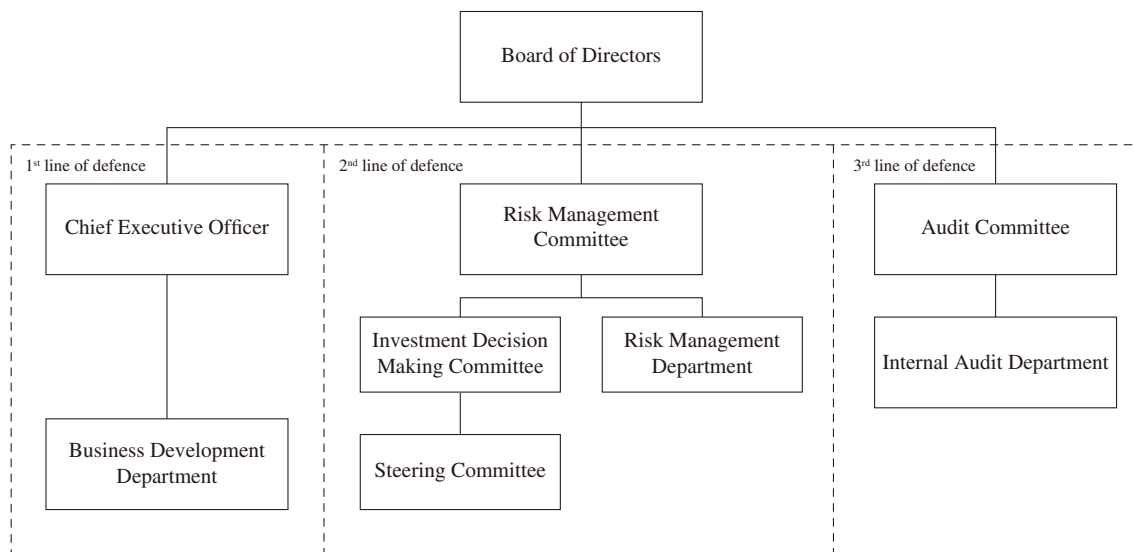
- *Timeliness* — Our risk management system is updated from time to time to adapt to the changes in the legal and regulatory environment our Group operates in as well as the developments in our business in order to ensure that we will be able to comply with the latest legal and regulatory requirements while remaining competitive.
- *Firewalls* — Our risk management system requires strict segregation between employees of different functions and puts in place both physical separation of office space and tight control over inter-department communications.

While our risk management system may be modified and enhanced from time to time to adapt to the changes in the legal and regulatory environment our Group operates in as well as the developments in our business, the above principles shall remain as the cornerstone of our risk management system.

Risk management structure

We have established a comprehensive risk management structure in response to various risks that we would face during our operations. The following diagram sets forth our risk management structure:

RISK MANAGEMENT STRUCTURE



First line of defence

Our business development department and other customer-facing positions would act as our first line of defence in identifying and controlling risks. We have issued clear policies and procedures to our personnel involved in such functions which specifically describe their obligations and guidance on maintaining compliance. Such policies and procedures include channels to detect and report suspicious activities, as well as robust screening of our staff members to ensure high ethical standards. All suspicious activities detected within the business development department would be reported to our chief executive officer for review.

BUSINESS

Second line of defence

Our second line of defence is made up of our steering committee, investment decision making committee and our risk management department, all of which are within the purview of our Risk Management Committee. Under our internal policies, the individuals involved in the second line of defence should (i) have no business line responsibilities nor be involved in the internal audit function; and (ii) have a direct reporting line to the board of Directors should suspicious activities are detected.

The responsibilities of our second line of defence would generally include:

- (a) formulate risk management policies and procedures;
- (b) engaging in on-going monitoring activities, including sample testing of compliance and review of exception reports;
- (c) being the contact point for internal and external authorities on any anti-money laundering issues; and
- (d) providing adequate transaction monitoring system (capable of analysing transaction trends and detecting unusual business relationships or transactions).

Set out below are the functions of each department/committee under our second line of defence:

- *Steering committee* — as a sub-committee of the investment decision making committee, the role of our steering committee is to perform preliminary screening of potential projects based on the preliminary feasibility report on such projects. The steering committee is comprised of seven members who are Mr. Zhu, Mr. Duan, Ms. Su, Ms. Chen Min (陳敏), Mr. Wan Fang (萬方), Ms. Yao Peifang (姚佩芳) and Mr. Song Hao (宋昊). Ms. Yao Peifang is currently serving as the director of financial products and the assistant to chief executive officer of our Group. Ms. Yao Peifang is a degree holder of Bachelor of Science in Business Law from East China University of Political Science and Law, and has over 25 years of experience in the legal industry in the PRC. Mr. Song Hao is currently serving as the general manager of Beijing office of our Group. Mr. Song Hao is a holder of Executive Master of Business Administration from Fudan University and has over 7 years of experience in the asset management industry or related fields. Resolutions of such committee would be passed by the approval of six out of seven committee members.
- *Investment decision making committee* — the role of our investment decision making committee is to review and approve potential projects with estimated investment amount of less than RMB25.0 million, as well as making recommendations and setting conditions for the business development department to satisfy in order to mitigate potential risks arising from such projects. For potential projects with estimated investment amount of more than RMB25.0 million, the committee will provide second vetting of such projects and, if satisfied with the results thereof, recommend such projects to the risk management committee for approval. The investment decision making committee is made up of eight members, namely Mr. Zhu, Ms. Su, Ms. Chen Min, Mr. Cheng Jun, Mr. Wang Xuyang and three independent experts (financial, legal and business). Resolutions of such committee would be passed by the approval of seven out of eight committee members.

BUSINESS

- *Risk management department* — our risk management department headed by Ms. Chen Min serves a critical role in providing checks and balances in safeguarding our assets, financial health and growth. Its role includes project due diligence, final project vetting, and regular audits. The risk management department is staffed with members which have relevant industry experiences to perform assigned tasks under the instructions and guidance of our risk management committee.
- *Risk management committee* — our risk management committee oversees the risk management functions of our Group. It is made up of six members, three of which are our independent non-executive Directors and the remaining members are Mr. Zhu, Ms. Su and Ms. Chen Min. Resolutions of such committee are passed by five out of six committee members. The primary risk management responsibilities include:
 - (a) reviewing the annual risk management reports of the Group and submitting the same to our board of Directors for approval;
 - (b) reviewing and overseeing the implementation of the risk management strategies of the Group and responses to significant risk events;
 - (c) approving and overseeing the implementation of our Group’s internal control procedures;
 - (d) reviewing our Group’s risk management and internal control structure and offering recommendation for improvements;
 - (e) approving and overseeing the internal communication channels within our risk management and internal control structure;
 - (f) reviewing any proposed investment to be made by the Group which exceeds RMB25.0 million and submitting the same (together with any recommendation as the committee sees fit) to the board of Directors for approval; and
 - (g) such other risk management and internal control responsibility as the board of Directors may from time to time delegate.

Third line of defence

In addition to reviewing and supervising our financial reporting process as further particularised in the section headed “Directors, Supervisors, senior management and employees — Corporate governance”, the Audit Committee, together with our internal auditors, are also responsible for:

- (a) conducting independent assessments and management of risks and reviewing the effectiveness of our first and second lines of defence, including the adequacy of anti-money laundering policies, compliance oversight and quality controls;
- (b) conducting periodic Group wide audits;
- (c) internal governance and risks management processes; and

BUSINESS

- (d) advising effective ways of improving existing procedures and advising management on implementing recommended improvements.

At the top of our risk management hierarchy is the Board of Directors, which oversees the execution of our risk management functions by our senior management and the risk management committee. It has a direct functional reporting line from our Audit Committee and internal audit department. It approves fundamental risk management strategies and policies, assesses the effectiveness of our risk management system, and balances our business growth with our risk exposure. It performs its risk management functions by giving guidance and authorisation to our Audit Committee and our senior management.

1. Investor and money laundering risks

Client money laundering risk assessment

We would conduct client money laundering risk assessment and mitigate the relevant risk in accordance with our client money laundering risk rating system. The primary purpose of the money laundering risk assessment is to mitigate the money laundering risks which we may reasonably face based on our anti-money laundering control framework that is appropriate and proportionate. The money laundering risk assessment would identify and include all known risks from the customer, product, channel and jurisdiction perspectives. The resulting risk ratings would influence the manner and the degree to which each risk should be mitigated and managed.

In order to perform due and proper client money laundering risk assessments, we have:

- (a) developed a risk rating methodology (i.e. low, medium or high money laundering risks) for the client money laundering risk assessment model;
- (b) established the procedures for conducting risk assessment by considering risk factors (i.e. customer, geographic, business/occupation and transaction patterns); and
- (c) formulated detailed requirements on investor due diligence (i.e. simplified due diligence, normal due diligence and enhanced due diligence) in accordance with the investors' money laundering risk rating.

Investor due diligence

We would conduct certain background checks on our potential investors including the identification of ultimate beneficial owner and the beneficiary of the relevant transaction. We would also require our prospective investors to provide evidence as to their source and origin of funds. Our investors due diligence procedures, including investors' identity and background check, financial eligibility and risk tolerance assessment would first be performed and reviewed by personnel within our first line of defence. If suspicious activity is detected, it would be escalated to our risk management department. In addition, we would require and conduct periodic review for high and medium risk clients (i.e. review the high risk client semi-annually and medium risk client annually).

BUSINESS

To mitigate the potential risk associated with providing financial and business services to those with a prominent political profile or holding senior public office and those individuals / entities listed on sanction lists, we would ascertain whether our clients are political exposed persons or a sanction party. We would perform politically exposed person and sanction screening during client on-boarding and on a regular basis;

Specific anti-money laundering training

We believe that employee training is an important element of an effective system to prevent and detect money laundering activities and that our employee should be trained in what they need to do to carry out their particular roles with respect to anti-money laundering. In this connection, we would from time to time provide:

- (a) high level trainings covering all aspect of the anti-money laundering regime;
- (b) specific trainings in relation to the responsibilities of supervising or managing staff, the review procedures and the performance of random checks as well as suspicious transaction filing; and
- (c) regular trainings to keep our employees abreast of anti-money laundering requirements/developments.

Investor profiling and tolerance assessment

Investor risk tolerance assessment is performed on all potential investors whom our Group has not dealt with previously. Once the investors have been evaluated, we would send the potential investors confirmation letter with their assessed risk tolerance level and other terms and conditions for their execution. As investors' risk tolerance level may evolve over time, we would re-visit and re-evaluate existing investors' risk tolerance level during the fund structuring phase of a new investment project to ensure that tolerance level is up-to-date so that they could be allocated to the most suited project according to their risk tolerance level.

Investor financial qualification assessment

Privately offered funds can only be raised from qualified investors, and investors must be assessed on whether they are qualified as required by the relevant PRC laws. We would perform assessments on the financial qualification of those potential investors whom we have not dealt with previously. As investors' financial health may change over time, we would re-visit and re-evaluate existing investors' financial qualification on project basis to ensure investors' financial qualification so that any interruption during the fund raising and subsequent project management stage could be minimised.

BUSINESS

Suitability assessment

As part of our investors due diligence, we would require our investors to complete an investor's risk profiling questionnaire. The questions listed in the investor risk profiling questionnaire are scored using a robust scoring methodology. We have a standardised and measureable investor risk classification system which categorises our investors' risk tolerance levels based on such scoring system. The questionnaires are updated from time to time and are subject to the approval of our investment decision making committee.

To provide suitable recommendations to our investors, we would match the risk return profile of each investment product to the personal circumstances of the investors, which would be ascertained from the score computed from the investor's risk profiling questionnaire.

Investor Masterfile

Investors' records obtained during investors due diligence would be formally documented and compiled under the "Investor Masterfile" database. Investors can be categorised by projects or types under such data base. Information such as risk tolerance level, financial qualification assessment result and their last assessment date, their invested projects would be recorded on the Masterfile. Such database would be used for investor risk assessment and mapping of investor risk tolerance to the appropriate funds/projects.

Investors' confirmation

Once an investment has been committed, investors are allowed a 24-hour grace period which the investment can be withdrawn. Beyond the grace period, we would perform an investment confirmation via telephone recording or email confirmation. We have established a policy and system to ensure that investment confirmation is performed with all investors, and that such confirmations are properly documented. Additionally, in accordance with the relevant guidance on investors fundraising management, periodic investment confirmation including investors' knowledge of their risk tolerance, the risk of the invested product; its risk implication and any incurred fees are properly performed.

2. Regulatory risks

Our business is subject to regulation and supervision by government authorities with regard to our operations and fundraising activities. Please refer to the section headed "Regulatory overview" of this prospectus for further details on the applicable laws and regulations in relation to our business operations. If we fail to comply with these laws and regulations, we may be required to rectify and may incur penalties and losses. Accordingly, we have strengthened our legal and compliance risk management by:

- (a) establishing risk-monitoring thresholds in our system in accordance with the relevant legal and regulatory requirements, to monitor and identify and the irregularities and noncompliance incidents in our operations;
- (b) employing two PRC-qualified lawyers within our Risk Management Department to perform in-house legal advisory role;

BUSINESS

- (c) monitoring legal updates, including updates on the interpretation of applicable laws and regulations by relevant regulatory authorities; and
- (d) reiterating the importance of adherence to our operational procedures to our employees and, in particular, new employees, to ensure effective implementation of our operational procedures.

3. Risks related to investment decisions and project vetting

Multi-level approval process

Any investment decisions to be made by us for and on behalf of our funds are subject to our stringent multi-level approval process. A prospective project is required to be vetted twice before finalised for acceptance. The first vetting is based on the preliminary analysis (i.e. background search; project market analysis; estimated return; fund structure) of the investment project and the final vetting is based on the feasibility study of the project and the financial, business and legal due diligence reports.

At the first line of defence, our business development department is responsible for performing the feasibility study of the potential investment project. After basic information of the project is obtained, the manager of the potential project would fill in a project commencement application which includes the project introduction, cash flow forecast, budgeted income statement and proposed project schedule. The project initiation application would be passed to the department head of the business development department for approval. After such approval is obtained, the project initiation application would be passed to the secretariat of the steering committee.

At the second line of defence, each potential project identified by the business development department is subject to the vetting and scrutiny of the steering committee and the investment decision making committee, and where the estimated investment of the potential project would exceed RMB25.0 million, the risk management committee.

Once the secretariat of the steering committee has received the project initiation application, he/she would issue a memo to call meeting of the steering committee to consider the potential project (the “first voting”). Members of the steering committee would receive the information in advance to prepare for the first voting. According to our policies and procedures, the steering committee must be held within five business days after receipt of information from the business development department.

If the potential project is passed by four-fifths vote of the steering committee members in the first voting, the project would proceed to the next stage. The meeting minutes of each steering committee meeting are kept and duly signed by all committee members, the voting decision and comments from each committee member are documented and retained by the secretariat of the steering committee.

At the next phase, all relevant operational departments would collaborate to perform due diligence on the potential project, and a fund raising proposal and budget would be prepared. Fund raising proposals would include information such as the estimated fund level, fund structure, fund duration and fund profit. Fund budget would include information such as investors’ profit, management company revenue, budget on fund expenses. After the above mentioned documents are

BUSINESS

ready, the business development department would prepare and submit a project commencement application, together with the project investment analysis report, due diligence reports, project framework agreement, project management, and draft fund structure, to the investment decision making committee for approval.

The investment decision making committee may issue conditional approvals to a potential project and refer the case back to the business development department to make such amendments to the deal structure as may be necessary for the committee to issue a formal approval. Should the project development department receive a conditional approval, the project development department would be required to address the issues raised by the members of investment decision making committee. Once addressed, the project development department would be required to request the Secretary of the committee for an arrangement of a subsequent committee meeting to follow up on the outstanding issues before the project can be kicked off. Under our policies, no investment project maybe commenced without the unconditional approval of the investment decision committee. If the estimated investment of the potential project would exceed RMB25.0 million, the commencement of such project would also be subject to our risk management committee.

Project due diligence

We have established a comprehensive operational guideline and procedures for our investment due diligence activities, including the assessment requirement of the feasibility study; and list of due diligence requirement. These requirements include but not limited to comparative analysis, on-site verification and cash flow forecast.

Specific guidelines were also issued for each type of portfolio assets, including commercial real estate projects, urbanisation and redevelopment projects and distressed assets. The purpose of these guidelines and procedures are to provide guidance to new staff and reinforce the knowledge of current staff members in order to increase the likelihood that due diligence work would be handled in a consistent and appropriate manner.

For distressed assets, we would internally perform valuation on the distressed assets and engage external law firms to perform legal due diligence on the distressed assets. Subsequently, the final result of valuation would be presented to the Steering Committee for project vetting. The valuation report would contain the methodology, process, assumptions and limitations involved. In addition, we would also perform due diligence on the issuer of the distressed assets.

Project risk assessment framework

We generally assess the risk of a potential investment project based on the following criteria:

- (a) experience of the counterparty;
- (b) credit worthiness of the counterparty;
- (c) reputation of the counterparty;
- (d) regulatory restrictions involved; and
- (e) our expected level of control over the project.

BUSINESS

Based on the above criteria, we would generate a risk rating for each project ranging from R1 (i.e. low risk) to R5 (i.e. highest risk). The risk rating of each potential project would be taken in to account by the investment decision making committee in deciding whether to grant approval for the commence of such project.

Established valuation process

We generally would require pledged collaterals for all potential investment projects and valuations thereon would be performed during the project vetting process for all potential projects. Valuation on the collaterals and other valuations would be performed in-house and may be supported by findings of external valuers if the size and/or complexity of the investment project warrants the engagement of external valuers. Determining whether calculations are within our established tolerance range not only would require complex model comparison with yield curves and volatilities calculation to reflect actual market conditions, but also would require a robust process for ongoing monitoring and back testing process that can keep up with changes and other development in the market and industry. The engagement of external valuers would therefore be necessary for complex cases.

We have developed a sound governance process under the supervision of our personnel involved in valuation under our investment decision-making committee with documented policies and procedures, and quality controls to increase the accuracy of the valuation process. For more complex cases, we would also engage external valuers to perform the valuation process or the validation of our funds' assets portfolio.

Regarding our funds' AUM, as each of our funds' AUM represents the total size of investments made into such fund, without taking into account any profits or gains arising therefrom and our funds' AUM is therefore not subject to any valuation or subsequent re-valuation. Accordingly, we would not perform any valuation work after an investment decision has been made.

In-house valuation

The valuations conducted in-house do not involve any complex quantitative or actuarial valuation methods. Our investment manager extracts the relevant property information from the China Real Estate Index System and the CRIC China Real Estate Database (the “**Databases**”), and estimates the target project's value via the following three valuation methods:

- Market valuation — The market valuation looks for a similar or comparable project from the Databases, and refers to the comparable project's price, turnover volume (in urbanisation and redevelopment projects), rent or lease-out rate (in commercial real estate projects) in order to determine the value of the target project.
- Income valuation — The income valuation capitalises or discounts the expected income of the target project in order to determine the value of the target project.
- Cost valuation — The cost valuation refers to the land transaction price from the Databases and construction costs, and determines the value of the target project accordingly.

BUSINESS

As such, we are dependent on the expertise and knowledge of our in-house valuers on the PRC real estate market, accumulated by their years of experience providing relevant valuation of property in the relevant field. Our in-house valuation personnel has up to 26 years of relevant experience in the PRC real estate market, we therefore believe they are capable of assessing the value of the relevant collaterals based on the assessment methods stated above. Generally, the market valuation and income valuation are used concurrently for projects involving stock piled properties. The market valuation and cost valuation are usually employed in projects involving new properties.

External valuation

A potential investment project would be considered a complex case if (i) the total investment amount exceeds RMB200.0 million and/or (ii) information regarding the market value of the underlying portfolio assets is limited. During the Track Record Period, our funds invested in 19 investment projects, 10 of which were considered complex cases and involved external valuation. The 10 investment projects comprised five urbanisation and redevelopment projects, two distressed asset projects and three commercial real estate projects. Please refer to the section headed “Business — Portfolio assets” of this prospectus for further details of our portfolio assets.

Service provider due diligence

We would from time to time engage third parties to perform various functions in our operations, including finance agencies for fundraising, financial and legal due diligence on potential projects, asset collection on distressed asset project and leasing of units in commercial real estate project. In order to ensure the service quality of these service providers, we have established a service provider selection and assessment procedures to assess our external service providers. Such procedure comprised a performance evaluation system/standard to be performed by the relevant user department of our Group on an annual basis.

4. Project management risks

Regular monitoring

Our managed funds would gain control over or veto rights at the board of the project companies and/or gain custody of the project companies’ company seal in all applicable investment projects. In cases where board representation rights are granted, the voting rights of the board members appointed by our funds would range from 33% to 100%. As regards veto rights, it would cover certain reserved matters such as those involving a specified amount by the project company. We would exercise such powers to ensure that (i) funds are being used appropriately; (ii) each milestone of the project are reachable pursuant to the pre-agreed timetable; (iii) the projects costs do not exceed the pre-agreed budget plans; (iv) the project companies comply with the applicable legal and regulatory requirements; and (v) the project companies do not incur any liabilities without our prior approval.

BUSINESS

Our operations teams would issue regular operation reports for each projects. They are prepared by the project manager involved in the investment project on a weekly basis. Such reports would set out:

- (a) the progress of the project;
- (b) the status of the operations;
- (c) problems encountered during the relevant period; and
- (d) foreseeable risks.

The project development manager, investment manager and project manager involved in the investment project would also jointly prepare operations report on a monthly basis. In addition to the matters set out in the weekly operations report, the monthly operations report would also set out, among other things:

- (a) relevant financial statements;
- (b) trail balance; and
- (c) expenses summary.

As the sole creditor in the relevant assigned/novated debt instrument, our funds would obtain absolute title to the distressed assets. We would also track our funds' distressed assets to ensure debts are collected in a timely manner and that appropriate measures are taken before any legal claims are time barred. Such process involves (i) conducting regular site visits to debtors, performing regular due diligence investigations and updating information in our due diligence information system; (ii) monitoring the compliance of debtors and guarantors, closely tracking changes in the value of collaterals and promptly reporting and proposing remedial measures for debt evasion and other serious issues; and (iii) making claims during legal or bankruptcy proceedings (if necessary).

Throughout a distressed assets management project, our distressed assets management task force would assist our business development department to analyse the distressed assets package, as well as performing regular due diligence and valuation work on it. In addition, the task force would discuss and prepare disposal/realisation proposals with our business development department and negotiate such proposals with third party intermediaries.

BUSINESS

Our distressed assets management task force would also prepare written report describing the current disposal status and progress of distressed assets on a monthly basis. Such reports are shared with our business development department, risk management department and finance department for their review.

Regular project risks assessment

Project risk assessments are designed to determine the risk level of a project and would be performed annually. The process is mainly conducted by our risk management department. In addition, we would conduct on-site project visit, the frequency of which would be subject to the project risk level. For high risk project, on-site visit would be performed quarterly while for low risk project, it would be performed annually. In addition to periodic project risks assessments, the occurrence of significant changes in a project would also trigger a project risk re-assessment.

Project audit

Our risk management department, a department directly under our Risk Management Committee, would conduct regular audits on our investment projects. The frequency of project audit would be based on the assessed risks for each project. For projects with low assessed risks, project audits would be performed annually while quarterly audits would be performed for high risk projects.

The scope of our project audits include:

- (a) onsite audit which would comprise site visits to inspect the safety box, custody of stamps, interviewing the site workers/staff, and the checking of the bank accounts and share holdings structure; and
- (b) desktop audit which would comprise inspections of the project related documents and project investment documents to audit the procedures of the project operations.

After the project audit is completed, the project audit committee would prepare a project audit report which would set out the details of the audit process, method, findings and conclusion. After receiving the approval of our chief risk management officer, the report would be passed to the responsible project management team to follow up on the report findings.

Contingency planning

Unexpected incidences may occur during the course of an ongoing investment project. Accordingly, we have implemented several mechanisms including the deployment of on-site project managers, frequent reporting, and project audits to monitor the financial health and progress of each

BUSINESS

project. In addition to our monitoring measures, we would devise, for each project, contingency plans which are viable, robust and realistic in the event of sudden shortage of cash flow in stressed market conditions, termination of outsourced activity under any circumstances, or other unforeseen circumstances. Our risk management department would regularly reassess risks associated with each project and re-evaluate the relevant contingency plans.

5. Risks related to investment exits

In order to ensure that our funds are able to exit from our investment projects efficiently and profitably, as well as ensuring that the funds' profits are distributed in a proper manner free from any misappropriations, we have established the following risk management procedures.

Multi-level approval process

Once an investment project has reached the stage where an exit would be desirable or where the situation requires an emergency exit, our exit approval process would be triggered.

At the first line of defence, our business development department would first analyse the overall project progress, investment type and whether the investment return would meet our expectations. Once the business development department has completed such analysis, it would prepare a preliminary exit strategy and pass the same (along with all relevant exit documents) to the investment decision-making committee.

At the second line of defence, the drafts of all relevant exit documents would be scrutinised by our investment decision-making committee. The main factors which our investment decision-making committee may take into account when deciding whether to approve such exit include whether:

- (a) the exit plan can achieve the target return rate pre-set by the committee;
- (b) the exit plan is feasible;
- (c) the risks associated with such exit is at a level which is acceptable to the committee; and
- (d) an extension of the investment period can instead generate higher return and the risk involved is at the level acceptable to the committee.

We would only commence the clearance procedures such as the closure of bank accounts and distribution of profits among the investors after receiving the approvals of our investment decision-making committee.

BUSINESS

At the third line of defence, our internal audit department would conduct regular sample checking of our exit procedures and provide recommendations for improvements.

Proper handling of client funds

At the first instance, our business development department would prepare the relevant fund calculations and prepare a distribution report detailing the amount to be distributed to each investor and the deductions to be made including our regular management fees (if any remains unsettled), our performance fees and all other costs and expenses which are required to be deducted. After the calculations are prepared, they would be subjected to the tight scrutiny of our chief financial officer. After our chief financial officer has approved these calculations, they would be passed to our risk management department for vetting.

At the second line of defence, our risk management department would scrutinise the calculations against the terms of the relevant investment agreements to ensure that the calculations comply with the distribution mechanisms agreed to by the investors.

At the third line of defence, as all of our client funds are deposited at custodian banks and segregated from our Group's business funds, any withdrawal of funds from our client funds are subjected to the tight scrutiny of these custodian banks. The custodian banks would only release funds upon receiving reasonable evidence demonstrating that certain conditions precedents for such release under the relevant financing agreements are met.

6. Other operational and financial risk

Our management team and Chief Executive Officer are responsible for monitoring our others operational and financial risks, including our reputation risk, competition, financial positions, resources allocation and overall management and supervision system.

As at the Latest Practicable Date, all senior officers of Realway Capital and Ruixiang Investment who have registered in Fund Association have obtained fund qualifications and the number of the staffs who have obtained fund qualifications is 78. Therefore, we believe that our Company currently has sufficient number of staffs with fund qualifications. In the case of the departure of relevant senior officers, we can fill the gap by selecting other employees with fund qualifications to ensure the minimum requirements of the Fund Association are met.

BUSINESS

As confirmed by our PRC Legal Advisers, our funds have not raised money through public channels, and our fund raising activities are in compliance with the Fundraising Administrative Measures. For further details of the Fundraising Administrative Measures, please refer to the section headed “Regulatory overview” of this prospectus. Our Directors believe that our risk management measures as further particularised in this section would be sufficient for controlling and mitigating regulatory risks involved in our business.

SUPPLIERS

During the Track Record Period, our Group did not have regular or significant suppliers in terms of business nature. Whilst we may work with our marketing partners to raise funds for our funds, any expenses incurred associated with the introduction and sourcing of investors by these business partners are accounted for as direct costs of the relevant funds and not the expenses of our Group.

LICENCES AND APPROVALS

We, after consultation with our PRC Legal Advisers, confirm that, as of the Latest Practicable Date, we had obtained all the material licences and approval from the relevant PRC authorities or bureau. The following table set out details of our material licences and approvals.

<u>Relevant authority</u>	<u>Description</u>	<u>Holder</u>	<u>Expiry date</u>
Asset Management Association of China	Private Investment Fund Manager Registration Certificate (私募投資基金 管理人登記證明)	Company	Indefinite
		Shanghai Ruixiang	Indefinite
China Securities Regulatory Commission	Licence of Operating of Securities and Futures Business* (經營證券期貨 業務許可證)	Jiasheng Ruixin	Indefinite

* for identification purposes

BUSINESS

AWARDS

The following table sets out the major awards and recognition obtained by us during the Track Record Period:

Name of award	Awarding organisation or authority	Year awarded
Comprehensive Strength Top 10 Funds Among The 2017 China Real Estate Funds (2017年中國房地產基金綜合能力TOP 10)	China Index Academy (中國指數研究院)	2017
Comprehensive Strength Top 10 Funds Among The 2016 China Real Estate Funds (2016年中國房地產基金綜合能力TOP 10)	China Index Academy (中國指數研究院)	2016
Baishi Honghu Award — The Star of 2016 Financial Innovation* (佰仕鴻鵠獎 — 2016年度金融創新之星)	Wharton University of Pennsylvania, Van Sound Club (萬商俱樂部), E-House China (易居), and Baishi Hui* (佰仕會)	2016

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group has registered six trademarks in the PRC and one trademark in Hong Kong, and are the registered proprietor of certain domain names, particular of which are set out in the section headed “Information about the business — Intellectual property rights of our Group” in Appendix VI to this prospectus.

RESEARCH AND DEVELOPMENT

During the Track Record Period and as at the Latest Practicable Date, we did not engage in any research and development activity.

BUSINESS

EMPLOYEES

As at 31 December 2015, 2016 and 2017, 30 April 2018 and the Latest Practicable Date, we had a total of 44, 59, 124, 111 and 164 employees, respectively. All the employees of our Group are stationed in the PRC. A breakdown of our employees by function is set forth below:

Function	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 30 April 2018	As at the Latest Practicable Date
Directors and senior management	6	6	6	6	6
Director board office	—	—	—	—	3
Administration	5	5	6	5	5
Finance	3	6	9	9	9
Financial products	5	5	3	3	7
Chairman's office	8	9	11	9	10
Project development	14	16	26	28	41
Risk management	2	5	9	8	13
Sales and marketing	—	—	4	3	4
Human resources	1	2	3	6	8
Guangzhou office	—	—	5	4	3
Wuhan office	—	—	4	3	4
Beijing office	—	4	9	4	9
Jiasheng Ruixin	—	—	7	11	35
Shanghai Ruichu	—	—	4	2	7
Qiaofang Investment	—	—	9	10	12
Total	44	59	124	111	164

Our operations staff consists of fund managers and investment managers. While such employees are highly demanded in the market, we manage to maintain a relatively stable workforce by continuous recruitment from the market or through referrals. New employees are required to attend induction courses to ensure that they are equipped with the necessary skills and knowledge to perform their duties. In order to promote overall efficiency, we also offer training to our existing employees on the industry, investment and/or personal skill.

As at the Latest Practicable Date, all senior officers of Realway Capital and Ruixiang Investment who have registered in Fund Association have obtained fund qualifications and the number of the staffs who have obtained fund qualifications is 75. Therefore, we believe that our Company currently has sufficient number of staffs with fund qualifications. In the case of the departure of relevant senior officers, we can fill the gap by selecting other employees with fund qualifications to ensure the minimum requirements of the Fund Association are met.

BUSINESS

Professionals

As confirmed by Frost & Sullivan, the first domestic private real estate fund manager only commenced such type of operations in PRC in 2009 while we commenced our business in 2010. Accordingly, we believe that, over the years under the direction of our Directors and senior management, we have developed a more solid experience and expertise in the area of real estate investment fund management as compared to that of our competitors.

Although as set out in the section headed “Directors, Supervisors, senior management and employees” of this prospectus, our Directors and senior management together have sufficient experience and expertise to provide directional guidance and effective oversight of our operations, we rely mainly on the experience and expertise of our professional team to ensure the effectiveness of our operations.

As at the Latest Practicable Date, the number of professional qualifications such as legal practice and accounting certification held by our 164 staff was 102. The following table sets out details of professional qualifications of our staff:

Qualification/licence	Number of qualifications
<i>Accounting</i>	
The Certificate of PRC Certified Public Accountant (CPA)	8
The Association of Chartered Certified Accountant (ACCA)	1
Certified Management Accountant (CMA)	1
<i>Construction</i>	
Constructor’s Qualification Certificate (Level 1)	1
Constructor’s Qualification Certificate	1
<i>Engineering</i>	
Senior Engineer’s Qualification Certificate	1
Engineer’s Qualification Certificate	2
<i>Economics</i>	
Economist’s Qualification Certificate — Advanced level	1
Economist’s Qualification Certificate — Intermediate level	1
<i>Funds Practice</i>	
Qualification Certificate in Funds Practice	75
<i>Legal</i>	
Legal Practising Certificate of the PRC	10
Total	102

BUSINESS

As an investment fund manager specialising in the management of real estate investment funds, our daily operations involve the work of various professional disciplines, including:

- (i) *accounting/economics* — to handle matters such as financial due diligence on potential investment targets and monitoring of the financial health of on-going projects;
- (ii) *construction and engineering* — to source and analyse from a technical perspective potential portfolio assets for our Group and to advise our Group on the feasibility of development plans; and
- (iii) *legal* — to handle legal documentation, due diligence, negotiations with counter parties and other parties involved in an investment project such as custodian banks, obtaining regulatory approvals, risk management and other legal matters at all stages of an investment project.

Accordingly, while the Qualification Certificate in Funds Practice (a qualification held by a majority of our professional staff as shown above) is fundamental to private fund managers, as an investment fund manager specialising in the management of real estate investment funds, we believe that the ability to retain a solid mix of professional qualifications in our professional team is a more essential factor to our success.

To ensure that our existing Directors, senior management and our professional staff will continue to have sufficient expertise in the management of our funds on an ongoing basis, we would from time to time organise training activities for them including:

- (i) training on our operating procedures and risk management procedures;
- (ii) inviting external professionals to provide trainings to our staff on various matters relating to the management of real estate investment funds such as developments in the legal and regulatory environment relating to the real estate industry, risk management, customer due diligence, fund formation and distribution arrangements; and
- (iii) sponsoring continuing professional development courses.

As for the selection of potential candidates to join our senior management and/or our professional team, the Nomination Committee of the Board would from time to time establish policies for selecting suitable candidates and would make recommendation regarding the appointment of key professional or management positions with reference to the qualifications, backgrounds and expertise of the candidates.

BUSINESS

We generally recruit our employees from the open market or by referral and enter into employment contracts with our employees. We offer attractive remuneration packages to our employees. In addition to salaries, our employees are entitled to bonuses and medical insurance coverage. Certain of our staff team members are also participants of limited partnerships that hold our Shares. For details, please refer to the section headed “History, development and corporate structure” of this prospectus. We incurred staff costs of approximately RMB5.5 million, RMB13.6 million, RMB30.9 million and RMB12.2 million for the three years ended 31 December 2017 and for the four months ended 30 April 2018, respectively. We regularly review the performance of our employees and make reference to such performance reviews in our salary review and promotional appraisal in order to attract and retain talented employees. We maintain good working relationship with our employees. There had not been any labour strike within our Group during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

Our Group maintains social insurance for its employees as required by the PRC social security regulations. Up to the Latest Practicable Date, we had not experienced any material insurance claims against us. Our PRC Legal Advisers confirmed that during the Track Record Period and up to the Latest Practicable Date, we were not subject to any prosecutions in relation to the PRC social insurance law and regulations.

MARKET COMPETITION

The asset management market in the PRC is at its rapidly developing stage. The top 10 players in the real estate fund market in the PRC is taking up a joint share of approximately 47.1% in terms of AUM in 2017. According to Frost of Sullivan, as at 31 December 2017, we were ranked the 10th largest real estate investment fund manager in the PRC in terms of AUM.

Our Directors consider that there are entry barriers to the PRC real estate investment management industry, including: (i) strong legal and technical knowledge; (ii) well established track record; (iii) licensing requirements; (iv) relationship with clients and developers; and (v) capital resources requirement. We believe that our competitive strengths have contributed to our success. As such, even though competition within PRC real estate investment management industry is highly intense, with our brand recognition and upon successfully listing on the Stock Exchange, we are confident that we will continue to be able to withstand the competition with our competitive strengths. Please refer to the paragraph headed “Our competitive strengths” in this section for further details.

BUSINESS

PROPERTY

Leased Property

To support our business activities and operations, we have leased seven properties in the PRC from Independent Third Parties. Such properties were not used for “property activities” as defined under Rule 5.01(2) of the Listing Rules. Set out below is a summary of our leased premises as at the Latest Practicable Date:

Location	Usage	Term	Monthly rental fee	Floor area	Leasee
			<i>(RMB)</i>	<i>(sq.m.)</i>	
Units A-D, 5/F, Block A, Yue Hong Plaza, No. 88 Hongcao Road, Xuhui District, Shanghai, PRC	Office	Up to 26 April 2020	199,649.2	1,367.5	Company
Unit C2, 11/F, Block A, Yue Hong Plaza, No. 88 Hongcao Road, Xuhui District, Shanghai, PRC	Office	Up to 26 April 2020	29,035.8	172.0	Company
Room 607, No. 299 Guangzhou Middle Avenue, Yuexiu District, Guangzhou, PRC	Commercial	Up to 31 August 2019	24,683 (from 1 September 2017 to 31 August 2018) 25,670 (from 1 September 2018 to 31 August 2019)	224.4	Guangzhou Realway
Room 705, Tower 2, SOHO Tianshan Square, No. 1717 Tianshan Road, Changning District, Shanghai, PRC	As a base for our Group to provide business and corporate management consultancy services	Up to 26 April 2020	4,300	31.5	Qiaofang Investment

BUSINESS

Location	Usage	Term	Monthly rental fee	Floor area	Leasee
			<i>(RMB)</i>	<i>(sq.m.)</i>	
Room 3505, 35/F, Block I, New World International Trade Tower, No. 568 Tianshe Avenue, Jiangnan District, Wuhan, PRC	Office	Up to 1 April 2021	16,814	136.17	Wuhan Realway
Room 03, 25/F, Zhongliang Plaza Nan Ma Lu, Nankai Qu, Tianjin, PRC	Office	Up to 30 June 2019	489.1 (per calendar day)	138.6	Jiasheng Ruixin
Room 08, 17/F, Zhongliang Plaza Nan Ma Lu, Nankai Qu, Tianjin, PRC	Office	Up to 31 January 2021	946.7 (per calendar day)	268.96	Jiasheng Ruixin

Owned property

We did not have any owned property as at the Latest Practicable Date.

SAFETY AND ENVIRONMENTAL PROTECTION

Due to the nature of our business, our operational activities do not generate industrial pollutants and our operations do not raise any material safety or health related concerns and we did not incur any cost of compliance with applicable environmental protection rules and regulations during the Track Record Period.

BUSINESS

LEGAL PROCEEDINGS AND COMPLIANCE

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date:

- we have obtained all the relevant approvals, permits, licences and certificates for conducting our business in the PRC. All such approvals, permits, licences and certificates remain valid;
- we are in compliance with all applicable laws, rules and regulations of the PRC in relation to our business and operation in all material respects; and
- there is no pending legal proceeding by or against us and we are not subject to any prosecution for any offences, violations or breaches of laws, rules and regulations in the PRC in respect of our business and operations.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Our strategies” of this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The estimated net proceeds of the Share Offer which we will receive, assuming the Offer Price is fixed at low-end and high-end of the Offer Price range stated in this prospectus and the Over-allotment Option is not exercised after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Share Offer are set out in the table below.

	<u>Estimated net proceeds of the Share Offer</u>	
	<u>Offer Price of HK\$5.0 per Offer Share (low-end of Offer Price)</u>	<u>Offer Price of HK\$7.0 per Offer Share (high-end of Offer Price)</u>
Market capitalisation of the Shares	HK\$766.8 million	HK\$1,073.5 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ^{Note}	HK\$2.73	HK\$3.22

Note: For the assumptions and calculation method, please refer to the section headed “Unaudited pro forma financial information” set out in Appendix II to this prospectus.

Assuming that the Offer Price is fixed at the mid-point of the Offer Price range, (assuming the Over-allotment Option is not exercised) we intend to use the net proceeds of the Share Offer for the following purposes:

- approximately 60% of the net proceeds or approximately HK\$109.2 million (RMB96.1 million) for setting up new FOFs We expect that our investment will account for less than 10% of the total size of each new FOF;
- approximately 30% of the net proceeds or approximately HK\$54.6 million (RMB48.0 million) for geographical expansion of our business in the PRC by setting up new subsidiaries (relating to the setting up of representative offices) and expansion of representative offices (including the enhancement of our existing representative offices); and
- the remaining amount of approximately 10% or approximately HK\$18.2 million (RMB16.0 million) will be used to provide funding for our working capital and other general corporate purposes.

FUTURE PLANS AND USE OF PROCEEDS

Set out below is a breakdown of the expected costs involved in the setting up of new representative offices and the expansion of our existing representative offices by utilising the proceeds from the Share Offer (without utilising any of our existing internal resources):

	New representative offices			Existing representative offices		Total
	Hangzhou	Xi'an	Chongqing	Beijing	Guangzhou	
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Staff costs (<i>Note 3</i>)	6.3 (<i>Note 1</i>)	5.7 (<i>Note 1</i>)	5.7 (<i>Note 1</i>)	9.2 (<i>Note 2</i>)	7.3 (<i>Note 2</i>)	34.2
Rental costs	1.6	1.2	1.2	2.0	1.5	7.5
Fixed asset investment . . .	0.5	0.5	0.5	—	—	1.5
Marketing expenses	—	—	—	1.0	0.6	1.6
Travel expenses and advisory fees	0.4	0.4	0.4	0.6	0.4	2.2
Other expenses	0.2	0.2	0.2	0.2	0.2	1.0
Total	9.0	8.0	8.0	13.0	10.0	48.0

Notes:

1. We intend to hire not less than 10 professional staff at each of our new offices (including Hangzhou/Xi'an/Chongqing) and we intend to utilise the net proceeds from the Share Offer to support such staff cost from January 2019 until December 2020.
2. We intend to hire not less than 10 and 15 professional staff at our existing Beijing and Guangzhou office, and we intend to utilise the net proceeds from the Share Offer to support such staff cost from January 2019 until December 2020.
3. The expected staff costs were calculated based on the Company's historical pay scales of similar position of respective staff.

FUTURE PLANS AND USE OF PROCEEDS

Set out below is the list of the expected professional personnel involved in the setting up of new services points including Hangzhou, Xi'an and Chongqing offices, and their relevant qualification requirements:

Position	Qualification requirements	No. of personnel
General manager	More than five years of experience in real estate, finance and private equity funds	1
Risk control specialist	Bachelor degree or above in either law or related field, with three to five years of related experience	1
Investment manager	Three to five years of experience in trusts, private equity funds and investment companies	2
Investment assistant	Bachelor degree or above in either finance, economics, law or accounting	1
Financial officer	Certified Public Accountant, with more than three years of experience in financial accounting in the real estate industry	1
Financial manager	Bachelor degree or above in finance, with two to three years of experience in accounting	1
Financial and administrative personnel	Bachelor degree or above, with one year or more year(s) of experience in accounting	1
Project manager	Familiar with project management, with relevant experience in project management or real estate development management	1
Human resources manager	Full-time undergraduate degree or above in management or related field, with more than three years of experience in human resources administration	1
Total		10

FUTURE PLANS AND USE OF PROCEEDS

Set out below is the list of the expected professional personnel involved in the Beijing representative office, and their qualification requirements:

Position	Qualification requirements	No. of personnel
Deputy director/director of investment	Bachelor degree or above, with more than five years of experience in real estate, finance or private equity funds related fields	1
Private bank/broker 2	Current corporate or financial manager or private bank financial advisor, with more than 10 years of related experience	1
Private bank/broker 1	Current corporate or financial manager or private bank financial advisor, with more than seven years of related experience	1
Wealth manager 2	Bachelor degree or above, with more than five years of related experience and financial knowledge to wide range of products	1
Wealth manager 1	Bachelor degree or above, with more than three years of related experience and financial knowledge to wide range of products	2
Wealth management advisor	Bachelor degree or above, preferably in finance, economics or marketing related fields	2
Team director 2	Bachelor degree or above, with more than 10 years of experience seven years of which relate to finance, banking, trusts or securities in marketing management	1
Team director 1	Bachelor degree or above, with more than eight years of experience five years of which relate to finance or securities industry	1
Project manager	Familiar with project management, with relevant experience in project management or real estate development management	1

FUTURE PLANS AND USE OF PROCEEDS

Position	Qualification requirements	No. of personnel
Assistant to the general manager	Bachelor degree or above, with around one year of relevant experience	1
Investment manager	Three to five years of experience in trusts, private equity funds and investment companies	1
Administration manager	College degree or above, with more than five years of experience in human resources administration	1
Administrative commissioner/assistant	College degree or above, preferably with experience in front desk administration	1
Total		15

Set out below is the list of the expected professional personnel involved in the Guangzhou representative office and their qualification requirements:

Position	Qualification requirements	No. of personnel
General manager	More than five years of experience in real estate, finance and private equity funds	1
Director of investment	Bachelor degree or above, with more than five years of experience in real estate, finance or private equity funds related fields	1
Investment manager	Three to five year of experience in trusts, private equity funds and investment companies	1
Wealth manager 2	Bachelor degree or above, with more than five years of related experience and financial knowledge to wide range of products	1
Wealth manager 1	Bachelor degree or above, with more than three years of related experience and financial knowledge to wide range of products	1

FUTURE PLANS AND USE OF PROCEEDS

Position	Qualification requirements	No. of personnel
Wealth management advisor	Bachelor degree or above, preferably in finance, economics or marketing related fields	2
Investment assistant	Bachelor degree or above in finance, economics, law or accounting	1
Bookkeeper/cashier	Bachelor degree or above in finance, accounting or related field	1
Total		9

If the Offer Price is finally determined to be less than HK\$6.0 per Offer Share (being the mid-point of the indicative range of the Offer Price, rounded to the nearest cent) (assuming the Over-allotment Option is not exercised), our Group will reduce the proposed use of net proceeds on a pro-rata basis and will finance such shortfall by internal cash resources, working capital and/or other financing, as and when appropriate. If the Offer Price is finally determined to be more than HK\$6.0 per Offer Share (assuming the Over-allotment Option is not exercised), our Group will increase the proposed amounts of net proceeds based on a pro-rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

Additional net proceeds due to the exercise of the Over-allotment Option will be used for the above purpose accordingly on a pro rata basis in the event that the Over-allotment Option is exercised.

Investors should be aware that any part of the business plans of our Group may or may not proceed according to the timeframe as described under the section headed “Business — Our strategies” of this prospectus due to various factors such as changes in customers’ demand and changes in market conditions. Under such circumstances, our Directors will evaluate carefully the situations and will deposit the net proceeds into short-term demand deposits and/or money market instruments until the relevant business plan materialises.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board consists of eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. The following sets forth the information in respect of our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment	Role and responsibilities	Relationship amongst Directors, Supervisors and senior management
Mr. ZHU Ping (朱平)	47	Executive Director/ Chief Executive Officer	January 2010	January 2010 (re-designated as an executive Director on 22 October 2018)	Overseeing our Group's development, strategy planning, positioning and overall business management	N/A
Mr. DUAN Kejian (段克儉)	48	Executive Director/Chief Operating Officer	January 2012	May 2012 (re-designated as an executive Director on 22 October 2018)	Leading project development department	N/A
Ms. SU Yi (蘇怡)	38	Executive Director/ Chief Financial Officer	December 2010	December 2015 (re-designated as an executive Director on 22 October 2018)	Advising on strategic development and corporate governance from the financial perspective	N/A

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Position	Date of joining our Group	Date of appointment	Role and responsibilities	Relationship amongst Directors, Supervisors and senior management
Mr. WANG Xuyang (王旭陽)	49	Non-executive Director	June 2015	December 2015	Advising on strategic development and corporate governance	N/A
Mr. CHENG Jun (成軍)	51	Non-executive Director/ Chairman of the Board	January 2010	December 2015	Advising on strategic development and corporate governance	N/A
Ms. YANG Huifang (楊惠芳)	41	Independent Non-executive Director	October 2018	October 2018	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group	N/A
Mr. SHANG Jian (尚健)	51	Independent Non-executive Director	October 2018	October 2018	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group	N/A

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Position	Date of joining our Group	Date of appointment	Role and responsibilities	Relationship amongst Directors, Supervisors and senior management
Mr. LIU Yunsheng (劉雲生)	52	Independent Non-executive Director	October 2018	October 2018	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group	N/A

Executive Directors

Mr. ZHU Ping (朱平), aged 47, has been the chief executive officer and executive Director since January 2010. Mr. Zhu is involved in the day-to-day management of the Group and is primarily responsible for our Group's development, strategy planning, positioning and overall business management. Mr. Zhu has obtained the PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in April 2016, a qualification which only became a compulsory requirement for the senior management of investment fund managers in February 2016 pursuant to the Announcement of the AMAC on Matters Concerning Further Regulating Several Issues for the Registration of Private Fund Managers (中國基金業協會關於進一步規範私募基金管理人登記若干事項的公告) published by the AMAC and is qualified to practice in fund investment and management. Before joining our group, Mr. Zhu became a member of All China Lawyers Association (中國律師協會) in 1996 and had been practising law for over 20 years. From August 1993 to February 1995, Mr. Zhu worked as a clerk in Shanghai Railway Transportation Intermediate Court (上海鐵路運輸中級法院) and from March 1995 to November 1998, Mr. Zhu worked as an associate at Zhenghan Law Firm (虹橋正瀚律師事務所) (Previously known as Shanghai Hongqiao Law Firm* (上海虹橋律師事務所)). Mr. Zhu joined the Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (Previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所)), where he has been the managing partner of Boss & Young (formerly known as Shanghai Zhonghui Law Firm) from December 2008 until January 2014, where he ceased to be the managing partner and took up an honorary role at the firm in order to devote more time towards the management of our 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.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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. Zhu has not held any directorship in any other companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. DUAN Kejian (段克儉), aged 48, joined our Group in January 2012 as a general manager of one of our project development teams and was appointed as an executive Director in May 2012, and the chief operating officer in January 2014. Mr. Duan is primarily responsible for leading our project development department. Mr. Duan has obtained the PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in September 2015 and is qualified to practice in fund investment and management. Mr. Duan obtained the Qualifications for Constructor* (一級建造師職業資格) in March 2005. Before joining our Group, he worked as an authorised representative and an executive director of Shanghai Feiding Decoration and Construction Company* (上海飛鼎建築裝飾工程有限公司), a PRC construction company, from June 2002 to October 2005. From January 2009 to December 2009, Mr. Duan worked at Tianjin Binhai Lianchuang Fund Management Company Limited* (天津濱海聯創投資基金管理有限公司), and accumulated substantial experience in fund investment and management. Throughout his career as a professional within the construction industry as well as serving as management personnel of various private companies, Mr. Duan involved in various real estate related private equity fund transactions including acquisitions of real estate assets.

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

Mr. Duan was previously a director of Shanghai Hu'ge Wanpai Investment Consulting Co., Ltd.* (上海滬歌萬派投資諮詢有限公司), which was a company incorporated in the PRC. The said company was dissolved on 5 May 2017 and Mr. Duan confirmed that the said company was solvent at the time of its respective dissolutions and he is not aware of any claim which has been or will be made against him as a result of such dissolutions.

Mr. Duan has not held any directorship in companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

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

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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

Mr. Su has not held any directorship in companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Non-executive Directors

Mr. WANG Xuyang, (王旭陽), aged 49, joined our Group in June 2015, and was appointed as a non-executive Director in December 2015. Mr. Wang is mainly responsible for advising our Group on strategic development and corporate governance. Before Mr. Wang joined our 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). From August 2015 up to the Latest Practicable Date, Mr. Wang is the chairman of the board of Shanghai Tengjun Investment Company* (上海騰駿投資有限公司).

Mr. Wang graduated from Zhejiang University in December 1991 and obtained a bachelor's degree in architecture. He also obtained a master of business administration degree from China Europe International Business School (中歐國際工商學院) in August 2014.

Mr. Wang was previously a director of Shanghai Gezhouba Kunlun Industrial Co., Ltd.* (上海葛洲壩坤輪實業有限公司), Shanghai Wanshun Materials Company* (上海萬順物資公司) and Shanghai Huishun Real Estate Development Co., Ltd.* (上海匯順置業發展有限責任公司), all of which were companies incorporated in the PRC. The said companies were dissolved and Mr. Wang confirmed that the said companies were solvent at the time of their respective dissolutions and he is not aware of any claim which has been or will be made against him as a result of such dissolutions.

Mr. Wang has not held any directorship in any other companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. CHENG Jun (成軍), aged 51, joined our Group in January 2010, and was appointed as a non-executive Director in December 2015. Mr. Cheng is mainly responsible for advising our Group on strategic development and corporate governance. Before joining our Group, Mr. Cheng had over

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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 Huazhu Group Limited, a company whose shares are listed on NASDAQ (stock code: HTHT). From May 2017 to June 2019, Mr. Cheng served as an independent Director of Zhejiang Haiyue Co., Ltd. (浙江海越股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600387).

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

Mr. Cheng was previously a director of Shanghai Juchuan Enterprise Management Consulting Co., Ltd.* (上海巨川企業管理諮詢有限公司), Shanghai Hanhe Investment Management Co., Ltd.* (上海漢河投資管理有限公司), Ningbo Jiangdong Meijia City Hotel Co., Ltd.* (寧波市江東美家城市酒店有限公司), Shanghai Wanchuan Cultural Communication Co., Ltd. Suzhou Advertising Branch* (上海萬川文化傳播有限公司蘇州廣告分公司), Suzhou Shangfang Engineering Supervision Co., Ltd.* (蘇州市尚方工程監理有限公司), Shifu III (Suzhou) Energy Equity Investment Co., Ltd.* (世富三號(蘇州)能源股權投資有限公司), Wuhu Yinting Hotel Management Co., Ltd.* (蕪湖銀庭酒店管理有限公司), Shanghai Wanchuan Culture Communication Co., Ltd.* (上海萬川文化傳播有限公司) (2007年10月29日), Shanghai Tian'ou Information Technology Co., Ltd.* (上海天偶信息科技有限公司), Shifu II (Suzhou) Energy Equity Investment Co., Ltd.* (世富二號(蘇州)能源股權投資有限公司), Shanghai Anzheng Intelligent Images Technology Co., Ltd.* (上海安正智能影像科技有限公司), Shifu I (Suzhou) Energy Equity Investment Co., Ltd.* (世富一號(蘇州)能源股權投資有限公司), and Yangzhou Jinda Intelligent Toys Co., Ltd.* (揚州金達智能玩具有限公司), all of which were companies incorporated in the PRC. The said companies were now dissolved and Mr. Cheng confirmed that the said companies were solvent at the time of their respective dissolutions and he is not aware of any claim which has been or will be made against him as a result of such dissolutions.

Save as aforesaid, Mr. Cheng has not held any directorship in companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Independent Non-executive Directors

Ms. YANG Huifang (楊惠芳), aged 41, was appointed as an independent non-executive Director on 22 October 2018. Ms. Yang is mainly responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group. Before joining

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

our Group, Ms. Yang has over 17 years of accounting and finance related experiences. From September 2001 to August 2004, Ms. Yang served as an associate director in the department of audit in Zhejiang Zhongzhou Accounting Limited Company* (浙江中州會計師事務所有限公司). From September 2004 to August 2011, Ms. Yang served as a deputy general manager in the financial department of Greentown Real Estate Group Co., Ltd* (綠城房地產集團有限公司). From August 2011 to February 2013, Ms. Yang worked as a finance manager of Zhejiang Jiaotong Real Estate Group Co., Ltd* (浙江省交通地產集團有限公司). From February 2013 to December 2015, Ms. Yang served as a deputy general manager of Shanghai Sunac Greentown Investment Holdings Limited* (上海融創綠城投資控股有限公司). From January 2016 to July 2018, Ms. Yang served as a general manager of the financial department of Greentown Service Group Co., Ltd. (綠城服務集團有限公司), a company whose shares are listed on the Stock Exchange (Stock Code: 2869).

Ms. Yang graduated from Nanjing Audit University (南京審計學院) with a bachelor's degree in auditing in June 2000. Ms. Yang became a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師) in September 2003 and the Certified Tax Agents (中國註冊稅務師) in December 2003. Since August 2018 up to the Latest Practicable Date, Ms. Yang had been serving as a vice president and general manager of the finance department at a branch of Xiangsheng Real Estate Group Limited* (祥生地產集團有限公司).

Ms. Yang was previously a director of Shanghai Zhuojia Property Management Co., Ltd.* (上海卓嘉物業管理有限公司), which was companies incorporated in the PRC. The said company was dissolved on 22 March 2017 and Ms. Yang confirmed that the said company was solvent at the time of its respective dissolutions and she is not aware of any claim which has been or will be made against her as a result of such dissolutions.

Save as disclosed above, Ms. Yang has not held any directorship in any other companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

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

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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

Mr. Shang has not held any directorship in companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

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

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

Mr. Liu has not held any directorship in companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

SUPERVISORS

The supervisory committee of our Company comprises three members. Our 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 of Directors and overseeing the financial and business performance of our Group. They are also entitled to appoint certified public accountants and practicing auditors to re-examine our Company’s financial information where necessary. The following sets forth the information in respect of our Supervisors.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Position	Date of joining our		Role and responsibilities	Relationship amongst Directors, Supervisors and senior management
			Group	Date of appointment		
Ms. CAI Luyi (蔡璐懿)	38	Supervisor/ Manager of archives department	August 2016	July 2017	Supervising and providing independent judgment to our Board	N/A
Mr. LU Xili (陸希立)	34	Supervisor	January 2016	January 2016	Supervising and providing independent judgment to our Board	N/A
Ms. WANG Juanping (王娟萍)	50	Supervisor	January 2016	January 2016	Supervising and providing independent judgment to our Board	N/A

Ms. CAI Luyi (蔡璐懿), aged 38, was joined our Group as a manager of our archives department in August 2016, and was appointed as a Supervisor in July 2017. Ms. Cai is mainly responsible for supervising and providing independent judgement to the Board. From December 2003 to March 2010, Ms. Cai served as the administrative director of the Shanghai office of Boss & Young (上海邦信陽·中建中匯律師事務所) (previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所)). From May 2010 to July 2016, Ms. Cai served as the administrative director in Shanghai Zunwei.

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

Ms. Cai has not held any directorship in companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. LU Xili (陸希立), aged 34, was appointed as a Supervisor in January 2016. Mr. Lu became a member of All China Lawyers Association (中國律師協會) in March 2009 and has over nine years of legal practice experience. From July 2006 to March 2011, Mr. Lu worked as an assistant associate at Jin Mao Law Firm* (上海市金茂律師事務所). From March 2011 up to the Latest Practicable Date, Mr. Lu was working at Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所) and Shanghai Zhongjian Zhonghui Law Firm (上海中建中匯律師事務所)), and was serving as a partner at the firm as at the Latest Practicable Date. While he was serving at the firm, he joined in the international high performers internship programme offered by A&L Goodbody, an international law firm headquartered in the Republic of Ireland, from September 2012 to March 2013 and completed it successfully.

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

Mr. Lu has not held any directorship in companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

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

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

Ms. Wang has not held any directorship in companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed in this prospectus, each of the Directors and the Supervisors has confirmed that (i) he/she has no interests in the Shares within the meaning of Part XV of the SFO; (ii) he/she is independent from, and is not related to, any other Director, member of senior management, Substantial Shareholder or Controlling Shareholder; (iii) he/she has not held any directorship in any other companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; and (iv) there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his/her appointment as a Director or a Supervisor.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Save as disclosed above, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there are no other matters concerning the appointment of any of our Directors and Supervisors that need to be brought to the attention of the Shareholders and the Stock Exchange and there are no other matters which need to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Our Senior Management consists of one project managers and one chief risk management officer. The following table sets forth the information in respect of our Senior Managements:

Name	Age	Position	Date of joining our Group	Role and responsibilities	Relationship amongst Directors, Supervisors and senior management
Mr. WAN Fang (萬方)	39	Project manager	May 2013	Managing distressed assets projects of our Group	N/A
Ms. CHEN Min (陳敏)	39	Chief risk management officer	January 2010	Overseeing the risk management of our Group	N/A

Mr. WAN Fang (萬方), aged 39, was appointed as the project manager of our project department No.1 in May 2013, and is primarily responsible for managing distressed assets management projects of our Group. Mr. Wan has over 10 years of experience in asset management industry. From July 2001 to May 2002, Mr. Wan worked in a management position at China Vanke Co., Ltd. (萬科企業股份有限公司), and from May 2004 to April 2005, Mr. Wan worked as a sales executive at Forte Land Company Limited (復地(集團)股份有限公司). From November 2004 to October 2005, Mr. Wan worked as a marketing director at Shanghai office of Chengquan Real Estate Consulting Limited* (上海成全置業顧問有限公司). From December 2007 to December 2008, Mr. Wan worked as a branding and marketing manager in Shanghai Zhongkai Real Estate Development Co., Ltd.* (上海中凱房地產開發管理有限公司). From August 2009 to April 2010, Mr. Wan worked at Tianjin Binhai Lianchuang Fund Management Company Limited* (天津濱海聯創投資基金管理有限公司) as the general manager. From October 2010 to May 2013, Mr. Wan worked as a vice general manager and general manager at Shanghai Jiaheng Haofa Real Estate Development Co., Ltd. (上海嘉恒浩發房地產開發管理有限公司). Mr. Wan has obtained the PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in April 2016 and is qualified to practice in fund investment and management. Throughout his career within the private sector, Mr. Wan had handled private equity fund transactions including acquisitions of real estate assets.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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

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

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

COMPANY SECRETARY

Mr. CHAN Yat Lui (陳溢磊), aged 34, was appointed as the company secretary of the Group on 22 October 2018. From June 2005 to May 2011, Mr. Chan was employed by Yiu Cho Yan Certified Public Accountant, with last position being manager. From January 2011 to November 2014, Mr. Chan worked as the manager in KLC Kennic Lui & Co. Certified Public Accountants. From January 2015 to December 2015, Mr. Chan returned to Yiu Cho Yan Certified Public Accountant and worked as an audit manager. Since January 2016, Mr. Chan served as the financial controller & company secretary of Super Strong Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange (Stock Code: 8262), and has resigned as company secretary and financial controller on 26 September 2017 and on 13 October 2017, respectively.

Mr. Chan became a certified public accountant of Hong Kong Institute of Certified Public Accountants in February 2010, and a certified tax adviser of the Taxation Institute of Hong Kong in September 2010.

Mr. Chan obtained an associate degree in business administration in accountancy from the City University of Hong Kong in November 2005.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

In the three years preceding the Latest Practicable Date, Mr. Chan has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

CORPORATE GOVERNANCE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we will comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules after the Listing.

BOARD COMMITTEES

The Board delegates certain responsibilities to various dedicated committees. In accordance with relevant PRC laws, regulations, the Articles and the Hong Kong Listing Rules, we have formed three board committees: the audit committee, the nomination committee and the remuneration committee.

Audit Committee

We have established an audit committee pursuant to a resolution of our Directors passed on 22 October 2018 in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal controls. Our audit committee is responsible for, among other things:

- ensuring the effectiveness of financial reporting and internal control system and that they are in compliance with the Hong Kong Listing Rules;
- overseeing the integrity of our financial statements;
- selecting external auditors and assessing their independence and qualifications; and
- ensuring effective communication between our Directors, internal auditors and external auditors.

The audit committee currently consists of three independent non-executive Directors. The members of the audit committee are currently Ms. Yang Huifang, Mr. Shang Jian and Mr. Liu Yunsheng and the chairman is Ms. Yang Huifang.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Nomination Committee

We have established a nomination committee pursuant to a resolution of our Directors passed on 22 October 2018 in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Our nomination committee is responsible for, among other things:

- identifying and recommending appropriate Director candidates to the Board;
- evaluating the structure and composition of the Board;
- assessing the independence of independent non-executive Directors; and
- making recommendations to the Board on the appointment or re-appointment of Directors and the succession of Directors, in particular the Chairman and president.

The nomination committee currently consists of Mr. Zhu, Mr. Shang Jian and Mr. Liu Yunsheng, and is currently chaired by Mr. Zhu.

Remuneration Committee

We have established a remuneration committee pursuant to a resolution of our Directors passed on 22 October 2018 in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are:

- determining the policy and structure for the remuneration of Directors and senior management;
- reviewing incentives schemes and Directors' service contracts; and
- fixing the remuneration packages for executive Directors and senior management.

The remuneration committee currently consists of Ms. Su, Ms. Yang Huifang and Mr. Liu Yunsheng and the chairman is Mr. Liu Yunsheng.

COMPLIANCE ADVISER

We have appointed Alliance Capital Partners Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules and the compliance adviser will provide advice to us when consulted by us in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

- (b) if a transaction which might be a notifiable or connected transaction is contemplated, including share issue and share repurchase;
- (c) if we propose to use the net proceeds of the Share Offer in a manner different from that detailed in this prospectus or when our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (d) if the Stock Exchange makes an inquiry to us regarding unusual movements in the price or trading volume of our Shares.

The term of this appointment shall commence on the Listing Date and is expected to end on the date on which we distribute our annual report in respect of the financial results for the first full financial year commencing after the Listing Date.

REMUNERATION AND COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors, Supervisors and senior management receive compensation in the form of Directors' or Supervisors' fees (payable to Directors or Supervisors, as the case may be), salaries, housing allowances and other allowances, benefits in kind, the employer's contribution to the pension schemes and discretionary bonuses.

The aggregate Directors' remuneration (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) incurred for the three years ended 31 December 2017 and the four months ended 30 April 2018 were approximately RMB1.0 million, RMB2.2 million, RMB3.2 million and RMB1.0 million, respectively.

The aggregate Supervisors' remuneration (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) incurred for the three years ended 31 December 2017 and the four months ended 30 April 2018 were approximately RMB0.2 million, RMB0.2 million, RMB0.5 million and RMB0.1 million, respectively.

The aggregate senior management's remuneration (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) incurred for the three years ended 31 December 2017 and the four months ended 30 April 2018, were approximately RMB0.07 million, RMB0.6 million, RMB0.7 million and RMB0.2 million, respectively.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

The aggregate remuneration (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) incurred in relation to our Company's five highest paid individuals for the three years ended 31 December 2017 and the four months ended 30 April 2018, were approximately RMB1.8 million, RMB3.2 million, RMB4.6 million and RMB1.1 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended 31 December 2017 and the four months ended 30 April 2018, by any of member of our Group to any of our Directors.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Company.

We currently have no share option schemes for our Directors, supervisors, senior management or other employees.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Share Offer, the following persons/entities will have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are directly or indirectly interested in 10% or more of the Shares in issue carrying rights to vote at general meetings of our Company:

Name of Shareholder	Capacity/ Nature of Interests	Number of Shares interested in immediately after the completion of the Share Offer (assuming that the Over-allotment Option is not exercised)	Approximate percentage of shareholding interests of our Company
Weimian Partnership ^(Note 2)	Beneficial owner	79,012,675 (L) Domestic Shares	51.5%
Weihui Partnership ^(Note 3)	Beneficial owner	13,875,000 (L) Domestic Shares	9.1%
Shanghai Zunwei ^(Note 4)	Beneficial owner	7,112,325 (L) Domestic Shares	4.6%
Weiyue Partnership ^(Note 5)	Beneficial owner	15,000,000 (L) Domestic Shares	9.8%
Shanghai Shengxuan ^(Notes 2, 3, 4, 5 and 6)	Interest in controlled corporation	115,000,000 (L) Domestic Shares	75.0%
Mr. Zhu ^(Notes 2, 3, 4, 5 and 6)	Interest in controlled corporation	115,000,000 (L) Domestic Shares	75.0%

Notes:

- The letter “L” denotes the person’s long position in our Shares.
- Weimian Partnership holds 79,012,675 Domestic Shares and is controlled by Mr. Zhu and Shanghai Shengxuan, each acting as a general partner of Weimian Partnership. By virtue of the SFO, each of Mr. Zhu and Shanghai Shengxuan are deemed to be interested in all of the Shares which Weimian Partnership is interested in under the SFO, which in aggregate represents approximately 51.5% of our issued Shares.
- Weihui Partnership holds 13,875,000 Domestic Shares and is controlled by Shanghai Shengxuan, acting as the general partner of Weihui Partnership. By virtue of the SFO, Shanghai Shengxuan is deemed to be interested in all of the Shares which Weihui Partnership is interested in under the SFO, which in aggregate represents approximately 9.1% of our issued Shares.

SUBSTANTIAL SHAREHOLDERS

4. Shanghai Zunwei holds 7,112,325 Domestic Shares and is owned as to 10% and 90% by Mr. Zhu and Shanghai Shengxuan, respectively. By virtue of the SFO, Shanghai Shengxuan is deemed to be interested in all of the Shares which Shanghai Zunwei is interested in under the SFO, which in aggregate represents approximately 4.6% of our issued Shares.
5. Weiye Partnership holds 15,000,000 Domestic Shares and is controlled by Shanghai Shengxuan, acting as the general partner of Weiye Partnership. By virtue of the SFO, Shanghai Shengxuan is deemed to be interested in all of the Shares which Weiye Partnership is interested in under the SFO, which in aggregate represents approximately 9.8% of our issued Shares.
6. Shares in which Shanghai Shengxuan is deemed to be interested consist of (i) 79,012,675 Domestic Shares held by Weimian Partnership; (ii) 13,875,000 Domestic Shares held by Weihui Partnership; (iii) 7,112,325 Domestic Shares held by Shanghai Zunwei; and (iv) 15,000,000 Domestic Shares held by Weiye Partnership.

Shanghai Shengxuan is wholly owned by Mr. Zhu. By virtue of the SFO, Mr. Zhu is deemed to be interested in all the Shares which Shanghai Shengxuan is interested in under the SFO, which in aggregate represents 75.0% of our issued Shares.

Save as disclosed above, our Directors are not aware of any persons who will, immediately following completion of the Share Offer (assuming that the Over-allotment Option is not exercised), have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are directly or indirectly interested in 10% or more of the Shares in issue carrying rights to vote at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We and Alliance Capital Partners Limited have entered into a cornerstone investment agreement with each of (i) Everbright Focused Value Fund; (ii) Mr. Wang Youlin; and (iii) Mr. Leung Fung Shing (each a “**Cornerstone Investor**”, collectively the “**Cornerstone Investors**”) pursuant to which each of them has agreed to subscribe for such number of our Offer Shares (rounded down to the nearest whole board lot of 400 Offer Shares) which may be subscribed for with an aggregate amount of HK\$10 million, HK\$15 million and HK\$10 million (excluding brokerage of 1.00%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), respectively, at the Offer Price (the “**Cornerstone Placing**”). Each of the Cornerstone Investor is an Independent Third Party to each other.

The Offer Shares to be subscribed by the Cornerstone Investors as a percentage of the total number of Offer Shares and total Shares in issue immediately following the Share Offer are illustrated as follows:

Cornerstone Investor	Number of H Shares agreed to be subscribed for by the Cornerstone Investor (rounded down to the nearest whole board lot of 400 Offer Shares)	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the Share Offer	
		Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Everbright Focused Value Fund					
Assuming an Offer Price of HK\$5.0 (being the low-end of the Offer Price range set out in this prospectus)					
	2,000,000	5.2%	4.5%	1.3%	1.3%
Assuming an Offer Price of HK\$6.0 (being the mid-point of the Offer Price range set out in this prospectus)					
	1,666,400	4.3%	3.8%	1.1%	1.0%
Assuming an Offer Price of HK\$7.0 (being the high-end of the Offer Price range set out in this prospectus)					
	1,428,400	3.7%	3.2%	0.9%	0.9%

CORNERSTONE INVESTORS

Cornerstone Investor	Number of H Shares agreed to be subscribed for by the Cornerstone Investor (rounded down to the nearest whole board lot of 400 Offer Shares)	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the Share Offer	
		Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Mr. Wang Youlin					
Assuming an Offer Price of HK\$5.0 (being the low-end of the Offer Price range set out in this prospectus)					
	3,000,000	7.8%	6.8%	2.0%	1.9%
Assuming an Offer Price of HK\$6.0 (being the mid-point of the Offer Price range set out in this prospectus)					
	2,500,000	6.5%	5.7%	1.6%	1.6%
Assuming an Offer Price of HK\$7.0 (being the high-end of the Offer Price range set out in this prospectus)					
	2,142,800	5.6%	4.9%	1.4%	1.3%
Mr. Leung Fung Shing					
Assuming an Offer Price of HK\$5.0 (being the low-end of the Offer Price range set out in this prospectus)					
	2,000,000	5.2%	4.5%	1.3%	1.3%
Assuming an Offer Price of HK\$6.0 (being the mid-point of the Offer Price range set out in this prospectus)					
	1,666,400	4.3%	3.8%	1.1%	1.0%
Assuming an Offer Price of HK\$7.0 (being the high-end of the Offer Price range set out in this prospectus)					
	1,428,400	3.7%	3.2%	0.9%	0.9%

OUR CORNERSTONE INVESTORS

The background information about our Cornerstone Investors is set out below:

Everbright Focused Value Fund

Everbright Focused Value Fund is dedicated to invest in equity investment activities, and is an indirect wholly-owned subsidiary of China Everbright Limited (“CEL”, stock code: 165). CEL, through its subsidiaries and associates, is principally engaged in the provision of financial services

CORNERSTONE INVESTORS

and persistently pursues the cross-border macro asset management strategy, with specific focuses on fund management and investment business, namely, primary market investment, secondary market investment, and structured financing and investment.

Assuming no exercise of the Over-allotment Option and an Offer Price of HK\$6.0 (being the mid-point Offer Price), the total number of Offer Shares that Everbright Focused Value Fund would subscribe for would represent approximately 4.3% of the Offer Shares, and approximately 1.1% of the total Shares in issue upon the completion of the Share Offer. Assuming full exercise of the Over-allotment Option, the total number of Offer Shares that Everbright Focused Value Fund would subscribe for would represent approximately 3.8% of the Offer Shares, and approximately 1.0% of the total Shares in issue upon the completion of the Share Offer.

The Offer Shares to be subscribed by Everbright Focused Value Fund may be affected by reallocation of the Offer Shares between the Public Offer and the Placing in the event of over-subscription under the Public Offer as described in the section headed “Structure and conditions of the Share Offer — Pricing and allocation”.

Mr. Wang Youlin (“Mr. Wang”)

Mr. Wang is a Hong Kong resident and has extensive experience in the finance industry. In 1998, Mr. Wang was the founder and director of Shenzhen Senfung Vacuum Plating Co., Ltd., a company specializing in the production of a high-end decorative and functional coatings on metal and other substrates. Mr. Wang was also the founder of Tritree Metal (Shenzhen) Co., Ltd. in 2004, a company specializing in ion plating, and vacuum plating equipment manufacturing.

Assuming no exercise of the Over-allotment Option and an Offer Price of HK\$6.0 (being the mid-point Offer Price), the total number of Offer Shares that Mr. Wang would subscribe for would represent approximately 6.5% of the Offer Shares, and approximately 1.6% of the total Shares in issue upon the completion of the Share Offer. Assuming full exercise of the Over-allotment Option, the total number of Offer Shares that Mr. Wang would subscribe for would represent approximately 5.7% of the Offer Shares, and approximately 1.6% of the total Shares in issue upon the completion of the Share Offer.

The Offer Shares to be subscribed by Mr. Wang may be affected by reallocation of the Offer Shares between the Public Offer and the Placing in the event of over-subscription under the Public Offer as described in the section headed “Structure and conditions of the Share Offer – Pricing and allocation”.

Mr. Leung Fung Shing (“Mr. Leung”)

Mr. Leung is a Hong Kong resident and has extensive experience in the finance industry. He is currently a director of Bester Top International Limited, a private limited company specializing in real assets trading and portfolio management.

CORNERSTONE INVESTORS

Assuming no exercise of the Over-allotment Option and an Offer Price of HK\$6.0 (being the mid-point Offer Price), the total number of Offer Shares that Mr. Leung would subscribe for would represent approximately 4.3% of the Offer Shares, and approximately 1.1% of the total Shares in issue upon the completion of the Share Offer. Assuming full exercise of the Over-allotment Option, the total number of Offer Shares that Mr. Leung would subscribe for would represent approximately 3.8% of the Offer Shares, and approximately 1.0% of the total Shares in issue upon the completion of the Share Offer.

The Offer Shares to be subscribed by Mr. Leung may be affected by reallocation of the Offer Shares between the Public Offer and the Placing in the event of over-subscription under the Public Offer as described in the section headed “Structure and conditions of the Share Offer — Pricing and allocation”.

To the best knowledge of our Company, the Cornerstone Investors and their respective ultimate beneficial owners are Independent Third Parties.

THE CORNERSTONE INVESTMENT AGREEMENTS

The Cornerstone Placing will form part of the Placing. The subscription of the Offer Shares by each of the Cornerstone Investors shall comply with the applicable requirements of the Stock Exchange and the Listing Rules. The Offer Shares to be subscribed for by each of the Cornerstone Investors will rank pari passu in all respects with the other fully paid Offer Shares then in issue upon completion of the Share Offer and to be listed on the Stock Exchange, and will be counted towards the public float of our Shares. Immediately following completion of the Share Offer, the Cornerstone Investors will not have any representation on the Board, nor will each of the Cornerstone Investors become a Substantial Shareholder of our Company. Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Public Offer to be published on Monday, 12 November 2018. No special rights have been granted to the Cornerstone Investors as part of the Cornerstone Placing.

Conditions Precedent

The subscription by each of the Cornerstone Investors is subject to, among other things, the satisfaction of certain conditions precedent, including the following:

- (a) the Underwriting Agreements having become effective and unconditional by no later than the time and date as specified in the Underwriting Agreements;
- (b) none of the Underwriting Agreements having been terminated;
- (c) the Offer Price having been agreed upon between the Company and the Joint Lead Managers (on behalf of the Underwriters);

CORNERSTONE INVESTORS

- (d) the Listing Committee having granted approval for the listing of, and permission to deal in, the H Shares and that such approval or permission has not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (e) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Public Offer, the Placing or the relevant cornerstone investment agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (f) the representations, warranties, undertakings, acknowledgements and confirmations of each of the Cornerstone Investors in the relevant cornerstone investment agreement are true and accurate in all material respects and not misleading and that there is no material breach of the relevant cornerstone investment agreement on the part of such Cornerstone Investor.

Pursuant to the respective cornerstone investment agreements, if any of the conditions precedent has not been fulfilled or waived by the parties to the agreement, the obligation of each of the Cornerstone Investors to subscribe for, and our Company's and the Joint Lead Managers' obligations to issue, place, allocate and/or deliver, the Offer Shares shall cease and the relevant cornerstone investment agreement will terminate.

Restriction on Disposal by the Cornerstone Investors

Each of the Cornerstone Investors has agreed and has undertaken to our Company, the Joint Lead Managers and the Sole Sponsor that it will not at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), directly or indirectly, (i) dispose of, in any way, any of the Shares subscribed for by it under the relevant cornerstone investment agreement (the "**Relevant Shares**") or any interest in any company or entity holding any of the Relevant Shares; (ii) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner; (iii) enter into any transactions or arrangements directly or indirectly with the same economic effect as any of the above transactions; (iv) publicly announce any intention to enter into any of the above transaction, and (v) agree or contract to do any of the above transactions.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

OVERVIEW

Our Controlling Shareholders are Weimian Partnership, Shanghai Shengxuan and Mr. Zhu. Immediately following the completion of the Share Offer (assuming that the Over-allotment Option is not exercised), Weimian Partnership, Shanghai Shengxuan and Mr. Zhu will be interested in approximately 51.5%, 75.0% and 75.0% of our Company's equity, respectively. For details of our Company's shareholding structure immediately following the completion of the Share Offer, please refer to the section headed "History, development and corporate structure" of this prospectus.

RULE 8.10 OF THE LISTING RULES

Each of our Controlling Shareholders and Directors and their respective close associates does not have any interest in any business which competes or is likely to compete, directly or indirectly, with our Group's business, or any other interest which would require disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on its business independently from our Controlling Shareholders and their respective close associates after the Listing:

Management and administrative independence

Our management and operational decisions are made by our Board and senior management. The Board comprises three executive Directors, two non-executive Directors and three independent non-executive Directors. Although Mr. Zhu, who is a Controlling Shareholder, also holds directorship in our Company, we consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his/her fiduciary duties as a Director, which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant meetings of the Board in respect of such transactions and shall not be counted in the quorum;

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (c) the senior management team of our Group is independent from our Controlling Shareholders;
- (d) our three independent non-executive Directors have sufficient and competent knowledge and experience, and will bring independent judgment to the decision-making process of the Board; and
- (e) save as disclosed in this prospectus, all our senior management members are independent from our Controlling Shareholders. They have served our Group for a sufficient length of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders.

Based on the above, our Directors believe that our Company is capable of maintaining management independently from the Controlling Shareholders.

Financial independence

Our Company has an independent financial system and makes financial decisions according to our Group's own business needs. We have sufficient capital to operate our business independently, and have adequate internal resources and credit profile to support our daily operations.

Operational independence

Our Group has established our own organisational structure comprising of individual departments, each with specific areas of responsibilities. Save for Mr. Zhu, who is also a Director, our Group has not shared our operational resources, such as suppliers, customers, sales and marketing and general administration resources, with our Controlling Shareholders and/or their respective close associates.

As at the Latest Practicable Date, there were no on-going business transactions between us and any of our Controlling Shareholders.

Based on the above, our Directors are of the view that we are independent of our Controlling Shareholders in terms of business operations.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Independence of major customers

Our Directors confirmed that, save as disclosed in this prospectus, none of our Controlling Shareholders and Directors and their respective close associates, has any relationship (other than the business contacts in the ordinary and usual course of business of our Group) with the major customers of our Group during the Track Record Period and up to the Latest Practicable Date.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

In order to avoid any future competition between our Group and our Controlling Shareholders, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favour of our Company and has undertaken and covenanted with our Company that he/it shall not, and shall procure entities or companies controlled by him/it (other than a member of our 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 our 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 our 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 our 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 our Group or is in the process of negotiating with any member of our Group in relation to any Restricted Business;
- (iv) do or say anything which may be harmful to the reputation of any member of our Group or which may lead any person to reduce their level of business with any member of our Group or seek to improve their terms of trade with any member of our Group;

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (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 our 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 our 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 our 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 our Group or be in competition with any member of our Group in any business activities which any member of our Group may undertake in the future save for the holding of not more than 10% shareholding interests (individually or any of our 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 our Group which may have come to his/its knowledge in his/its capacity as a shareholder of our Company or director of any member of our Group for the purpose of competing with the business of our Group.

In addition, each of our Controlling Shareholders had undertaken and covenanted with our Company that if any new business opportunity relating to the Restricted Business is made available to any of our Controlling Shareholders or any company or entity controlled by him/it, directly or indirectly, whether individually or together (other than our Group), he/it will or will direct or procure the relevant controlled company to direct such business opportunity to our Group with such required information to enable our Group to evaluate the merits of the relevant business opportunity. The relevant Controlling Shareholder will provide or procure the relevant controlled company to provide our Group with all such reasonable assistance to secure such business opportunity.

None of our Controlling Shareholders and their relevant controlled companies (other than our Group) shall pursue the relevant business opportunity unless our Company decides not to pursue such business opportunity. Our Group will not be required to pay any fees to any of our Controlling Shareholders and/or their relevant controlled companies in relation to such business opportunity.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

The Deed of Non-competition and the rights and obligations thereunder will take effect from the date on which dealings in our Shares first commence on the Stock Exchange and will cease to have any effect upon the earlier of:

- (i) the relevant Controlling Shareholder and his associates and/or successor, individually and/or collectively, cease to own 30% (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as Controlling Shareholder of our Company (as defined in the Listing Rules from time to time); or
- (ii) our Shares cease to be listed on the Stock Exchange (except for temporary suspension of our Shares due to any reason).

Nothing in the Deed of Non-competition shall prevent our Controlling Shareholders or any of their associates from carrying on any business other than the Restricted Business.

SHARE CAPITAL

SHARE CAPITAL

As of the Latest Practicable Date, the issued and fully paid share capital of the Company was set out as follows:

Number of Shares	Description of Shares	Currency	Approximate percentage of share capital
115,000,000	Domestic Shares, nominal value of RMB1.00 each in issue	RMB	100%
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Immediately following the completion of the Share Offer (assuming that the Over-allotment Option is not exercised), the issued share capital of the Company will be as follows:

Number of Shares	Description of Shares	Currency	Approximate percentage of share capital
115,000,000	Domestic Shares, nominal value of RMB1.00 each in issue	RMB	75%
38,340,000	H Shares, nominal value of RMB1.00 each, to be issued under the Share Offer	RMB	25%
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153,340,000	Total		100%
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SHARE CAPITAL

If the Over-allotment Option is exercised in full, our total issued share capital will be as follows:

<u>Number of Shares</u>	<u>Description of Shares</u>	<u>Currency</u>	<u>Approximate percentage of share capital</u>
115,000,000	Domestic Shares, nominal value of RMB1.00 each in issue	RMB	72.29%
44,091,000	H Shares, nominal value of RMB1.00 each, to be issued under the Share Offer	RMB	27.71%
<u>159,091,000</u>	Total		<u>100%</u>

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

Conversion of Domestic Shares

Upon completion of the Share Offer, we will have two classes of ordinary Shares, namely H Shares and Domestic Shares. Our Domestic Shares are unlisted Shares which are currently not listed or traded on any stock exchange. According to stipulations made by the State Council's securities regulatory authority, our Domestic Shares may be converted into H Shares, and such converted H Shares may be listed or traded on the Stock Exchange, provided that prior to the conversion and trading of such converted Shares, the requisite internal approval processes have been duly completed and the approvals from the securities regulatory authorities of the State Council, have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities. Approval of the Stock Exchange is required for the listing of such converted Shares on the Stock Exchange.

Based on the procedures for the conversion of our Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the Hong Kong H Share register. As any subsequent listing of additional Shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong.

SHARE CAPITAL

No class Shareholder voting is required for the listing and trading of the converted Shares on the Stock Exchange. Any application for listing of the converted Shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

Mechanism and Procedure for Conversion

After all the requisite approvals have been obtained, the following procedures will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the Domestic Share register and such shares will be re-registered on our H Share register maintained in Hong Kong and the Hong Kong H Share Registrar will be instructed to issue the relevant H Share certificates. Registration on our H Share register will be on the conditions that (a) our Hong Kong H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due despatch of H Share certificates and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange shall comply with the Listing Rules and the general rules of CCASS and the CCASS operational procedures in force. Until the converted shares are re-registered on our H Share register, such shares would not be listed as H Shares.

RANKING

Domestic Shares and H Shares are ordinary shares in the share capital of our Company. However, unless otherwise approved by relevant authorities, H Shares cannot be subscribed for by, or traded between, legal or natural persons of the PRC except for the qualified domestic institutional investors or other eligible investors approved by relevant authorities. All dividends or distributions declared or paid in respect of the Domestic Shares and H Shares after the date of this prospectus will rank *pari passu* with each other. All dividends in respect of the H Shares are to be paid in Hong Kong dollars, whereas all dividends in respect of the Domestic Shares are to be paid in Renminbi.

Except as described above, the differences between our Domestic Shares and H Shares (including in relation to the despatch of notices and financial reports to the shareholders, dispute resolution, registration of shares on different registers of shareholders, the method of share transfer and the appointment of dividend receiving agents), are all set out in Appendix IV to this prospectus.

SHARE CAPITAL

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The PRC Company Law provides that in relation to the Hong Kong public offering of a company, the shares issued by a company prior to the Hong Kong public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date.

REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) within 15 working days upon Listing.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information and notes thereto set forth in the Accountants' Report included as Appendix I and our selected historical consolidated financial information and operating data included elsewhere in this prospectus. Our consolidated financial information has been prepared in accordance with IFRSs. Our financial information and the discussion and analysis below assume that our current structure had been in existence throughout the Track Record Period. For further information in relation to our Group's structure, please refer to the section headed "History, development and corporate structure" of this prospectus.

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections headed "Risk factors" and "Forward-looking statements" of this prospectus for discussions of those risks and uncertainties.

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are investment fund managers specialising in the management of real estate investment funds in the PRC. Our funds' portfolio covers commercial real estate projects, distressed assets projects and urbanisation and redevelopment projects. During the Track Record Period, we derived our revenue from the fees we charge our Project Funds and FOFs, which comprised of the regular management fees and the performance fees. Regular management fees are directly charged periodically from our funds based on a predetermined fixed percentage of AUM for the duration of the fund life, while our performance fees are charged after the completion of each profitable project. In addition, we also charge our funds one-off fund establishment fees in relation to the establishment and structuring of the relevant funds and the sourcing of investors. Please refer to the section headed "Business" of this prospectus for a detailed discussion of our business.

FINANCIAL INFORMATION

During the Track Record Period, we had experienced rapid growth in our AUM and revenue. Our AUM increased from approximately RMB1.0 billion as at 31 December 2015 to RMB3.6 billion as at 31 December 2016 and further increased to approximately RMB5.0 billion as at 31 December 2017. As at 30 April 2018, our AUM was approximately RMB4.4 billion. Our revenue grew by approximately 139.2% from approximately RMB34.9 million for the year ended 31 December 2015 to approximately RMB83.4 million for the year ended 31 December 2016. For the year ended 31 December 2017, our revenue amounted to approximately RMB130.9 million, representing an increase of approximately 56.9% or RMB47.5 million as compared to the previous year. The major reasons for such growth were: (a) the continued growth in the scale of our investment projects; (b) our distressed asset management projects which started to generate revenue since 2016; and (c) further developments of our FOFs allowed us to lock in more investment projects during the Track Record Period.

Our net profits were approximately RMB10.3 million, RMB43.1 million, RMB63.3 million and RMB27.6 million for the three years ended 31 December 2017 and the four months ended 30 April 2018, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our financial condition and results of operations have been and will continue to be affected by a number of factors, including those discussed below, some of which are beyond our control.

Macroeconomic conditions in China

Our business operations are primarily conducted in China and all of our income is generated within China. Accordingly, our business, growth prospects, financial condition and results of operations are materially subject to economic, political, social and legal developments in the PRC. The economy of the PRC differs from the economies of the other developed countries in many respects, including but not limited to the level of government involvement, economic structure and the control of foreign exchange.

According to the Frost & Sullivan Report, with the stimulation of domestic demand and development of urbanisation in the PRC, merger and acquisition will become one of the driving forces for real estate fund industry in the future and real estate funds will play an important role as an effective solution to the financing problems in merger and acquisition. Our Directors believe that our proven and replicable business model will enable our Group to benefit from the growth in demand for real estate financing.

Risk management capabilities

As an investment fund manager, we face a variety of risks, including operational risk, legal and compliance risk, and reputational risk. Failure to identify, manage and mitigate these risks at each stage of our operational work flow may significantly and adversely affect our business. We have

FINANCIAL INFORMATION

developed a risk management system tailored to the characteristics of our business operations, with a focus on managing the risks through comprehensive investor and investment target due diligence, independent information review and multi-level approval process. Our Directors believe that our robust and comprehensive risk management system will continue to be effective in identifying and mitigating risks in the future.

For details of our risk management system, please refer to the section headed “Business — Risk management and internal control” of this prospectus.

Project sourcing, assessment and transaction design capabilities

Our income mainly comprised of regular management fees we received from our funds throughout the investment projects and the performance fees we received after the completion of each profitable project. As such, our business is dependent on the continuous inflow of quality investment projects, which may be subject to factors beyond our control.

In order for us to make proper investment decisions for our funds, we need to carefully identify and select target projects based on their feasibility, funding requirements, schedule, location, and the reputation and level of experience of the investee companies. In general, this process involves a systematic market analysis and estimation of the target project’s profitability and sustainability. Unsound investment decisions due to fraudulent, concealed, inaccurate or misleading statements from the investee company in the course of our due diligence could lead to mistaken estimate of the value of the target project and affect our ability to make profit from such investments. In addition, poor investment structures may also affect our ability to manage each investment project and therefore affecting our funds’ return on the investment.

Our Directors believe that with our established relationships with prominent business partners from the real estate industry we will continue to be able to source quality investment projects, and with the technical expertise of our professional staff, we will continue to implement our systems for business, financial, collateral and legal due diligence effectively, and develop solid investment structures for our future investment projects.

Fund raising capabilities

Our ability to secure projects and receive regular management fees and performance fees also depend on whether we can raise funds in a timely manner. We generally have a relatively short window to raise funds after the relevant investment agreements are executed, failure of which we may be unable to successfully secure the profitable investment projects. Without sufficient suitable investors to satisfy our funds’ financing needs, we may be unable to raise the target amount of capital for our investment funds.

FINANCIAL INFORMATION

Our Directors believe that with the support of our flexible non-project specific FOFs together with our direct sales efforts, we will continue to be able to meet the fund raising needs of our investment projects in a timely manner.

Project management capabilities

If the project or investee companies fail to meet any of their obligations under the agreements entered into with us, it could result in deterioration in the value of our investments and thus a negative influence on the performance of our investment funds. In such cases, our business, financial condition and results of operations of our business could be materially and adversely affected.

Our Directors believe that we will continue to monitor these companies effectively with our proactive management, our strong capabilities and know-how in such area and our robust risk management measures.

Capabilities in handling investment exits efficiently and profitably

If our real estate investment projects take longer than expected to become suitable for exit, our funds may not be able to exit from the investments in the manner we anticipated, which could reduce or prolong our funds' expected returns on investments and therefore affect our performance fees. In addition, any delay in exits would further expose our funds to market risks and uncertainties, and we may be unable to achieve the expected returns. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Our Directors believe that we possess effective portfolio management experience and expertise which allow us to formulate suitable exit strategy to achieve the target return of our funds.

BASIS OF PREPARATION AND PRESENTATION

Our financial information has been prepared in accordance with IFRSs which requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Our financial information is presented in Renminbi. The measurement basis used in the preparation of our financial information is the historical cost basis.

Further details on the basis of presentation are set out in note 2.1 to the Accountants' Report in Appendix I to this prospectus.

FINANCIAL INFORMATION

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our Group's financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider: (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below some of the accounting policies which we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our Group's financial statements. Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set forth in detail in note 2.3 to note 3 to our financial information included in the Accountants' Report in Appendix I to this prospectus.

Revenue recognition

Our Group derives its revenue mainly from the fund management fees and fund establishment fees. We have adopted IFRS 15 — Revenue from contracts with customers for preparation of our financial information for the Track Record Period.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, stated net of value-added taxes. Our Group recognises revenue when the specific criteria have been met for each of our 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;
- (b) Performance fees are recognised when the performance fee is determinable based on actual performance measurement, taking into consideration the relevant basis of calculation for the investment funds and managed accounts;
- (c) Fund establishment service revenue is recorded upon the establishment of the fund product, when the provision of service concludes and the fee becomes fixed and determinable, assuming all other revenue recognition criteria have been met, and there are no future obligations or contingencies;
- (d) Interest income is recognised using the effective interest method; and

FINANCIAL INFORMATION

(e) Dividend income is recognised when the right to receive payment is established.

Our Group does not expect to have any contracts where the period between the services provided to the funds and payment by the funds exceeds one year. As a consequence, our Group does not adjust any of the transaction prices for the time value of money.

Investment funds managed by our Group

Our Group holds a certain degree of direct interest in some of the funds managed by us. When determining whether our Group controls these funds, usually the level of aggregate economic interests of our Group in these funds, 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 IFRS10, an investor controls an investee if and only if the investor has all of the following elements: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; (c) the ability to use its power over the investee to affect the amount of the investor's returns. In assessing whether power is present, our Group will not have power over the funds if the fund manager can be removed at any time. As regards variable returns, all economic interests arising from the funds, including the extent of direct interest in these funds, regular management fee charged and performance bonus obtained will be taken into consideration, the Group uses 30% as the point of reference in assessing whether we expose, or have rights, to significant variable returns from our involvement with the investee.

During the Track Record Period, the financials of the funds managed by our Group were not consolidated into our Group's financials because our Group does not have control over these funds taken into account of all the aforementioned elements in accordance with IFRS10.

Investments in associates and joint ventures

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

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

FINANCIAL INFORMATION

Our Group's investments in associates or a joint venture is stated in the consolidated statement of financial position at our 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. Our Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, our 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 our Group and its associates or joint ventures are eliminated to the extent of our 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 our 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, our 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, our Group does not account for its investments in associates or a joint venture using equity method if our Group acts as investment fund managers. Instead, our Group has elected to measure its investments in associates or a joint venture at fair value through profit or loss in accordance with IFRS 9. This exemption is related to the fact that fair value measurement provides more useful information for users of the financial statements than application of the equity method. This is an exemption from the requirement to measure interests in joint ventures and associates using the equity method, rather than an exception to the scope of IAS 28 for the accounting for joint ventures and associates held by these entities.

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

FINANCIAL INFORMATION

Government grants

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

Financial instruments

Our Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost or fair value through profit or loss ("FVTPL").

Early application of IFRS 9 and IFRS 15

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments" for recognition and measurement for financial assets and liabilities. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. We have elected to early apply IFRS 9, which has been applied consistently in the Track Record Period.

We have assessed the effects of early adoption of IFRS 9 on our financial statements and concluded to the requirements of IAS 39, specifically because:

- (1) all our financial assets and financial liabilities would be measured on the same bases under IFRS 9 and IAS 39; and
- (2) the application of expected credit loss model under IFRS 9 would not cause a material impact on the impairment loss allowance for our financial assets measured at amortized cost during the Track Record Period as compared with the incurred loss model under IAS 39.

Based on the historical financial information, had IAS 39 been consistently applied throughout the Track Record Period, there would be no significant change in our financial position and performance. The adoption of IFRS 9 as compared to IAS 39 had resulted in more disclosures in our historical financial information throughout the Track Record Period.

FINANCIAL INFORMATION

IFRS 15 “Revenue from contracts with customers”

IFRS 15 “Revenue from contracts with customers” replaces the previous revenue standards IAS 18 “Revenue” and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. We have elected to early apply IFRS 15, which has been applied consistently in the Track Record Period.

Our Group derived our revenue mainly from the fees we charge our funds including regular management fees and performance fees, and also charged our funds one-off fund establishment fees in relation to the establishment and structuring of the relevant funds and the sourcing of investors. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Based on the historical financial information, had IAS 18 been consistently applied throughout the Track Record Period, there would be no significant change in our financial position and performance. The adoption of IFRS 15 as compared to IAS 18 had resulted in more disclosures in our historical financial information throughout the Track Record Period.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Our Group includes cash and cash equivalents, trade receivables, loan receivables and other receivables deposits in this category.

Financial assets measured at FVTPL

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding;
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

FINANCIAL INFORMATION

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. Our Group includes other short-term payables in this category.

Financial liabilities, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

Initial measurement

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

After initial measurement, our Group measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVTPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the statement of comprehensive income.

Debt instruments, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, our Group estimates cash flows considering all

FINANCIAL INFORMATION

contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or our 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 our Group has:

- (a) transferred substantially all of the risks and rewards of the asset, or
- (b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When our Group has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of our Group's continuing involvement in the asset. In that case, our 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 our Group has retained.

Our Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

Our Group has types of financial assets subject to IFRS 9's new expected credit loss model:

- trade receivables for provision of services; and
- loan receivables and other receivables.

For trade receivables, our Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

FINANCIAL INFORMATION

Our Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost including loan receivables, and with the exposure arising from financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when our Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with our Group's procedures for recovery of amounts due.

Fair value measurement

Our Group measures its equity investments 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 our 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.

Our 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.

FINANCIAL INFORMATION

All assets and liabilities for which fair value is measured or disclosed in the historical financial information 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, our 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 inventories, construction contract assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to

FINANCIAL INFORMATION

determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of comprehensive income in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets out the consolidated statements of comprehensive income of our Group during the Track Record Period, which are extracted from, and should be read in conjunction with, the consolidated financial information provided in the Accountants' Report set out in Appendix I to this prospectus.

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Revenue	34,869	83,422	130,875	39,883	56,467
Investment income	—	12,415	2,762	—	4,036
Other income and gains	349	1,011	1,105	144	1,619
Administrative expenses	(22,631)	(36,537)	(63,726)	(18,430)	(27,997)
Increase/ (decrease) in fair value of investments in associates or a joint venture at fair value through profit or loss	1,505	(1,809)	24,849	2,276	4,170
Other expenses	(186)	(396)	(6,919)	—	96
Profit before tax	13,906	58,106	88,946	23,873	38,391
Income tax expense	(3,558)	(14,997)	(25,600)	(6,337)	(10,772)
Profit and total comprehensive income for the year/period ..	<u>10,348</u>	<u>43,109</u>	<u>63,346</u>	<u>17,536</u>	<u>27,619</u>

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we derived our revenue mainly from the fees we charge our Project Funds and FOFs, which comprised of the regular management fees and the performance fees. Regular management fees are directly charged from our funds based on the amount of time the funds are under our management at a predetermined fixed rate, while our performance fees are charged after the completion of each profitable projects. We generated revenue of approximately RMB34.9 million, RMB83.4 million, RMB130.9 million and RMB56.5 million for the three years ended 31 December 2017 and the four months ended 30 April 2018, respectively.

Set out below is the breakdown of our revenue by income source during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2015		2016		2017		2017		2018	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Project Funds										
— regular										
management fee	13,611	39.0	57,019	68.4	103,518	79.1	36,143	90.6	35,306	62.5
— performance fee . . .	15,184	43.5	11,737	14.1	17,682	13.5	—	—	16,163	28.6
— one-off fund establishment fees	3,562	10.3	3,421	4.0	2,100	1.6	—	—	2,286	4.1
Sub-total	32,357	92.8	72,177	86.5	123,300	94.2	36,143	90.6	53,755	95.2
FOFs ^(Note 1)										
— regular										
management fee	4,498	12.9	4,059	4.9	6,231	4.8	1,931	4.8	2,962	5.3
— performance fee . . .	—	—	8,447	10.1	2,061	1.6	2,022	5.1	—	—
— one-off fund establishment fees	—	—	—	—	19	—	—	—	83	0.1
Sub-total	4,498	12.9	12,506	15.0	8,311	6.4	3,953	9.9	3,045	5.4
Advisory fees ^(Note 2) . . .	100	0.3	—	—	—	—	—	—	—	—
Less: sales-related taxes .	(2,086)	(6.0)	(1,261)	(1.5)	(736)	(0.6)	(213)	(0.5)	(333)	(0.6)
Total	34,869	100.0	83,422	100.0	130,875	100.0	39,883	100.0	56,467	100.0

Notes:

- Included revenue generated from our direct investment into these FOFs.

FINANCIAL INFORMATION

2. During the Track Record Period, we have provided a one-off advisory service in relation to the evaluation and assessment of a potential real estate investment for an Independent Third Party.

Regular management fees are directly charged periodically from our funds based on a predetermined fixed percentage (generally between 1.0% to 2.5%, with the exception of certain projects which had rates of up to 5%) of each fund's AUM. Upon a fund's exit of a profitable real estate investment project, performance fees are charged as a percentage (generally 20%, actual rates may be higher) of the capital gains achieved upon such exit if the capital gains exceed a certain predetermined benchmark. We have been able to charge performance fees in all of our investment projects completed during the Track Record Period which had performance fee mechanisms under the relevant investment agreements.

Our funds invest in three main types of portfolio assets, namely commercial real estate projects, distressed assets projects and urbanisation and redevelopment projects. Please refer to the section headed "Business — Portfolio assets" of this prospectus for further details of our portfolio assets. Set out below is a breakdown of our revenue from the management of our Project Funds by portfolio assets types during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2015		2016		2017		2017		2018	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(Unaudited)									
Commercial real estate projects	8,439	26.1	37,150	51.5	34,836	28.3	9,971	27.6	10,187	19.0
Distressed assets projects	—	—	22,538	31.2	51,905	42.1	15,446	42.7	22,104	41.1
Urbanisation and redevelopment projects	23,918	73.9	12,489	17.3	36,559	29.6	10,726	29.7	21,464	39.9
Project Funds										
Total	32,357	100.0	72,177	100.0	123,300	100.0	36,143	100.0	53,755	100.0

Note: The revenue generated directly from our management of FOFs has been excluded from the table for better illustration of our revenue by portfolio assets.

FINANCIAL INFORMATION

AUM

Set out in the table below is a breakdown of our AUM by type of fund as at the end of the relevant years/period:

	As at 31 December						As at 30 April 2018	
	2015		2016		2017		No. of fund	AUM
	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM		
		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>
Project Funds	5	989.1	6	3,557.3	11	4,933.5	12	4,354.6
FOFs	2	225.5	3	273.0	6	541.0	6	638.1
Less: FOF investments in Project Funds	—	(225.5)	—	(248.1)	—	(489.6)	—	(581.3)
Adjusted total	7	989.1	9	3,582.2	17	4,984.9	18	4,411.4

Note: We have eliminated the amount that FOFs have invested in Project Funds to avoid double counting.

For the three years ended 31 December 2017 and the four months ended 30 April 2018, our Project Funds achieved a weighted average realised annualised return of approximately 17.6%, which was calculated based on the realised return of all the exited Project Funds during the year/period. Regarding FOF, we achieved a weighted average realised annualised return of approximately 22.5% for the three years ended 31 December 2017 and four months ended 30 April 2018 from exited FOF I and FOF II, which were the only FOFs which completed their fund lives and fully settled during the Track Record Period. Such realised annualised return varied from fund to fund due to the difference in the underlying portfolio assets, risk tolerance level of the investors, the availability of the external financing of the investee companies and the respective market conditions when exit of the funds.

The movements in the number of funds under our management and AUM during the Track Record Period are as follows:

	Project Funds		Adjustment for FOFs realisations/(injection) in Project Funds		Adjusted Project Funds		FOFs		Total funds	
	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM
		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>
As at 1 January 2015 . . .	5	583.2	—	(224.0)	5	359.2	2	224.0	7	583.2
Movements in existing projects:										
Add/(Less): Net additions/(realisations)	—	37.7	—	15.5	—	53.2	—	1.5	—	54.7
Less: Completion	(3)	(442.2)	—	100.8	(3)	(341.4)	—	—	(3)	(341.4)
Sub-total	(3)	(404.5)	—	116.3	(3)	(288.2)	—	1.5	(3)	(286.7)

FINANCIAL INFORMATION

	Project Funds		Adjustment for FOFs realisations/(injection) in				FOFs		Total funds	
	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM
		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>		<i>RMB'</i> <i>million</i>
<i>Movements in new projects:</i>										
Add: Additions	3	810.4	—	(117.8)	3	692.6	—	—	3	692.6
As at 31 December 2015 and 1 January 2016	5	989.1	—	(225.5)	5	763.6	2	225.5	7	989.1
<i>Movements in existing projects:</i>										
Add/(Less): Net additions/(realisations)	—	477.6	—	59.4	—	537.0	(1)	(198.0)	(1)	339.0
Less: Completion	(3)	(769.0)	—	128.3	(3)	(640.7)	—	—	(3)	(640.7)
Sub-total	(3)	(291.4)	—	187.7	(3)	(103.7)	(1)	(198.0)	(4)	(301.7)
<i>Movements in new projects:</i>										
Add: Additions	4	2,859.6	—	(210.3)	4	2,649.3	2	245.5	6	2,894.8
As at 31 December 2016 and 1 January 2017	6	3,557.3	—	(248.1)	6	3,309.2	3	273.0	9	3,582.2
<i>Movements in existing projects:</i>										
Add/(Less): Net additions/(realisations)	—	(159.6)	—	47.9	—	(111.7)	—	214.5	—	102.8
Less: Completion	(1)	(47.7)	—	27.5	(1)	(20.2)	(1)	(27.5)	(2)	(47.7)
Sub-total	(1)	(207.3)	—	75.4	(1)	(131.9)	(1)	187.0	(2)	55.1
<i>Movements in new projects:</i>										
Add: Additions	6	1,583.5	—	(316.9)	6	1,266.6	4	81.0	10	1,347.6
As at 31 December 2017 and 1 January 2018	11	4,933.5	—	(489.6)	11	4,443.9	6	541.0	17	4,984.9

FINANCIAL INFORMATION

	Project Funds		Adjustment for FOFs realisations/(injection) in Project Funds		Adjusted Project Funds		FOFs		Total funds	
	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM	No. of fund	AUM
		RMB' million		RMB' million		RMB' million		RMB' million		RMB' million
Movements in existing projects:										
Add/(Less): Net additions/(realisations)	—	(602.0)	—	(68.6)	—	(670.6)	—	97.1	—	(573.5)
Less: Completion	—	—	—	—	—	—	—	—	—	—
Sub-total	—	(602.0)	—	(68.6)	—	(670.6)	—	97.1	—	(573.5)
Movements in new projects:										
Add: Additions	1	23.1	—	(23.1)	1	—	—	—	1	—
As at 30 April 2018	12	4,354.6	—	(581.3)	12	3,773.3	6	638.1	18	4,411.4

Note: “Realisation” refers to the realisation of investments only, which would only take place during the fund life, whereas “completion” refers to the completion of the fund lives of the relevant funds, which would only take place after all post-realisation settlement and distribution procedures are carried out.

Investment income

In accordance with the exemption in IAS 28 — Investments in associates and joint ventures, our Group does not account for our investments in associates and joint ventures using equity method if our Group acts as investment fund managers. Instead, our Group has elected to measure our investments in associates at fair value through profit or loss in accordance with IFRS 9.

Our investment income mainly represents realised investment income generated by the investments in associates or a joint venture at fair value through profit or loss which was mainly our investment in the funds managed by us. For the three years ended 31 December 2017 and the four months ended 30 April 2018, our investment income amounted nil, approximately RMB12.4 million, RMB2.8 million and RMB4.0 million, respectively.

FINANCIAL INFORMATION

Other income and gains

The following table provides a breakdown of our other income and gains for the relevant years/periods:

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Bank interest income	21	163	242	144	39
Government grants ^(Note)	156	819	861	—	1,580
Commercial compensation	166	—	—	—	—
Gain on disposal of a subsidiary .	—	23	2	—	—
Others	6	6	—	—	—
Total	349	1,011	1,105	144	1,619

Note: Government grants mainly represented the tax refund from local government.

Administrative expenses

The table below sets forth a breakdown of our Group's administrative expenses by nature during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2015		2016		2017		2017		2018	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Staff costs (including directors' emoluments)	5,466	24.2	13,605	37.2	30,935	48.6	5,707	31.0	12,169	43.5
Depreciation	826	3.6	1,034	2.8	3,722	5.8	958	5.2	1,212	4.3
Consultancy fees ^(Note)	11,357	50.2	10,463	28.6	7,126	11.2	3,574	19.4	954	3.4
Rentals and related expenses	2,961	13.1	5,287	14.5	5,291	8.3	1,498	8.1	1,896	6.8
Travel expenses	1,943	8.6	4,923	13.5	6,774	10.6	1,767	9.6	2,826	10.1
Listing expenses	—	—	1,194	3.3	9,640	15.1	4,841	26.2	3,896	13.9
Employee incentives expenses	—	—	—	—	—	—	—	—	4,800	17.1
Others	78	0.3	31	0.1	238	0.4	85	0.5	244	0.9
	22,631	100.0	36,537	100.0	63,726	100.0	18,430	100.0	27,997	100.0

FINANCIAL INFORMATION

Our administrative expenses primarily comprise:

- (i) staff costs (including directors' emoluments), which represents salaries, bonus and benefits provided to the Directors and administrative staff;
- (ii) depreciation, which is the depreciation of our Group's leasehold land and building, leasehold improvements, furniture and equipment, and motor vehicle;
- (iii) consultancy fees, which mainly include fees paid to external consultants for their services in relation to the legal, financial and other due diligence works conducted on potential projects not chargeable to our funds;
- (iv) rentals and related expenses, which mainly include rental expenses for our Group's rented premises;
- (v) travel expenses, which represent expenses for travelling incurred by our staff;
- (vi) Listing expenses, which represent the expenses in relation to the Listing which is non-recurring in nature;
- (vii) employee incentives expenses, which represent the difference in the fair value of our Company and the subscription offered to certain employees for economic interests in our Company indirectly via Weimian Partnership at a valuation less than the fair value of our Company; and
- (viii) others, which mainly include office administration costs incurred for daily operation and other sundry expenses.

Note: Our Group's consultancy fees decreased significantly during the Track Record Period in terms of amount and portion as of total administrative expenses was mainly due to the fact that we hired more project development staff to conduct project due diligence works and expanded our representative offices to strengthen project sourcing capabilities therefore reduced the reliance on external consulting service providers for project development.

FINANCIAL INFORMATION

Hypothetical fluctuations in staff costs

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our Group's staff costs on our Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 10% and 15% with reference to the CAGR of approximately 12.8% of the average monthly salary of managers at private fund management companies from 2011 to 2017 according to the Frost & Sullivan Report, which are considered reasonable for the purpose of this sensitivity analysis:

	-10%	-15%	+10%	+15%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Change in profit before tax				
Year ended 31 December 2015	547	820	(547)	(820)
Year ended 31 December 2016	1,361	2,041	(1,361)	(2,041)
Year ended 31 December 2017	3,094	4,640	(3,094)	(4,640)
Four months ended 30 April 2018	1,217	1,825	(1,217)	(1,825)
Change in profit after tax (Note)				
Year ended 31 December 2015	410	615	(410)	(615)
Year ended 31 December 2016	1,021	1,531	(1,021)	(1,531)
Year ended 31 December 2017	2,321	3,480	(2,321)	(3,480)
Four months ended 30 April 2018	913	1,369	(913)	(1,369)

Note: The PRC corporate income tax rate of 25% is applied for the illustration of increase or decrease in profit after tax.

FINANCIAL INFORMATION

Other expenses

The table below sets forth a breakdown of our Group's other expenses by nature during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Loss on disposal of property, plant and equipment	15	2	—	—	—
Loss on disposal of other intangible assets	—	294	—	—	—
Loss on disposal of a subsidiary	149	—	—	—	—
Donation	—	100	65	—	—
Impairment of goodwill ^(Note) . . .	—	—	6,615	—	—
Provision for bad debts	—	—	237	—	(96)
Others	22	—	2	—	—
	<u>186</u>	<u>396</u>	<u>6,919</u>	<u>—</u>	<u>(96)</u>

Note:

The impairment of goodwill mainly represented the full impairment of goodwill as at 31 December 2017 arising from the acquisition of Qiaofang Investment and Jiasheng Ruixin amounting to approximately RMB0.5 million and RMB6.1 million, respectively. For further details of Qiaofang Investment and Jiasheng Ruixin please refer to the paragraphs headed “Qiaofang Investment” and “Jiasheng Ruixin” in the section of “History, development, and corporate structure” of this prospectus.

Since the acquisition on 15 March 2017, Shanghai Qiaofang did not generate any revenue and contributed a net loss of approximately RMB5.9 million to the consolidated profit of the Group for the year ended 31 December 2017. The goodwill of approximately RMB0.5 million was fully written off as at 31 December 2017 as our management considered that no significant economic synergy effect has arisen from this acquisition and therefore the goodwill of this transaction should be written off.

For goodwill written off for Jiasheng Ruixin, please refer to the paragraph headed “Business combination — Acquisition of Jiasheng Ruixin” in this section.

In accordance with IAS 36, a cash-generating unit (“CGU”) to which goodwill has been allocated is required to be tested for impairment annually by comparing the carrying amount of the CGU or group of CGUs, including the goodwill, with its recoverable amount. We determine Shanghai

FINANCIAL INFORMATION

Qiaofang and Jiasheng Ruixin as a CGU because it represent the lowest aggregation of assets that generate largely independent cash inflows. Both Shanghai Qiaofang and Jiasheng Ruixin recorded loss in 2017 and four months ended 30 April 2018. As at 31 December 2017, when we prepared cash flow forecast of the CGU, Shanghai Qiaofang and Jiasheng Ruixin haven't secured any material sales contract and we don't have any proven track record of significant synergy effect arising from previous business combinations. As such, we adopt a relatively conservative approach in determining the key parameters in profit and cash flow forecast and we made full provision of goodwill of approximately RMB 6.6 million in aggregate as at 31 December 2017 for the sake of prudence.

Income tax expense

Our Group recorded income tax expense of approximately RMB3.6 million, RMB15.0 million, RMB25.6 million and RMB10.8 million, for the three years ended 31 December 2017 and the four months ended 30 April 2018, respectively, representing an effective tax rate of approximately 25.6%, 25.8%, 28.8% and 28.1% for the corresponding years/period. Our Group's effective tax rate remained stable and generally in line with the PRC corporate income tax rate of 25% during the Track Record Period.

COMPARISON OF RESULTS OF OPERATIONS

Four months ended 30 April 2018 compared with four months ended 30 April 2017

Revenue

Our revenue increased from approximately RMB39.9 million for the four months ended 30 April 2017 to approximately RMB56.5 million for the four months ended 30 April 2018. Such increase was mainly attributable to the performance fees generated from our Project Funds of Fuzhou Wanbaocheng Project (福州萬寶城項目) and Ningbo Zhenhai Project (寧波鎮海項目) which generated performance fee of approximately RMB4.6 million and RMB11.6 million for the four months ended 30 April 2018, while there was no exit of Project Fund and therefore no performance fee from Project Funds was recognised during the four months ended 30 April 2017.

Regular management fees

For the four months ended 30 April 2017 and 2018, our revenue from regular management fees amounted to approximately RMB38.1 million and RMB38.3 million, respectively, representing approximately 95.4% and 67.8% of our total revenue for the corresponding periods.

Our Group recorded stable revenue from regular management fees for the four months ended 30 April 2017 and 2018 which was generally in line with the size of our AUM during the periods of the corresponding years.

FINANCIAL INFORMATION

Performance fees

For the four months ended 30 April 2017 and 2018, our revenue from performance fees amounted to approximately RMB2.0 million and RMB16.2 million, respectively, representing approximately 5.1% and 28.6% of the total revenue for the corresponding periods.

Our Group recorded growth in revenue from performance fees from approximately RMB2.0 million for the four months ended 30 April 2017 to approximately RMB16.2 million for the four months ended 30 April 2018, representing an increase of approximately RMB14.2 million or approximately 7.0 times. Such increase was mainly due to the substantial completion of some of our Project Funds during the four months ended 30 April 2018 which generated performance fee of approximately RMB16.2 million. In particular, we recognised performance fee of approximately RMB4.6 million and RMB11.6 million from Fuzhou Wanbaocheng Project (福州萬寶城項目) and Ningbo Zhenhai Project (寧波鎮海項目), while no any Project Fund exited during the four months ended 30 April 2017 and only FOF II exited during such period and we generated performance fee of approximately RMB2.0 million.

One-off fund establishment fees

We recorded one-off fund establishment fees amounting to nil and RMB2.4 million for the four months ended 30 April 2017 and 2018. The one-off fund establishment fees for the four months ended 30 April 2018 mainly represented the fund establishment services provided in FOF VIII and the newly set up Project Funds which invested in Shengsi Project (嵯泗項目) and Chengdu Project (成都項目) which commenced in December 2017 and started fund raising in early 2018.

Investment income

Our investment income, mainly from dividend income from IAFV, increased from nil for the four months ended 30 April 2017 to approximately RMB4.0 million for the four months ended 30 April 2018. Such increase was mainly attributable to the investment return from our equity investment in FOF III with AUM of RMB300.0 million during the four months ended 30 April 2018.

Other income and gains

Other income and gains of the Group increased by approximately RMB1.5 million or 10.2 times from approximately RMB0.1 million for the four months ended 30 April 2017 to approximately RMB1.6 million for the four months ended 30 April 2018. Such increase was mainly attributable to the government grants of approximately RMB1.6 million arising from the tax refund from local government for the four months ended 30 April 2018 while no such item for the four months ended 30 April 2017.

FINANCIAL INFORMATION

Administrative expenses

Our administrative expenses increased by approximately RMB9.6 million or 51.9% from approximately RMB18.4 million for the four months ended 30 April 2017 to approximately RMB28.0 million for the four months ended 30 April 2018. Such increase was mainly due to (i) the increase in staff costs (including directors' emoluments) by approximately RMB6.5 million due to our business expansion and increase of staff; (ii) the employee incentive expenses of approximately RMB4.8 million incurred in the four months ended 30 April 2018 while no such expenses incurred in the four months ended 30 April 2017 and partly offset by the decrease in the consultancy fees of approximately RMB2.6 million.

Increase/(decrease) in fair value of investments in associates or a joint venture at fair value through profit or loss

The increase in fair value of investments in associates or a joint venture at fair value through profit or loss for the four months ended 30 April 2018 amounted to approximately RMB4.2 million, representing an increase of approximately RMB1.9 million compared to the increase of RMB2.3 million for the four months ended 30 April 2017. This was mainly due to the improved performance of the investment portfolio.

Profit before tax

As a result of the abovementioned items, profit before tax increased by approximately RMB14.5 million or 60.8% from approximately RMB23.9 million for the four months ended 30 April 2017 to approximately RMB38.4 million for the four months ended 30 April 2018.

Income tax expense

Our Group's income tax expense increased by approximately RMB4.4 million or 70.0% from approximately RMB6.3 million for the four months ended 30 April 2017 to approximately RMB10.8 million for the four months ended 30 April 2018. Our effective tax rate was approximately 26.5% and 28.1% for the four months ended 30 April 2017 and 2018, which was generally in line with the PRC corporate income tax rate of 25%.

Profit and total comprehensive income for the period

Our Group's profit for the period increased by approximately RMB10.1 million or 57.5% from approximately RMB17.5 million for the four months ended 30 April 2017 to approximately RMB27.6 million for the four months ended 30 April 2018, which was mainly due to the combined effect of the abovementioned items. Our net profit margin for the four months ended 30 April 2017 and 2018

FINANCIAL INFORMATION

was approximately 44.0% and 48.9%, respectively. Had the non-recurring Listing expenses of approximately RMB4.8 million and RMB3.9 million of the corresponding period excluded, the net profit margin would have been approximately 56.1% and 55.8%, respectively.

Year ended 31 December 2017 compared to year ended 31 December 2016

Revenue

Our revenue increased from approximately RMB83.4 million for the year ended 31 December 2016 to approximately RMB130.9 million for the year ended 31 December 2017, which represented an increase of approximately RMB47.5 million, or 56.9% and generally in line with the AUM increase of approximately 39.2% from approximately RMB3.6 billion as at 31 December 2016 to approximately RMB5.0 billion as at 31 December 2017. Such increase was mainly due to (1) increase in revenue from urbanisation and redevelopment projects of approximately RMB24.1 million and (2) increase in revenue from distressed assets management of approximately RMB29.4 million.

Regular management fees

For the years ended 31 December 2016 and 2017, our revenue from regular management fees amounted to approximately RMB61.1 million and RMB109.7 million, respectively, representing approximately 73.2% and 83.9% of the total revenue for the corresponding year.

Our Group recorded growth in revenue from regular management fees from approximately RMB61.1 million for the year ended 31 December 2016 to approximately RMB109.7 million for the year ended 31 December 2017, representing an increase of approximately RMB48.6 million or approximately 79.7%. Such increase was mainly attributable to the newly commenced urbanisation and redevelopment project of Dianshanhu Project (淀山湖項目) in December 2016 with AUM of RMB1.1 billion and contributed regular management fee of approximately RMB27.3 million in 2017. In addition, due to the commencement in April 2016, Dongfang Baorui Distressed Assets Project (東方保瑞不良資產項目) with AUM of RMB1.5 billion contributed regular management fee of RMB22.5 million and RMB47.0 million for the year ended 31 December 2016 and 2017, respectively.

Performance fees

For the years ended 31 December 2016 and 2017, our revenue from performance fees amounted to approximately RMB20.2 million and RMB19.7 million, respectively, representing approximately 24.2% and 15.1% of the total revenue for the corresponding year.

Our revenue from performance fees slightly decreased from approximately RMB20.2 million for the year ended 31 December 2016 to approximately RMB19.7 million for the year ended 31 December 2017, representing a decrease of approximately RMB0.5 million or approximately 2.2%.

FINANCIAL INFORMATION

Our performance fees between the years were relatively stable. Our performance fee recognised for the year ended 31 December 2017 mainly derived from Fuzhou Wanbaocheng Project (福州萬寶城項目) amounting to approximately RMB14.3 million.

One-off fund establishment fees

The one-off fund establishment fees decreased from approximately RMB3.4 million for the year ended 31 December 2016 to approximately RMB2.1 million for the year ended 31 December 2017 as Shengsi Project (嵯泗項目), Chengdu Project (成都項目) and newly set up of FOF VIII commenced in December 2017 and started fund raising in early 2018, therefore such establishment fees will only be reflected in the next reporting period.

Investment income

Our investment income mainly from dividend income from IAFV decreased by approximately RMB9.6 million or 77.8% from approximately RMB12.4 million for the year ended 31 December 2016 to approximately RMB2.8 million for the year ended 31 December 2017 as the equity investment in IAFV exited during the year was less than that of the previous year during which we exited our 26.3% equity investment in FOF I which had an AUM of RMB198.0 million and realised the investment return in 2016.

Other income and gains

Other income and gains of the Group slightly increased by approximately RMB0.1 million or 9.3% from approximately RMB1.0 million for the year ended 31 December 2016 to approximately RMB1.1 million for the year ended 31 December 2017.

Administrative expenses

The administrative expenses of our Group increased from approximately RMB36.5 million for the year ended 31 December 2016 to approximately RMB63.7 million for the year ended 31 December 2017, representing an increase of approximately RMB27.2 million or approximately 74.4%. Such increase was mainly due to (i) the increase in staff cost including directors' remuneration of RMB17.3 million as a result of the growth in business and the significant increase in the number of staff from 59 as at 31 December 2016 to 124 as at 31 December 2017; and (ii) the increase in the listing expenses incurred during the year of approximately RMB8.4 million.

Increase/(decrease) in fair value of investments in associates or a joint venture at fair value through profit or loss

The increase in fair value of investments in associates or a joint venture at fair value through profit or loss for the year ended 31 December 2017 amounted to approximately RMB24.8 million. For the year ended 31 December 2016, we recorded a decrease of RMB1.8 million in fair value of investments in associates or a joint venture which was due to the fair value realised in the investment income in 2016.

FINANCIAL INFORMATION

Other expenses

Our Group recognised other expenses of approximately RMB0.4 million and RMB6.9 million for the years ended 31 December 2016 and 2017, respectively. Such increase in other expenses was mainly due to the impairment of goodwill of RMB6.6 million recorded in 2017 considering no significant economic synergy effect arose from the acquisition of Qiaofang Investment and Jiasheng Ruixin.

Profit before tax

As a result of the abovementioned reasons, profit before tax increased by approximately RMB30.8 million or 53.1% from approximately RMB58.1 million for the year ended 31 December 2016 to approximately RMB88.9 million for the year ended 31 December 2017.

Income tax expense

Our Group's income tax expense increased by approximately RMB10.6 million or 70.7% from approximately RMB15.0 million for the year ended 31 December 2016 to approximately RMB25.6 million for the year ended 31 December 2017. The increase was mainly attributable to the increase in profit before tax from approximately RMB58.1 million for the year ended 31 December 2016 to approximately RMB88.9 million for the year ended 31 December 2017.

Profit and total comprehensive income for the year

Our Group's profit for the year increased by approximately RMB20.2 million or 46.9% from approximately RMB43.1 million for the year ended 31 December 2016 to approximately RMB63.3 million for the year ended 31 December 2017, which was mainly due to the combined effect of the abovementioned items. Our net profit margin for the year ended 31 December 2016 and 2017 was approximately 51.7% and 48.4%, respectively. Had the non-recurring Listing expenses of approximately RMB1.2 million and RMB9.6 million of the corresponding year excluded, the net profit margin would have been approximately 53.1% and 55.8% accordingly.

FINANCIAL INFORMATION

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Our revenue increased from approximately RMB34.9 million for the year ended 31 December 2015 to approximately RMB83.4 million for the year ended 31 December 2016. Such increase was mainly due to (i) the increase in the overall size of our investment projects commenced in the last quarter of the year ended 31 December 2015 with the commencement of two sizeable projects, namely Xintian 360 Project (新田360項目) with AUM of RMB539.0 million in August 2015 and Fuzhou Wanbaocheng Project (福州萬寶城項目) with AUM of RMB650.0 million in December 2015; (ii) the inclusion of the full year effect of such sizeable investment projects in 2016; and (iii) the commencement of our distressed asset management project in 2016, namely the Dongfang Baorui Distressed Assets Project (東方保瑞不良資產項目) with AUM of approximately RMB1,450.0 million.

Regular management fees

For the years ended 31 December 2015 and 2016, our revenue from regular management fees amounted to approximately RMB18.1 million and RMB61.1 million, respectively, representing approximately 51.9% and 73.3% of the total revenue for the corresponding year.

Our Group recorded growth in revenue from regular management fees from approximately RMB18.1 million for the year ended 31 December 2015 to approximately RMB61.1 million for the year ended 31 December 2016, representing an increase of approximately RMB43.0 million or approximately 237.3%. This was mainly due to (i) the substantial increase of approximately RMB2.6 billion in our total AUM from RMB981.1 million as at 31 December 2015 to RMB3.6 billion as at 31 December 2016, which was the result of the commencement of several sizeable projects during and after the second half of 2015 such as the Fuzhou Wanbaocheng Project and the Xintian 360 Project with AUM of RMB650.0 million and RMB539.0 million; (ii) the inclusion of the full year effect of a number of such sizeable projects during the year ended 31 December 2016, including the mentioned Fuzhou Wanbaocheng Project and the Xintian 360 Project; and (iii) our first distressed assets project, Dongfang Baorui Distressed Assets Project, started to generate revenue in 2016 and contributed to regular management fees of approximately RMB22.5 million for the year ended 31 December 2016.

Performance fees

For the years ended 31 December 2015 and 2016, our revenue from performance fees amounted to approximately RMB15.2 million and RMB20.2 million, respectively, representing approximately 43.5% and 24.2% of the total revenue for the corresponding year.

FINANCIAL INFORMATION

Our revenue from performance fees increased from approximately RMB15.2 million for the year ended 31 December 2015 to approximately RMB20.2 million for the year ended 31 December 2016, representing an increase of approximately RMB5.0 million or approximately 32.9%. Such increase was mainly attributable to the performance fee of approximately RMB8.5 million recognised upon the clearance of FOF I in 2016 and the performance fee of approximately RMB6.8 million performance fee we recognised upon the completion of the Xintian 360 Project in the year ended 31 December 2016.

One-off fund establishment fees

We have recorded similar level of one-off fund establishment fees amounting to approximately RMB3.6 million and RMB3.4 million for the year ended 31 December 2015 and 2016.

Advisory fees

For the year ended 31 December 2015, we have provided a one-off advisory service in relation to the evaluation and assessment of a potential real estate investment for an Independent Third Party which amounted to RMB0.1 million.

Investment income

Our investment income increased from nil for the year ended 31 December 2015 to approximately RMB12.4 million for the year ended 31 December 2016. Such increase was mainly attributable to the income of approximately RMB12.4 million we received from the clearance of FOF I in 2016 as we held interest of approximately 26.3% in this FOF at that time.

Other income and gains

Our Group's other income and gains increased from approximately RMB0.3 million for the year ended 31 December 2015 to approximately RMB1.0 million for the year ended 31 December 2016, representing an increase of approximately RMB0.7 million or approximately 189.7%. Such increase was mainly attributable to the significant increase in government grants of approximately RMB0.7 million, which was the result of tax refund from various local government authorities.

Administrative expenses

The administrative expenses of our Group increased from approximately RMB22.6 million for the year ended 31 December 2015 to approximately RMB36.5 million for the year ended 31 December 2016, representing an increase of approximately RMB13.9 million or approximately 61.4%.

FINANCIAL INFORMATION

Such increase was mainly due to (a) the increase in staff cost from approximately RMB5.5 million for the year ended 31 December 2015 to approximately RMB13.6 million for the year ended 31 December 2016, representing an increase of approximately RMB8.1 million or approximately 148.9%, mainly due to (i) the hiring of additional professional staff to support the expansion of our business and (ii) an overall increase in the salary of a majority of our employees to reward their contributions towards the growth in our profits; and (b) the partial offset by the incurred non-recurring Listing expenses of approximately RMB1.2 million during the year ended 31 December 2016.

Increase/(decrease) in fair value of investments in associates or a joint venture at fair value through profit or loss

The decrease in fair value of investments in associates or a joint venture at fair value through profit or loss for the year ended 31 December 2016 amounted to approximately RMB1.8 million, while it was an increase of approximately RMB1.5 million for the year ended 31 December 2015. This was mainly due to the clearance of FOF I as well as our significant withdrawal and exit from our FOFs and the fair value change in such equity investments has realised as investment income during the year.

Other expenses

Our Group's other expenses increased by approximately 112.9% from approximately RMB0.2 million for the year ended 31 December 2015 to approximately RMB0.4 million for the year ended 31 December 2016. Such increase was mainly attributable to the loss on disposal of intangible assets of approximately RMB0.3 million, being the disposal of our old IT system as part of our IT systems upgrade.

Profit before tax

As a result of the abovementioned items, profit before tax increased by approximately RMB44.2 million or 317.8% from approximately RMB13.9 million for the year ended 31 December 2015 to approximately RMB58.1 million for the year ended 31 December 2016.

Income tax expense

Our Group's income tax expense increased by approximately RMB11.4 million or 321.5% from approximately RMB3.6 million for the year ended 31 December 2015 to approximately RMB15.0 million for the year ended 31 December 2016. The increase was mainly attributable to the increase in profit before tax from approximately RMB13.9 million for the year ended 31 December 2015 to

FINANCIAL INFORMATION

approximately RMB58.1 million for the year ended 31 December 2016. Our effective tax rate remained stable at approximately 25.6% and 25.8% for the two years ended 31 December 2016, respectively, which is close to the PRC corporate income tax rate of 25%.

Profit and total comprehensive income for the year

Our Group's profit for the year increased by approximately RMB32.8 million or 316.6% from approximately RMB10.3 million for the year ended 31 December 2015 to approximately RMB43.1 million for the year ended 31 December 2016, which was mainly due to the combined effect of abovementioned items. Our net profit margin for the year ended 31 December 2015 and 2016 was approximately 29.7% and 51.7%, respectively. The significant increase in our net profit margin in 2016 was mainly attributable to the commencement of more sizeable projects during the year.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, our Group's operations were generally financed through a combination of cash generated from our operation and shareholder's equity. We expected these financial resources will remain as our core sources of liquidity, while the net proceeds from the Share Offer is expected to enhance our liquidity and provide the capital for our business expansion. Our Directors believe that in the long term, our Group's working capital and other liquidity requirements will be funded by, among others, cash generated from our operation and, if necessary, other external equity and debt financings.

FINANCIAL INFORMATION

Cash flows

The following table sets forth selected cash flows data from our Group's consolidated statements of cash flows for the years/period indicated:

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Net cash flows from/(used in) operating activities . .	(11,525)	57,732	(4,525)	(19,991)	34,668
Net cash flows from/(used in) investing activities . .	(44,412)	10,923	(48,357)	(1,492)	(79,656)
Net cash flows from financing activities	65,735	14,990	800	650	16,250
Net increase/(decrease) in cash and cash equivalents	9,798	83,645	(52,082)	(20,833)	(28,738)
Cash and cash equivalents at beginning of the year/period	296	10,094	93,739	93,739	41,657
Cash and cash equivalent at end of the year/period	<u>10,094</u>	<u>93,739</u>	<u>41,657</u>	<u>72,906</u>	<u>12,919</u>

Operating activities

Our Group's operating cash inflow was principally derived from the receipt of income from regular management fees and performance fees we receive from rendering fund management services. Our Group's cash outflow from operating activities is principally due to the payments for staff costs and the rentals and related expenses. Net cash from operating activities reflects profit before income tax, adjusted for (i) non-cash items, mainly included depreciation; and (ii) working capital changes, mainly included changes in (a) trade receivables; (b) investments in associates or a joint venture at fair value through profit or loss; (c) prepayments, deposits and other receivables; (d) advances from funds managed; and (e) accruals and other payables.

For the year ended 31 December 2015, net cash used in operating activities amounted to approximately RMB11.5 million mainly reflected profit before tax at approximately RMB13.9 million adjusted by (i) increase in fair value of investments in associates or a joint venture at fair

FINANCIAL INFORMATION

value through profit or loss of approximately RMB1.5 million; (ii) increase in trade receivables of approximately RMB2.4 million; (iii) increase in prepayments, deposits and other receivables of approximately RMB8.1 million; (iv) decrease in advances from funds managed of approximately RMB2.5 million; and (v) decrease in accruals, other payables of approximately RMB10.4 million.

For the year ended 31 December 2016, net cash generated from operating activities amounted to approximately RMB57.7 million mainly attributable to our business expansion and increased net profit during 2016. The operating cash flow mainly reflected profit before tax at approximately RMB58.1 million adjusted by (i) decrease in fair value of investments in associates or a joint venture at fair value through profit and loss of approximately RMB1.8 million; (ii) decrease in trade receivables of approximately RMB3.9 million; (iii) decrease in prepayments, deposits and other receivables of approximately RMB5.6 million; (iv) increase in other payables and accruals of approximately RMB7.1 million; and (v) dividend income from IAFV of approximately RMB12.4 million.

For the year ended 31 December 2017, net cash used in operating activities amounted to approximately RMB4.5 million mainly attributable to the increase in trade receivables of approximately RMB75.7 million in 2017. The operating cash flow mainly reflected profit before tax at approximately RMB88.9 million adjusted by (i) increase in fair value of investments in associates or a joint venture at fair value through profit and loss of approximately RMB24.8 million; (ii) increase in trade receivables of approximately RMB75.7 million; (iii) decrease in prepayments, deposits and other receivables of approximately RMB12.5 million; (iv) decrease in advances from funds managed of approximately RMB28.0 million; and (v) decrease in other payables of approximately RMB23.2 million.

For the four months ended 30 April 2018, net cash used in operating activities amounted to approximately RMB34.7 million. The operating cash flow mainly reflected profit before tax of approximately RMB38.4 million adjusted by (i) increase in fair value of investments in associates or a joint venture at fair value through profit and loss of approximately RMB4.2 million; (ii) decrease in trade receivables of approximately RMB36.3 million; (iii) increase in prepayments, deposits and other receivables of approximately RMB26.4 million; (iv) decrease in advances from funds managed of approximately RMB0.9 million; and (v) increase in other payables and accruals of approximately RMB0.9 million.

Investing activities

For the year ended 31 December 2015, net cash generated from investing activities was approximately RMB44.4 million which was primarily the combined effect of (i) the purchase of items of property, plants and equipment of approximately RMB3.6 million; (ii) proceeds from disposal of a subsidiary namely Jiangsu Realway of approximately RMB5.0 million; (iii) increase in investments in associates or a joint venture at fair value through profit or loss of approximately RMB45.8 million. Please refer to note 25 to the Accountants' Report in Appendix I to this prospectus for details of the disposal of such subsidiary.

FINANCIAL INFORMATION

For the year ended 31 December 2016, net cash generated from investing activities was approximately RMB10.9 million was primarily the combined effect of (i) purchase of items of property, plants and equipment of approximately RMB3.2 million; (ii) purchase of other intangible assets of approximately RMB0.3 million; (iii) proceeds from disposal of a subsidiary namely Ruiwei Investment Management of approximately RMB5.0 million; (iv) dividend income from IAFV of approximately RMB12.4 million; and (v) increase in IAFV of RMB3.0 million. Please refer to note 25 to the Accountants' Report in Appendix I to this prospectus for details of the disposal of such subsidiary.

For the year ended 31 December 2017, net cash used in investing activities was approximately RMB48.4 million which was mainly the combined effect of (i) purchases of items of property, plant and equipment of approximately RMB0.6 million; (ii) advance to a third party of RMB50.0 million; (iii) acquisition of subsidiaries of approximately RMB3.6 million; (iv) proceeds from disposal of a subsidiary of approximately RMB0.5 million; (v) increase in IAFV of RMB4.0 million; and (vi) dividend income from IAFV of RMB3.2 million. For details of the advance to a third party, please refer to the paragraph headed "Loan receivables" in this section for details.

For the four months ended 30 April 2018, net cash generated from investing activities was approximately RMB79.7 million which was mainly the combined effect of (i) purchase of items of property, plant and equipment of approximately RMB2.3 million; (ii) capital injection in a joint venture of RMB2.0 million; (iii) repayment of advances to a third party of RMB20.0 million; (iv) increase in investments in associates or a joint venture at fair value through profit or loss of approximately RMB99.0 million; and (v) dividend income from IAFV of RMB3.8 million.

Financing activities

For the year ended 31 December 2015, net cash generated from financing activities was approximately RMB65.7 million which was attributable to the proceeds from issue of shares of approximately RMB65.7 million.

For the year ended 31 December 2016, net cash generated from financing activities was approximately RMB15.0 million was the combined effect of (i) the proceeds from issue of shares of approximately RMB50.0 million; and (ii) dividends paid of approximately RMB35.0 million. For details of the dividend paid, please refer to the paragraph headed "Dividend" in this section for details.

For the year ended 31 December 2017, net cash generated from financing activities was approximately RMB0.8 million which was mainly attributable to capital contribution from non-controlling interests of approximately RMB0.8 million.

For the four months ended 30 April 2018, net cash generated from financing activities was approximately RMB16.3 million which was mainly attributable to the proceeds from issue of shares of RMB15.0 million and capital contribution from non-controlling interests of approximately RMB1.3 million.

FINANCIAL INFORMATION

NET CURRENT ASSETS AND SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table set forth our consolidated of financial position as at the respective financial position dates indicated:

	As at 31 December			As at	As at
	2015	2016	2017	30 April 2018	31 August 2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					(Unaudited)
CURRENT ASSETS					
Trade receivables	5,812	1,901	77,560	41,246	63,644
Prepayments, deposits and other receivables	31,129	20,004	26,548	13,647	5,174
Loan receivables	—	—	20,736	58,610	20,736
Investments in associates or a joint venture at fair value through profit or loss	53,809	—	4,236	23,477	11,397
Dividend receivable	—	—	101	637	637
Cash and cash equivalents	10,094	93,739	41,657	12,919	13,051
Total current assets	100,844	115,644	170,838	150,536	114,639
CURRENT LIABILITIES					
Other payables and accruals	2,342	8,257	12,854	13,774	20,679
Advances from funds managed . .	164	990	28,962	29,873	22,482
Tax payable	2,237	9,336	11,375	7,885	11,014
Dividend payable	—	—	—	45,000	—
Total current liabilities	4,743	18,583	53,191	96,532	54,175
NET CURRENT ASSETS	96,101	97,061	117,647	54,004	60,464

Property, plant and equipment

The property, plant and equipment of our Group represent motor vehicles, office equipment and leasehold improvements.

Our property, plant and equipment increased by approximately RMB1.5 million or 45.6% from approximately RMB3.5 million as at 31 December 2015 to approximately RMB5.0 million as at 31 December 2016, primarily due to the acquisition of certain new motor vehicles amounting to approximately RMB2.4 million during the year ended 31 December 2016. Our property, plant and equipment decreased by approximately RMB0.9 million or 19.1% from approximately RMB5.0 million as at 31 December 2016 to approximately RMB4.1 million as at 31 December 2017 mainly due to the depreciation during the year. Our property, plant and equipment increased by

FINANCIAL INFORMATION

approximately RMB1.7 million or 42.9% from approximately RMB4.1 million as at 31 December 2017 to approximately RMB5.8 million as at 30 April 2018 which was also primarily due to the acquisition of certain new motor vehicles.

Trade receivables

The following table sets forth our trade receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	5,812	1,901	77,560	41,246

Our trade receivables decreased by approximately RMB3.9 million or 67.3% from approximately RMB5.8 million as at 31 December 2015 to approximately RMB1.9 million as at 31 December 2016, primarily because a number of sizeable projects had achieved returns during the year ended 31 December 2016 resulting in earlier settlement of the trade receivable. Our trade receivables increased by approximately RMB75.7 million or approximately 39.8 times as at 31 December 2017, primarily because our significant increase in revenue during the year ended 31 December 2017 and management fee of projects on hand by the end of 2017 was not paid and management fee of certain newly established funds in the last quarter of 2017 was not paid either. Our trade receivables decreased by approximately RMB36.3 million or 46.8% as at 30 April 2018, primarily because the management fee due from these newly established funds has been settled.

Our 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. Our Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there is no significant concentration of credit risk. Our Group does not hold any collateral or other credit enhancements over the trade receivable balances. Trade receivables are non-interest-bearing.

FINANCIAL INFORMATION

The followings table sets forth the ageing analysis of the trade receivables as at the dates indicated, based on the invoice and net of provisions:

	<u>As at 31 December</u>			<u>As at 30 April</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	5,812	1,901	77,177	40,617
1 to 2 years	—	—	383	629
Total	<u>5,812</u>	<u>1,901</u>	<u>77,560</u>	<u>41,246</u>

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

The following table sets forth the trade receivables turnover days during the Track Record Period:

	<u>For the year ended 31 December</u>			<u>For the four months ended</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>30 April</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Trade receivables turnover days	<u>48</u>	<u>17</u>	<u>111</u>	<u>126</u>

Our trade receivables turnover days is calculated based on the average of the trade receivables as of the beginning and as of the end of a particular year/period, dividing such average by the revenue during the year, and multiplying by the number of days of the corresponding year/period.

FINANCIAL INFORMATION

The increase of trade receivables turnover days for the year ended 31 December 2017 and four months ended 30 April 2018 was mainly due to the significant increase of trade receivables arising from the management fees of the newly set up funds that were not yet settled before the year/period end. The trade receivable turnover days increased to approximately 111 days and 126 days for the year ended 31 December 2017 and the four months ended 30 April 2018 mainly because we recorded relatively high balance of trade receivables as at 31 December 2017 and 30 April 2018 due to the fact that most of our managed funds as at the respective dates were at early stage of investment and did not yet realise material investment return so the trade receivables were still outstanding as at the year/period end.

Set out below the breakdown trade receivables balance as at 30 April 2018 by relevant funds with outstanding balance exceeded RMB1.0 million (the “**Material Funds**”):

<u>Material Funds</u>	<u>Investment project</u>	<u>Fund establishment date/ investment period</u>	<u>Outstanding balance</u>	<u>Latest settlement as at the Latest Practicable Date</u>	<u>Status of development as at the Latest Practicable Date</u>
			<i>RMB'000</i>	<i>%</i>	
Hangzhou Fuyang District Huiguan Investment Management Limited Partnership* (杭州富陽區匯冠投資管理合夥企業 (有限合夥))	Shenzhen Xinqiaowei Project* (深圳新喬園項目)	From April 2018 to July 2020 (expected)	1,121	100%	Preparing to commence demolition of existing structure
Shanghai Tinglang Investment Limited Partnership* (上海庭朗投資合夥企業 (有限合夥))	Yuhang Xinhuiyuan Project* (余杭馨華園項目)	From June 2017 to November 2018 (expected)	2,720	100%	In preparation for bulk disposal of the entire distressed assets
Shanghai Zhoujing Investment Limited Partnership* (上海洲景投資合夥企業 (有限合夥))	Chengdu Project* (成都項目)	From December 2017 to November 2019 (expected)	2,127	100%	At constructing and pre-market stage

FINANCIAL INFORMATION

Material Funds	Investment project	Fund establishment date/ investment period	Outstanding balance	Latest settlement as at the Latest Practicable Date	Status of development as at the Latest Practicable Date
			<i>RMB'000</i>	<i>%</i>	
Shanghai Yuling Investment Limited Partnership* (上海昱凌投資合夥企業 (有限合夥))	Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目)	From April 2016 to April 2020 (expected)	5,247	30%	Recovery rate of approximately 92.8% achieved ^(Note)
FOFIII	FOFIII	August 2016	6,725	9%	N/A
Shanghai Xunlu Investment Limited Partnership* (上海勛鹿投資合夥企業 (有限合夥))	Shaoxing Keqiao Project* (紹興柯橋項目)	From September 2016 to June 2019 (expected)	2,840	7%	Sales of units commenced in third quarter of 2018
Shanghai Realway Zunsheng Equity Investment Limited* (上海瑞威尊晟股權投資合夥企業 (有限合夥))	Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目)	From April 2016 to April 2020 (expected)	14,301	—	Recovery rate of approximately 92.8% achieved ^(Note)
Shanghai Shengyu Investment Limited Partnership* (上海晟羽投資合夥企業 (有限合夥))	Huaqiao Cheng Project* (華僑城項目)	From October 2017 to October 2021 (expected)	3,947	—	Approximately 73.3% leased out
Sub-total			39,028	22%	
Others			2,218	69%	
Total trade receivable			41,246	24%	

Note: Calculated by the aggregate of Realised Value and Committed Value as at the Latest Practicable Date divided by the aggregate initial cost of acquisition of the distressed assets.

FINANCIAL INFORMATION

Four out of eight (50% in terms of number of funds) Material Funds have investments after June 2017 which was considered as newly set up funds. None of the Material Funds was loss making or in financial difficulties according to their management accounts as at 30 April 2018. According to the cash flow forecast for the remaining life of the Material Funds, they are able to realize investment return and settle outstanding management fees accordingly.

The monies of the funds will be released to settle the management fees due to the Group under the following circumstances:

- (a) based on the progress payment schedule stipulated in the contracts;
- (b) cash status of the funds, including the cash level kept at the funds, the cash utilized/to be utilized in the investments and realized return from investments; and
- (c) management fees are paid out in the priority of the funds' distributable cash flow.

Set out below a further breakdown of trade receivables attributable to management fee and performance fee as at each year/period end date:

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
— Management fee	2,549	1,901	58,044	35,283
— Performance fee	1,491	—	17,315	94
— One-off fund establishment fee	1,772	—	2,201	5,869
Total trade receivables	<u>5,812</u>	<u>1,901</u>	<u>77,560</u>	<u>41,246</u>

Our Group's trade receivables mainly represent regular management fee based on a predetermined fixed percentage of the asset value under management and paid out in the high priority of the funds' distributable cash flow, therefore there was no specific credit period stipulated in the partnership agreement.

Given the closed-end fund in nature, for transfer(s) of interests by a limited partner, the Group acting as managing partners would only permit such transfer if the limited partner's interests in the fund would be transferred to new incoming or existing limited partner(s) which means a full replacement. Therefore, the redemption request from the fund's investors will not have a material impact on the cashflow of the fund and the Directors consider neither systemic risk will arise, nor trigger redemption spirals or fire sales.

FINANCIAL INFORMATION

We believe our credit control policy is appropriate. Under the relevant fund formation agreements, there are strict provisions which sets out clear conditions precedents for the release of the fund's monies funds to us. As all monies of our funds are held by custodian banks, the custodian banks would release such funds to us upon the presentation of reasonable evidence demonstrating that the conditions precedents are met. Our Directors believe that the involvement of custodian banks in our investment structure is an important and effective safeguard to ensure that our Group will receive our management fees within the credit period. All of the trade receivables were not impaired as at 31 December 2015, 2016 and 2017, and 30 April 2018.

As at the Latest Practicable Date, approximately RMB9.9 million, or 24.1% of our trade receivables outstanding as at 30 April 2018 had been subsequently settled which was due to the fact that our managed funds as at the respective dates did not yet realise material investment return subsequent to the Track Record Period and up to the Latest Practicable Date.

Prepayment, deposits and other receivables

The following table sets forth our prepayment, deposits and other receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash advance to employees	27	299	165	331
Prepayments	3	575	845	2,001
Other receivables.	1,883	3,294	11,083	6,722
Deposits	29,216	15,836	14,455	4,593
	<u>31,129</u>	<u>20,004</u>	<u>26,548</u>	<u>13,647</u>

The deposits mainly represent deposit to Fortune & Goal Investment as part of our strategic cooperation with them during the Track Record Period. The respective balances amount to approximately RMB19.0 million, RMB14.0 million, RMB8.0 million and RMB0.4 million as at 31 December 2015, 2016 and 2017, and 30 April 2018, respectively. All outstanding amounts under such loan were repaid by Fortune & Goal Investment as at the Latest Practicable Date.

Other receivables mainly represented the certain fees such as bank charges, project diligence fees and other costs our Group paid on behalf of the funds under management. The balance of other receivables increased from approximately RMB1.9 million as at 31 December 2015 to approximately RMB3.3 million as at 31 December 2016 and further increased to approximately RMB11.1 million due to our business expansion and increased funds under our management. As at 30 April 2018, the balance of other receivables decreased to approximately RMB6.7 million due to the repayment from our funds.

FINANCIAL INFORMATION

Loan receivables

The following table sets forth our loan receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amortised cost	1,000	1,000	48,327	67,643
Impairment	—	—	(237)	(141)
	<u>1,000</u>	<u>1,000</u>	<u>48,090</u>	<u>67,502</u>
Comprising:				
Current portion	—	—	20,736	58,610
Non-current portion	1,000	1,000	27,354	8,892

The loan receivables represents (i) the loan receivable from Shanghai Ruiwei Investment Management Centre LLP* (上海睿威投資管理中心(有限合夥)) (“**Shanghai Ruiwei Investment**”) which amounted to approximately RMB47.3 million and RMB28.0 million (which was recorded at amortised cost less allowance for doubtful amounts) as at 31 December 2017 and 30 April 2018, respectively; and (ii) the loan receivable from Hangzhou Fuyang Huiyu Investment Management LLP* (杭州富陽滙鈺投資管理合夥企業(有限合夥)) (“**Hangzhou Fuyang Huiyu**”) which amounted to approximately RMB39.6 million as at 30 April 2018.

Shanghai Ruiwei Investment was previously owned as to 50% and 50% by Mr. Zhu and Mr. Duan, respectively and was subsequently disposed to certain Independent Third Parties. For further information on the loan receivable from Shanghai Ruiwei Investment, please refer to the paragraph headed “Business combination — Acquisition of Jiasheng Ruixin” in this section.

Hangzhou Fuyang Huiyu had approximately 1.0% of equity interest in our Shenzhen Xinqiaowei Project, it was a partnership enterprise in which Shanghai Ruichu acting as general partner with interest of approximately 0.2%. The loan was fully settled in late June 2018.

As advised by our PRC Legal Advisers, according to the relevant regulations under 《貸款通則》 (the General Principles of Loans) of Decree of People’s Bank of China (“**PBOC**”) [1996 No. 2], a lender shall engage in loan business approved by PBOC and hold the Financial Institution Legal Person Licence (《金融機構法人許可證》) or Financial Institution Business Licence (《金融機構營業許可證》), and registered according to the approval of the Industrial and Commercial Administrative Department. Enterprises shall not perform lending or lending financing business in other way in violation of the stated regulations. According to the regulations under 《貸款通則》 (the PRC General Principles of Loans), where enterprises engage in lending and borrowing or lending and borrowing in a disguised form between

FINANCIAL INFORMATION

themselves without authorization, the PBOC shall impose a fine on the lender of between one time and five times the income gained in violation of provisions, and the PBOC shall suppress the activity. Loans advanced by our Company during the Track Record Period were interest free and our Company did not receive any interest income from these loans, therefore any potential penalty in this regard is remote as advised by our PRC Legal Advisers. Our Company has strengthened its legal and compliance risk management in order to avoid the above-mentioned regulatory risks. In addition, our Company has undertaken that it will comply with the supervisory requirements of PBOC and it will not provide any loan to other corporations and entities that would result in any penalty or investigation or punishment by the PBOC in the future.

As at the Latest Practicable Date, approximately RMB39.6 million, or 58.7% of our loan receivables outstanding as at 30 April 2018 had been subsequently settled.

Cash and cash equivalents

Cash and cash equivalent comprised of the cash and bank balances held by us. As at 31 December 2015, 2016 and 2017, and 30 April 2018, the cash and cash equivalents were approximately RMB10.1 million, RMB93.7 million, RMB41.7 million and RMB12.9 million, respectively, which representing 10.0%, 81.1%, 24.4% and 8.6% of the total current assets as at the respective dates.

Investments in associates or a joint venture at fair value through profit or loss

Our equity investments mainly comprise our investments in funds managed by us. Set out below are the fair values of our equity investments as at 31 December 2015, 2016 and 2017, and 30 April 2018.

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments in associates or a joint venture, at fair value	53,809	55,000	83,849	187,019

The Group as investment fund managers, measure the above investments in associates or a joint venture at fair value through profit or loss in accordance with IFRS 9 at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018.

FINANCIAL INFORMATION

The movements in investments in associates or a joint venture at fair value through profit or loss during the Track Record Period are as follows:

	Cost	Increase/(decrease) in fair value of IAFV	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2015	6,230	304	6,534
Additions	52,000	1,809	53,809
Exit and/or realisation	(6,230)	(304)	(6,534)
At 31 December 2015 and at 1 January 2016	<u>52,000</u>	<u>1,809</u>	<u>53,809</u>
Additions	55,000	—	55,000
Exit and/or realisation	(52,000)	(1,809)	(53,809)
At 31 December 2016 and at 1 January 2017	<u>55,000</u>	<u>—</u>	<u>55,000</u>
Additions	4,000	24,849	28,849
At 31 December 2017 and at 1 January 2018	<u>59,000</u>	<u>24,849</u>	<u>83,849</u>
Additions	103,000	4,706	107,706
Exit and/or realisation	(4,000)	(536)	(4,536)
At 30 April 2018	<u>158,000</u>	<u>29,019</u>	<u>187,019</u>

Other payables and accruals

As at 31 December 2015, 2016 and 2017, and 30 April 2018, our other payables and accruals were approximately RMB2.3 million, RMB8.3 million, RMB12.9 million and RMB13.8 million, respectively.

The following table sets forth the breakdown of other payables and accruals as at the dates indicated:

	As at 31 December			As at
	2015	2016	2017	30 April 2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll and welfare payable	1,498	3,109	8,506	2,656
Taxes and surcharges	791	715	2,251	922
Accruals	53	4,302	1,741	5,577
Advances from employees	—	100	182	55
Others	—	31	174	4,564
	<u>2,342</u>	<u>8,257</u>	<u>12,854</u>	<u>13,774</u>

FINANCIAL INFORMATION

Our other payables and accruals increased by approximately RMB6.0 million or 252.6% from approximately RMB2.3 million as at 31 December 2015 to approximately RMB8.3 million as at 31 December 2016, which was mainly due to the increase in payroll payable as a result of the overall salary increase for our employees, increased headcount in 2016 and the increase in bonus payable to our employees which is in line with the significant increase in our profits in 2016. Our other payables and accruals increased to approximately RMB12.9 million as at 31 December 2017 primarily due to further increase in staff cost which was in line with the significant increase in revenue in 2017. Our other payables and accruals increased slightly to approximately RMB13.8 million as at 30 April 2018, which has remained relatively stable from the end of 2017.

Advances from funds managed

Advances from funds managed mainly represented the advanced payment of regular management fees from our managed funds. The balance of the advances from funds managed amounted to approximately RMB0.2 million, RMB1.0 million, RMB29.0 million and RMB29.9 million as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018. The increase of advances from funds managed as at 31 December 2017 and 30 April 2018 was mainly attributable to the entering of more favourable agreements requiring the advanced payment of regular management fees.

Our right to require advance payments from our managed funds as general partner are generally preserved in the relevant constitutional documents of our managed funds, whether we would exercise such right depends on the specific nature of each investment project, which is not uncommon in the industry as advised by Frost & Sullivan. As at 31 December 2017 and 30 April 2018, we recorded advances from funds managed amounting to approximately RMB29.0 million and RMB29.9 million, out of which RMB27.1 million and RMB27.7 million represented the advanced management fees from Yuhang Xinquayuan Project* (余杭馨華園項目) as it has sufficient cash flow after initial investment into the asset portfolio, therefore we exercised our rights to collect first two years management fees pursuant to the partnership agreement.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios as at the dates or for the periods indicated:

	As at/for the year ended 31 December			As at/for the four months ended
	2015	2016	2017	30 April 2018
Current ratio ⁽¹⁾	21.3 times	6.2 times	3.2 times	1.6 times
Gearing ratio ⁽²⁾	N/A	N/A	N/A	N/A
Debt to equity ratio ⁽³⁾	Net cash	Net cash	Net cash	Net cash
Return on total assets ⁽⁴⁾	9.8%	24.3%	22.4%	8.3%
Return on equity ⁽⁵⁾	10.3%	27.2%	28.3%	12.2%
Interest coverage ⁽⁶⁾	N/A	N/A	N/A	N/A
Net profit margin ⁽⁷⁾	29.7%	51.7%	48.4%	48.9%

Notes:

1. Current ratio is calculated by total current assets over total current liabilities as at the end of the relevant year.
2. Gearing ratio is calculated as total borrowings divided by total equity as at the end of the relevant years/period and multiplied by 100%. We did not have borrowing as at the end of the relevant years/period.
3. Debt to equity ratio is calculated by the net debt (all borrowings net of cash and cash equivalents) divided by the total equity as at the end of the relevant year/period.
4. Return on total assets is calculated by profit after taxation for the year over total assets at the end of the relevant years/period and multiplied by 100%.
5. Return on equity is calculated by profit after taxation for the year over total equity at the end of the relevant years/period and multiplied by 100%. The ratio for the four months ended 30 April 2018 is based only on four months profit after taxation figures.
6. Interest expenses for coverage ratio is calculated by dividing profit before interest and tax from continuing operations by interest expense of the relevant years/period. The ratio for the four months ended 30 April 2018 is based only on four months profit after taxation figures.
7. Net profit margin is calculated by net profit after tax over revenue of the relevant years/period and multiplied by 100%.

Current ratio

Our current ratio was approximately 21.3 times, 6.2 times, 3.2 times and 1.6 times as at 31 December 2015, 2016 and 2017, and 30 April 2018, respectively. The decrease of our current ratio during the Track Record Period was mainly because of the increasing balance of advances from funds managed. In addition, we recognised a dividend payable of RMB45.0 million as at 30 April 2018, and accordingly our current ratio further decreased as at 30 April 2018.

FINANCIAL INFORMATION

Gearing ratio and debt to equity ratio

Gearing ratio was not applicable since our Group did not have any borrowings as at 31 December 2015, 2016 and 2017, and 30 April 2018, respectively. Accordingly, we recorded net cash position as at 31 December 2015, 2016 and 2017, and 30 April 2018.

Return on total assets

Our return on assets increased from approximately 9.8% for the year ended 31 December 2015 to approximately 24.3% for the year ended 31 December 2016. Such increase was mainly attributable to the increase in profit after tax of approximately RMB32.8 million for the year ended 31 December 2016 arising from our business expansion. The return on total assets for the year ended 31 December 2017 slightly decreased to approximately 22.4%, which was mainly due to increase in total assets following the growth in business in 2017. For the four months ended 30 April 2018, our return on total assets decreased to approximately 8.3%, which was considered not comparable to that of a full year.

Return on equity

Our return on equity increased from approximately 10.3% for the year ended 31 December 2015 to approximately 27.2% for the year ended 31 December 2016 which was attributable to the increase in profit after tax arising from our business expansion. Our return on equity for the year ended 31 December 2017 slightly increased to approximately 28.3%. For the four months ended 30 April 2018, our return on equity decreased to approximately 12.2% which was considered not comparable to that of a full year.

Interest coverage

No interest expense was incurred for the years ended 31 December 2015, 2016 and 2017, and for the four months ended 30 April 2018 and hence interest coverage was not applicable.

Net profit margin

Our net profit margin was approximately 29.7%, 51.7%, 48.4% and 48.9% for the years ended 31 December 2015, 2016 and 2017, and for the four months ended 30 April 2018, respectively. Such fluctuation was in line with our business expansion and profitability during the Track Record Period.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

For the details of all related party transactions, please see note 28 in the Accountants' Report in Appendix I to this prospectus. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on normal commercial terms. Our Directors are of the view that the related party transactions did not cause any distortion of our results of operations or make our historical results not reflective in the Track Record Period.

OPERATING LEASE ARRANGEMENTS

As lessee

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

At 31 December 2015, 2016 and 2017 and 30 April 2018, our Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	4,032	3,173	4,213	5,155
In the second to fifth years, inclusive . .	13,037	7,407	5,220	5,011
	<u>17,069</u>	<u>10,580</u>	<u>9,433</u>	<u>10,166</u>

WORKING CAPITAL MANAGEMENT

We adopt the following approaches to manage our Group's working capital requirements:

- (i) we will monitor our cash flow situation closely and adopt a more conservative approach on further working capital requirements, capital commitment, and investment, if any;
- (ii) we expect to finance our operation and capital requirement by utilising our existing financial resources; or
- (iii) net proceeds that we expect to receive from the Share Offer (assuming that the Over-allotment Option is not exercised) are estimated to be approximately HK\$182.0 million (being the mid-point of the indicative Offer Price range of HK\$6.0 per Offer Share). We will review our implementation plan in relation to the expansion and capital requirements from time to time and reschedule our implementation plan if necessary.

FINANCIAL INFORMATION

Our Directors are committed to keep monitoring our working capital requirements as well as financial position.

WORKING CAPITAL SUFFICIENCY

We have historically financed our operations through cash from operating activities.

Our Directors are of the opinion, and the Sole Sponsor and the reporting accountants concur, that we have sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus, taking into account (i) our Group's bank balance of cash as at 30 April 2018; (ii) the cash flows from our operations; and (iii) the estimated net proceeds from the Share Offer.

Our Directors confirm that there had not been any material defaults in payment of other payables during the Track Record Period.

INDEBTEDNESS

We did not have any outstanding indebtedness as at 31 August 2018. We confirm that there has not been any material change in our outstanding indebtedness since 31 August 2018.

Contingent liabilities

As at 31 August 2018, our Group had not maintained any debenture, mortgages, charges or acceptance credits or hire purchase commitments, or guarantees or significant contingent liabilities.

The Directors confirmed that our Company did not have material defaults in payment of trade or non-trade payables, or breaches of finance covenants (if any) during the Track Record Period.

Unutilised banking facilities

We do not have any unutilised banking facilities as at the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Further, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL INFORMATION

DIVIDENDS

Dividends

Our Group declared interim dividends of RMB35.0 million and final dividends of RMB45.0 million in respect of the year ended 31 December 2016 and the year ended 31 December 2017, respectively. The interim dividend for 2016 has been paid by our Company. The final dividends for 2017 was fully settled in late August 2018. Save as disclosed, no other dividend was declared or paid by our Group during the Track Record Period. As at 30 April 2018, we had no intention to declare any other dividend prior to the Listing.

Dividend policy

We may distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the approval of our Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval.

Our Board will review the dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid: (i) our results of operations; (ii) our cash flows; (iii) our financial condition; (iv) our Shareholders' interests; (v) general business conditions and strategies; (vi) our capital requirements; (vii) the payment by our subsidiaries of cash dividends to us; and (viii) other factors our Board may deem relevant.

Our Board has the discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment. Such discretion is subject to any applicable laws and regulations, and our Articles which also require the approval of our Shareholders. The amount of any dividends to be declared and paid in the future will depend on, among others, our dividend policy, results of operations, cash flows and financial condition, operating and capital requirements and other relevant factors. Our Board has not adopted any dividend policy for the time being and does not have any predetermined dividend ratio. Our Board will consider the relevant factors when determining the dividends to be declared if any. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future.

Future dividend payment may be subject to withholding and other tax. Please refer to the section headed "Risk factor — You may be subject to PRC taxation" of this prospectus for details.

DISTRIBUTABLE RESERVES

As at 30 April 2018, our Company had distributable reserves of approximately RMB50.6 million available for distribution to our Shareholders. For details of our reserves please refer to note 23 in the Accountant's Report in Appendix I to the prospectus.

FINANCIAL INFORMATION

FINANCIAL RISKS DISCLOSURE

Our Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for our Group's operations. Our Group has various other financial assets and liabilities such as trade receivables and investments in associates or a joint venture at fair value through profit or loss, which arise directly from its operations.

The main risks arising from our 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 Group's trade receivables mainly represent regular management fee based on a predetermined fixed percentage of the assets value under management and paid out in the priority of the funds' distributable cash flow, the directors of the Company are of the opinion that the balances are considered fully recoverable.

Liquidity risk

Our Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, convertible bonds, finance leases and other interest-bearing loans.

There was no significant financial liability as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018.

Price risk

Our Group is exposed to price risk in respect of the investments in associates or a joint venture measured at fair value through profit or loss held by our Group. Our Group is not exposed to commodity price risk. To manage its price risk arising from the investments, our Group diversifies its portfolio. Each investment is managed by senior management on a case by case basis.

Capital management

The primary objectives of our Group's capital management are to safeguard our 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.

Our 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, our Group may adjust the dividend payment to shareholders, return capital to

FINANCIAL INFORMATION

shareholders or issue new shares. Our 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 2015, 2016 and 2017 and four months ended 30 April 2018.

The Group monitors capital using a liabilities/assets ratio, which is total liabilities divided by the total assets. The liabilities/assets ratios as at the dates indicated were as follows:

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total liabilities	5,195	18,583	59,267	103,683
Total assets	105,613	177,100	282,881	330,966
Liabilities/assets ratio	4.9%	10.5%	21.0%	31.3%

FINANCIAL INSTRUMENTS

During the Track Record Period and as at 30 April 2018, we did not enter into any other financial instruments for hedging purposes.

LISTING EXPENSES

Assuming an Offer Price of HK\$6.0 (being the mid-point of the indicative Offer Price range) and the Over-allotment Option is not exercised, we expect to incur estimated total Listing expenses of approximately HK\$48.1 million (equivalent to RMB42.3 million), of which (i) approximately RMB1.2 million, RMB9.6 million and RMB3.9 million has been recognised in our income statement for the two years ended 31 December 2017 and the four months ended 30 April 2018, respectively; (ii) RMB13.5 million is expected to be recognised in the income statement before Listing (according to our current estimation); and (iii) the remaining RMB14.1 million is expected to be recognised as a deduction in equity directly for the year ending 31 December 2018. Expenses in relation to the Listing are non-recurring in nature. Our Group's financial performance and result of operations for the year ended 31 December 2017 has been, and for the year ending 31 December 2018 will be, significantly and adversely affected by the expenses in relation to the Listing. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions.

Prospective investors should note that our financial results for the year ending 31 December 2018 will be adversely affected by the non-recurring Listing expenses described above, and may not be comparable to the financial performance of our Group in the past.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please refer to the section headed “Unaudited Pro Forma Financial Information” set out in Appendix II to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as at 30 April 2018, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period, we continued our focus on the management business of real estate investment funds in the PRC.

We have principally completed three sizeable investment projects after the Track Record Period and up to the Latest Practicable Date, namely the Dianshanhu Project (淀山湖項目), the Ningbo Zhenhai Project (寧波鎮海項目) and the Fuzhou Wanbaocheng Project (福州萬寶城項目). Our funds have substantially exited from these projects and we have received the performance fees as well as all the regular management fees arising from the relevant investments.

Dianshanhu Project (淀山湖項目)

The Dianshanhu Project is an urbanisation and redevelopment project comprised of flats and villa type properties located in the junction of Shanghai and Suzhou targeting high-end customers. The total investments made by the funds managed by us amounted to approximately RMB1,100.0 million. For the two years ended 31 December 2017 and the four months ended 30 April 2018, we have generated regular management fees of approximately RMB1.0 million, RMB27.3 million and RMB5.3 million, from this project, respectively. After the Track Record Period and up to the Latest Practicable Date, we have generated regular management fees and performance fees of approximately RMB0.3 million and RMB7.5 million from this project, respectively. As at the Latest Practicable Date, Dianshanhu Project is undergoing final settlement procedures and the full closure of such project is expected to take place before December 2018.

FINANCIAL INFORMATION

Ningbo Zhenhai Project (寧波鎮海項目)

The Ningbo Zhenhai Project is an urbanisation and redevelopment project comprised of flats and shopping malls with a total lettable area of approximately 126,000 sq.m. Our funds have made an investment of up to approximately RMB316.8 million. For the two years ended 31 December 2017 and the four months ended 30 April 2018, we have generated regular management fees of approximately RMB2.4 million, RMB4.6 million and RMB0.5 million, respectively, from this project. For the four months ended 30 April 2018, we have generated performance fees of approximately RMB11.6 million from this project. After the Track Record Period and up to the Latest Practicable Date, we have generated regular management fees of approximately RMB0.01 million from this project. Ningbo Zhenhai Project has exited in September 2018.

Fuzhou Wanbaocheng Project* (福州萬寶城項目)

The Fuzhou Wanbaocheng Project is a commercial real estate project located in the central business district of Fuzhou, Fujian Province which involved the conversion of an old bomb shelter to a shopping mall with lettable area of up to 192,488 m². The total investments made by the funds managed by us amounted to approximately RMB650.0 million. For the three years ended 31 December 2017 and the four months ended 30 April 2018, we have generated regular management fees of approximately RMB0.3 million, RMB22.3 million, RMB10.9 million and nil, respectively from such project, as well as performance fees of approximately RMB14.3 million and RMB4.6 million for the year ended 31 December 2017 and the four months ended 30 April 2018, respectively. Our funds had exited from such project in July 2018.

We continue source and select suitable investment projects and set up funds to invest in them. As at the Latest Practicable Date, our business development department and steering committee were evaluating five investment proposals with potential investment amount of RMB1,470.0 million.

In addition to our major developments in our urbanisation and redevelopment projects, we have also further developed our distressed assets portfolio after the Track Record Period. We have entered into a strategic cooperation in June 2018 with a sizeable licensed AMC corporation (the “**AMC Partner**”) and a sizeable Wuxi based investment company (the “**Wuxi Partner**”) with a view to develop future distressed assets investment opportunities in the area of Jiangsu province of the PRC. Under the terms of the strategic cooperation, we intend to raise up to RMB2.0 billion by the end of 2018 for a fund to be set up jointly by the parties and use Jinkai Dongrui, a former subsidiary of our Company, as the platform to manage such fund and to further develop our relationship with these parties. Accordingly, we have transferred 27.5% and 27.5% equity interests in Jinkai Dongrui to the AMC Partner and the Wuxi Partner in June 2018, respectively. Please refer to the section headed “History, development and corporate structure” of this prospectus for further details of Jinkai Dongrui.

FINANCIAL INFORMATION

As at the Latest Practicable Date, the aggregate AUM of the distressed assets held by our funds amounted to approximately RMB2,593.8 million, all of which were secured by underlying real estate and/or related assets. Set out below is a breakdown of the major distressed assets held by our Group as at the Latest Practicable Date:

	AUM as at the Latest Practicable Date	Holding period as at the Latest Practicable Date	Expected date of realisation
	<i>RMB'million</i>	<i>months</i>	
Yuhang Xinhua Yuan Project* (余杭馨華園項目)	1,062.1	16	November 2018
Dongfang Baorui Distressed Assets Project* (東方保瑞不良資產項目)	1,450.0	30	April 2020
Xinda Jiangsu 11 Projects* (信達江蘇11戶項目)	81.7	11	September 2021
Total	2,593.8		

We have also set up Guangwei Juyao (Qingdao) Wealth Asset Management Company Limited* (光瑞聚耀(青島)財富資產管理有限公司) (the “**Qingdao JV**”) on 18 September 2018 with Northern International Trust Limited* (北方國際信托股份有限公司) (“**SOE A**”) and Everbright Management (Qingdao) Limited* (光大金控(青島)有限公司) (“**SOE B**”). SOE A is a PRC state controlled enterprise principally engaged in asset management business with operations in Beijing, Shanghai, Shenzhen, Chengdu and Wuhan. SOE B is a PRC state controlled enterprise principally engaged in investment funds management in the PRC. Its assets portfolio includes real estate investment funds, venture capital funds, securities investment funds and forex funds. As at the Latest Practicable Date, the Qingdao JV is owned as to 42% by SOE A, 40% by SOE B and 18% by our Company, and the capital contribution to be made shall be RMB21.0 million, RMB20.0 million and RMB9.0 million by SOE A, SOE B and our Company, respectively. The Qingdao JV is expected to commence wealth management business in early 2019.

Save as the Listing expenses, our Group did not have any significant non-recurring items in its consolidated statements of profit or loss and other comprehensive income subsequent to the Track Record Period. The net current assets of our Group as at 30 April 2018 were approximately RMB54.0 million. As at the Latest Practicable Date, approximately RMB9.9 million or 24.1% of our trade receivables outstanding as at 30 April 2018 has been subsequently settled. Considering our business strategy of applying approximately 30% of the net proceeds for geographical expansion of our business in the PRC by setting up new subsidiaries and representative offices, the administrative expenses including staff costs are expected to increase for the year ending 31 December 2018

FINANCIAL INFORMATION

significantly, which will affect our profitability and net profit margin notwithstanding that our revenue is expected to increase, as driven by the expansion of our AUM which was mainly the result of the increase in our FOFs. For details of the set-up costs, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

MATERIAL ADVERSE CHANGE

Save for the Listing expenses to be recognised for the year ending 31 December 2018, our Directors confirmed that up to the date of this prospectus, there was no material adverse change in our financial position since 30 April 2018, being the last date of our latest audited financial results as set out in the Accountants’ Report in Appendix I to this prospectus.

BUSINESS COMBINATION

(a) Acquisition of Qiaofang Investment

On 15 March 2017, the Group acquired a 51% equity interest in Qiaofang Investment. The acquisition was made as part of our Group’s strategy to provide investment-related service. The purchase consideration for the acquisition was in the form of cash, at RMB1,530,000 and paid at the acquisition date.

The fair values of the identifiable assets and liabilities of Qiaofang Investment as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	<i>RMB’000</i>
Property, plant and equipment.	25
Other intangible assets	2,763
Cash and bank balances	172
Prepayments and other receivables	249
Accruals and other payables	(551)
Tax payable	(28)
Deferred tax liabilities	(690)
Total identifiable net assets at fair value.	1,940
Non-controlling interests.	(951)
	989
Goodwill on acquisition*	541
Satisfied by cash.	1,530

* Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. As at 31 December 2017, goodwill relating to the acquisition of Shanghai Qiaofang was fully written off.

FINANCIAL INFORMATION

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(1,530)
Cash and bank balances acquired	172
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(1,358)</u>

Since the acquisition, Qiaofang Investment contributed nil to our Group's revenue and recorded a loss of approximately RMB5.9 million to the consolidated profit for the year ended 31 December 2017.

(b) Acquisition of Jiasheng Ruixin

The agreement

On 30 June 2017, our Company entered into two separate share transfer agreements (the “**Share Transfer Agreements**”) with each of Tianjin Baoliying and Mingda Century (“**Vendors**”). Pursuant to the Share Transfer Agreements, completion of which took place on 3 July 2017, the Company acquired 90% and 10% of the equity interests in Jiasheng Ruixin from Tianjin Baoliying and Mingda Century, respectively. Subsequent to such transfer, Jiasheng Ruixin became a direct wholly-owned subsidiary of our Company. Immediately prior to our acquisition of the entire equity interests in Jiasheng Ruixin, Jiasheng Ruixin was owned as to 90% by Tianjin Baoliying and as to 10% by Mingda Century, respectively. As at 3 July 2017, Tianjin Baoliying was owned as to 70% by Baoyingxingye (Tianjin) Group Limited* (寶盈興業(天津)集團有限公司) and 30% by Zhuang Shibin, and Mingda Century was 100% owned by Feng Dong (馮棟). Tianjin Baoliying, Mingda Century, Baoyingxingye (Tianjin) Group Limited, Zhuang Shibin and Feng Dong are all Independent Third Parties.

Reasons for and benefits of the acquisition of Jiasheng Ruixin

Jiasheng Ruixin was established in Tianjin, the PRC as a limited liability company on 30 June 2016. Jiasheng Ruixin is a holder of a Licence of Operating Securities and Futures Business* (經營證券期貨業務許可證) granted by the CSRC. At the time of our acquisition, Jiasheng Ruixin did not have a substantial operation.

FINANCIAL INFORMATION

During the Track Record Period, we established Ruiwei Investment Management as part of our collaboration with Fortune & Goal Investment for the purpose expanding our sales channel through obtaining Licence of Operating Securities and Futures Business. However, due to a shift in PRC government policies, our Directors considered it difficult to newly apply for a licence and we thus ceased such collaboration. Our Directors consider that although Jiasheng Ruixin did not have a significant business, its Licence of Operating Securities and Futures Business is a valuable asset which allow its holder to sell both public and private funds. The revenue model of Jiasheng Ruixin would comprise commissions to be charged on the investment products based on a percentage of the investments brought in. As sizeable PRC institutional investors generally would, as part of their selection criteria, require the relevant fund managers to have such licence when selecting private equity investments, our Directors believe that with the Licence of Operating Securities and Futures Business on hand, we will be able to market our investment products to larger and a wider range of institutional investors. For high-net-worth individuals, as the Licence of Operating Securities and Futures Business will allow us to market other investment products together with our funds and therefore enriching our product offerings to our customers, our Directors believe that our funds will be more attractive to our customers after we obtained such licence. Our Directors therefore consider that owning such licence represents an important strategic move for our Group to (i) expand our reach to different investors; (ii) strengthen our sale capability; and (iii) potentially provide us an additional sources of revenue through distribution of third party products.

However, as the above stated long term strategic goals were not immediately achievable and that the benefits brought to the Group may not be easily quantifiable as directly attributable to the acquisition of Jiasheng Ruxin in the foreseeable future, the goodwill of approximately RMB6.1 million was fully written off due to the reasons mentioned in the paragraph headed “Other expenses” in this section.

As at the Latest Practicable Date, our Group were considering various options in the development and integration of the business of Jiasheng Ruixin.

For further details of our acquisition of Jiasheng Ruixin, please refer to the section headed “History, development, and corporate structure — Jiasheng Ruixin” of this prospectus.

Consideration

It was agreed among the parties that the consideration of the acquisition would be comprised of two parts, namely an aggregate cash consideration of RMB20.0 million under the Share Transfer Agreements and a 3-year interest free loan of RMB50.0 million. The provision of such loan was part of the consideration which was required by the Vendors and mutually agreed by our Company and the Vendors after considered that (i) Jiasheng Ruixin Acquisition was the only offer available at the relevant period to the Company; (ii) the long-term strategic benefits of the Licence of Operating Securities and Futures Business as mentioned above and (iii) the loan arrangement would have no material adverse impact on our financial position.

FINANCIAL INFORMATION

As the Vendors were considering to expand their business in Shanghai, they requested that the loan was to be extended to a Shanghai local company that they would establish/ identify later. In order to facilitate the acquisition, the Company proposed the loan to be extended to Shanghai Ruiwei Investment. Shanghai Ruiwei Investment was previously owned as to 50% and 50% by Mr. Zhu and Mr. Duan, respectively and was subsequently disposed to two Independent Third Parties in September 2015 at nil consideration. As Shanghai Ruiwei Investment did not have substantial business and that the two Independent Third Parties were planning to dispose of their interests in Shanghai Ruiwei Investment as they were prepared to retire, the Vendors accepted the offer.

To avoid multiple transfers and possible delay, on 1 July 2017, Jiasheng Ruixin and Shanghai Ruiwei Investment directly entered into the loan agreement (“**Loan Agreement**”) for an aggregate sum of RMB50 million. On 4 July 2017, upon completion of the Share Transfer Agreement, the Company injected RMB35 million into Jiasheng Ruixin, and Shanghai Ruiwei Investment subsequently drawdown the whole RMB50 million loan amount. In October 2017, the shareholding interests in Shanghai Ruiwei Investment were transferred to the nominees of the Vendors to complete the acquisition.

As the loan is interest free, we recorded approximately RMB3.9 million difference between fair value and original amount of interest-free loan. As such, total consideration was approximately RMB23.9 million. The loan is repayable in accordance with the following schedule: (i) not less than RMB20.0 million before 31 March 2018; (ii) not less than RMB20.0 million before 31 March 2019; and (iii) all of amount remained outstanding before 31 March 2020. Mr. Tian Xinyou, a director of Jiasheng Ruixin, has agreed to provide an unconditional personal guarantee to our Group in respect of the liabilities and obligations of Shanghai Ruiwei Investment. In addition, Mr. Zhu has provided an additional guarantee for any outstanding part which cannot be recovered from the personal guarantee given by Mr. Tian Xinyou to our Group in respect of the liabilities and obligations of Shanghai Ruiwei Investment under the loan agreement and such guarantees will be valid until all of the liabilities and obligations of Shanghai Ruiwei Investment under the loan agreement have been fulfilled. As at 30 April 2018, the outstanding balance of the loan was RMB30.0 million and we have recorded a balance of RMB28.0 million (being the present value of the loan) less the allowance of doubtful amounts that we are required to make under IFRS 9.

Our Directors believe that the terms of the Share Transfer Agreements are fair and reasonable, on normal commercial terms and are in the interests of our Company and the Shareholders as a whole.

FINANCIAL INFORMATION

Records in our book

The fair values of the identifiable assets and liabilities of Jiasheng Ruixin as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	<i>RMB'000</i>
Cash and bank balances	25,000
Prepayments and other receivables	20,076
Accruals and other payables	(27,239)
Total identifiable net assets at fair value.	<u>17,837</u>
Goodwill on acquisition	<u>6,074</u>
Acquisition consideration	<u>23,911</u>

Since our acquisition, Jiasheng Ruixin contributed approximately RMB2.1 million to the Group's revenue and recorded loss of approximately RMB1.6 million to the consolidated profit for the year ended 31 December 2017.

As we have not yet commenced integration and business development on Jiasheng Ruixin, it did not record meaningful contribution to our Group. Accordingly, our Directors have written off the goodwill of this transaction.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(20,000)
Cash and bank balances acquired	<u>25,000</u>
Net inflow of cash and cash equivalents included in cash flows from investing activities	<u>5,000</u>
Cash	<u>20,000</u>
Difference between fair value and original amount of interest-free loan	<u>3,911</u>

FINANCIAL INFORMATION

DISPOSAL OF SUBSIDIARIES

(a) Jiangsu Realway

Jiangsu Realway has a registered share capital of RMB5,000,000 which was contributed as to 90% by our Company and 10% by Mr. Cheng Jun (成軍) at establishment. On 10 October 2015, our Company and Mr. Cheng Jun (成軍) transferred their respective equity interest in Jiangsu Realway to Shanghai Hongyi Investment Consultancy Co., Ltd* (上海鴻一投資諮詢有限公司) (“**Shanghai Hongyi**”) Consultancy for a consideration of RMB4,500,000 and RMB500,000, respectively, upon completion of which, Jiangsu Realway ceased to be a subsidiary of the Company. We disposed Jiangsu Realway because our Directors believe that we were unlikely to benefit from favourable policies of the local government of the place of which Jiangsu Realway was registered. As confirmed by our PRC Legal Advisors, Jiangsu Realway complied with the applicable PRC laws and regulations prior to such disposal. To the best knowledge and belief of the Directors: (i) Shanghai Hongyi and its ultimate beneficial owners are Independent Third Parties; (ii) the inclusion of Jiangsu Realway in our Group would not have affected our eligibility for Listing.

The carrying values of the assets and liabilities of Jiangsu Realway on the date of disposal were as follows:

	<i>RMB'000</i>
Cash and bank balances	24
Prepayments, deposits and other receivables	5,125
Net assets disposed of	5,149
Loss on disposal of a subsidiary	(149)
Satisfied by cash	5,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Jiangsu Realway is as follows:

	<i>RMB'000</i>
Cash consideration	5,000
Cash and bank balances disposed of	(24)
Net inflow of cash and cash equivalents in respect of the disposal of Jiangsu Realway	4,976

FINANCIAL INFORMATION

(b) Ruiwei Investment Management

On 17 January 2017, the Company transferred the entire equity interest of Ruiwei Investment Management held by it to Beijing Zhonghui Xinde Investment Consultancy Co., Ltd* (北京中匯信德投資諮詢有限公司) (“**Zhonghui Xinde**”) for a consideration of RMB5,000,000, upon completion of which, Ruiwei Investment Management ceased to be a subsidiary of the Company. As confirmed by our PRC Legal Advisors, Ruiwei Investment Management complied with the applicable PRC laws and regulations prior to such disposal. To the best knowledge and belief of the Directors: (i) Zhonghui Xinde and its ultimate beneficial owners are Independent Third Parties; (ii) the inclusion of Ruiwei Investment Management in our Group would not have affected our eligibility for Listing.

The carrying values of the assets and liabilities of Ruiwei Investment Management on the date of disposal were as follows:

	<i>RMB'000</i>
Cash and bank balances	17
Prepayments, deposits and other receivables	5,544
Property, plant and equipment.	625
Other payables and accruals	(1,209)
Net assets disposed of	4,977
Gain on disposal.	23
Satisfied by cash.	5,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Ruiwei Investment Management is as follows:

	<i>RMB'000</i>
Cash consideration	5,000
Cash and bank balances disposed of	(17)
Net inflow of cash and cash equivalents in respect of the disposal of Ruiwei Investment Management	4,983

FINANCIAL INFORMATION

(c) Shanghai Ruifu

Shanghai Ruifu, previously known as Shanghai Maijue Investment Management Co., Ltd, was established in Shanghai, the PRC as a limited liability company on 22 September 2015. Our Company held 51% of the entire equity interests in Shanghai Ruifu. As at 23 November 2016, the registered capital of Shanghai Ruifu was not paid up and our Company acquired the remaining 49% of the entire equity interests in Shanghai Ruifu with a cash consideration amounting to RMB10,000. Upon such acquisition, Shanghai Ruifu became a wholly-owned subsidiary of our Company.

Subsequent to the completion of the transfer of 30% and 20% of the entire equity interests in Shanghai Ruifu by the Company to Shanghai Jian'ai and Shanghai Yunheng, respectively, on 8 June 2017, Shanghai Ruifu was owned as to 50%, 30% and 20% by our Company, Shanghai Jian'ai and Shanghai Yunheng, respectively, and Shanghai Ruifu ceased to be a subsidiary of the Company. Shanghai Jian'ai is owned as to 50% by Mr. Tian Xinyou (田辛酉) who is a director of Jiasheng Ruixin. To the best knowledge and belief of the Directors, after making reasonable enquiries, Shanghai Yunheng and its ultimate beneficial owner are Independent Third Parties.

The carrying values of the assets and liabilities of Shanghai Ruifu on the date of disposal were as follows:

	<i>RMB'000</i>
Cash and bank balances	996
Net assets before disposal.	996
Cash consideration for 50% shares	500
Fair value of retaining 50% equity interest included in	
interests in joint ventures	498
Gain on disposal of a subsidiary.	2
Net outflow of cash and cash equivalents in respect of	
the disposal of Shanghai Ruifu	<u>(496)</u>

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Alliance Capital Partners Limited
Yue Xiu Securities Company Limited
SPDB International Capital Limited
Guosen Securities (HK) Capital Co., Ltd

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is offering initially 3,834,000 Public Offer Shares (subject to adjustment) for subscription by way of the Public Offer at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee granting the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Share Offer (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) as mentioned herein and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriter(s) have severally agreed to subscribe or procure subscriptions for their respective applicable proportions of the Public Offer Shares now being offered but which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to, among other things, the Placing Underwriting Agreement having been signed and becoming unconditional.

UNDERWRITING

Grounds for Termination

The obligations of the Public Offer Underwriter(s) to subscribe or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination if, at any time before 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into force:
 - (i) any change or development involving a prospective change, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal, regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a significant devaluation of the Hong Kong dollar or the Renminbi against the currency of the United States) in or affecting Hong Kong, China, the United States, any member of the European Union, Singapore, Japan, the United Kingdom or any other jurisdiction relevant to any member of our Group (collectively the “**Relevant Jurisdictions**”); or
 - (ii) any new laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgements, decrees or rulings of any governmental authority relevant to the Group (the “**Law**”) or change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application of the Law by any court or other competent authority in any of the Relevant Jurisdictions generally; or
 - (iii) any widespread event or series of widespread events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, outbreak of diseases, epidemics or pandemics (including, but not limited to SARS, swine or avian flu, H5N1, H5N6, H1N1, H1N7, H7N9 and such related) mutated forms, breakdown in computer or communication or telecommunication network or system, civil commotion, riot, public disorder, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions generally; or

UNDERWRITING

- (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency, declaration of a national or international emergency or war, or calamity or crisis in or affecting any of the Relevant Jurisdictions generally; or
- (v) (1) any, moratorium, suspension of, or restriction or limitation on, trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ National Market or the London Stock Exchange or (2) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions, declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or by any member of the European Union on any of the Relevant Jurisdictions; or
- (vii) any material change or prospective material change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions (including without limitation a devaluation of the Hong Kong dollar or the Renminbi against the currency of the United States) or the implementation of any exchange control in any of the Relevant Jurisdictions; or
- (viii) the commencement by any state, governmental, judicial, law enforcement agency, regulatory or political body or organisation (collectively the “**Organisations**”) of any action, proceedings, investigation or enquiry, or any sanction, penalty or reprimand imposed or issued by any of the Organisations, against any member of our Group or any Director or an announcement by any of the Organisations that it intends to take any such action; or
- (ix) any litigation or claim being threatened or instigated against any member of our Group or any Director; or
- (x) a Director being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or
- (xi) the chairman or chief executive officer of our Company vacating his office; or

UNDERWRITING

- (xii) a contravention by any member of our Group of the Company Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the Listing Rules or any applicable Law; or
- (xiii) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares under the terms of the Share Offer; or
- (xiv) non-compliance of this prospectus, the relevant offering circulars (or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Share Offer with the Companies Ordinance, the Companies (Wind Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any other applicable Law; or
- (xv) other than with the approval of the Joint Global Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to this prospectus (or to any other documents used in connection with the subscription or sale of the Offer Shares) under the Companies Ordinance, the Companies (Wind Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xvi) a valid demand by any creditor for repayment or payment of any material indebtedness of any member of our Group or in respect of which any member of our Group is liable before its stated maturity; or
- (xvii) any material loss or material damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xviii) a petition is presented for the winding up or liquidation of any member of our Group or bankruptcy of any Director, or any member of our Group or any Director makes any composition or arrangement with its or his creditors or enters into a scheme of arrangement, or any resolution is passed for the winding up of any member of our Group, or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or any Director or any analogous matter occurs in respect of any member of our Group or any Director,

and which, in any such case and in the reasonable opinion of the Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriter(s)),

UNDERWRITING

- (1) is or will or may or is likely to be materially adverse to, or materially and prejudicially affect, the business, management, general affairs, financial or trading position or prospects of our Group as a whole; or
 - (2) has or will have or may have or is likely to have a material adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or
 - (3) makes or will or may make or is likely to make it impracticable, inadvisable or inexpedient to proceed with the Public Offer and/or the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or
 - (4) makes or will or may make or is likely to make it impracticable, inadvisable or inexpedient for any part of the Public Offer Underwriting Agreement (including underwriting), the Public Offer and/or the Share Offer (including processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof) to be performed or implemented as envisaged; or
- (b) there has come to the notice of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers or any of the Public Offer Underwriter(s) after the date of the Public Offer Underwriting Agreement:
- (i) any statement or information, or any matter or circumstance that renders or could render any statement or information, contained in this prospectus, the Application Forms, the formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Public Offer and/or the Placing (including any supplement or amendment to any of the documents) (collectively, the “**Offer Documents**”) was or has or may become, untrue, incorrect or misleading in any material respect or that any estimate, forecast, expression of opinion, intention or expectation expressed in any Offer Document is not or may not be, in the reasonable opinion of the Joint Global Coordinators, fair and honest and based on reasonable assumptions; or
 - (ii) any matter or circumstance has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, constitute a material omission from any of the Offer Documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Public Offer and/or the Placing (including any supplement or amendment thereto); or

UNDERWRITING

- (iii) any breach of, or any event rendering untrue, incorrect or misleading, any of the Warranties or confirmations given by our Company, the Executive Directors in the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or
- (iv) any breach of any of the obligations, warranties or undertakings of our Company, our Controlling Shareholder or the Executive Directors under the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or
- (v) any event, act or omission which gives or may give or is likely to give rise to any liability of any of our Controlling Shareholder, Executive Directors and our Company pursuant to the indemnity provisions under the Public Offer Underwriting Agreement; or
- (vi) any information, matter or event which in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriter(s));
 - (1) is inconsistent in any respect with any information contained in Form H in Appendix 5 to the Listing Rules given by our Directors; or
 - (2) would cast any serious doubt on the integrity or reputation of any Director or the reputation of our Group; or
- (vii) any material adverse change or development or prospective material adverse change or development in the conditions, business, general affairs, management, prospects, assets, liabilities, shareholders' equity, profits, losses, operating results, the financial or trading position or performance of any member of our Group; or
- (viii) approval by the Listing Committee of the listing of, and permission to deal in, the H Shares is refused or not granted, other than subject to customary conditions, on or before the date of approval of the Listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (ix) our Company withdraws any of the Offer Documents (and any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or the Share Offer; or

UNDERWRITING

- (x) any person (other than the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents,

then the Joint Global Coordinators may, upon giving notice orally or in writing to our Company, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, terminate the Public Offer Underwriting Agreement with immediate effect.

UNDERTAKINGS TO THE STOCK EXCHANGE UNDER THE LISTING RULES

By us

Under Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except pursuant to the Share Offer or for the circumstances provided under Rule 10.08 of the Listing Rules.

By the Controlling Shareholders Group

Pursuant to Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange that he/it shall not and shall procure that each of the Partnership Shareholders shall not:

- (i) during the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which he/it is shown by this prospectus to be the beneficial owners; and
- (ii) in the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders would cease to be the controlling shareholders of our Company.

UNDERWRITING

Mr. Zhu and Shanghai Shengxuan have also undertaken to the Stock Exchange that at any time during the First Six-Month Period and the Second Six-Month Period, whenever a limited partner notifies any of the Partnership Shareholder of his/her/its intention to dispose of his/her/its interests (the “**Proposed Disposal**”) in the relevant Partnership Shareholder, Mr. Zhu or Shanghai Shengxuan shall exercise his/its right as general partner to refuse consent to the Proposed Disposal.

Each of the Controlling Shareholders has also undertaken (and shall procure that each of Weihui Partnership, Shanghai Zhunwei and Weiye Partnership shall undertake) to the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the expiry of the Second Six-Month Period date, it will:

- (a) when he/it pledges or charges any Shares beneficially owned by him/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of Shares so pledged or charged; and
- (b) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

Our Company shall also inform the Stock Exchange in writing as soon as it has been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of a public announcement to be published in accordance with the Listing Rules as soon as possible.

UNDERTAKINGS UNDER THE PUBLIC OFFER UNDERWRITING AGREEMENT

Undertaking by our Company

We have undertaken to each of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriter(s) that, except for the issue of H Shares under the Share Offer and the Over-allotment Option, at any time from the date of the Public Offer Underwriting Agreement up to and including the date falling on the date when the First Six-Month Period expires, our Company will not, save as permitted under the Listing Rules or with the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriter(s)):

- (a) offer, accept subscription for, pledge, charge, mortgage, allot, issue, sell, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or

UNDERWRITING

unconditionally, or repurchase, any of our share capital or securities of our Company or any interest in our securities or any voting right or any other right attaching thereto (including but not limited any securities convertible into, exercisable or exchangeable for, or that represent the right to receive such share capital or securities or any interest in our share or debt capital); or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share or debt capital or securities or any interest in our securities or any voting right or any other right attaching thereto; or
- (c) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or
- (d) publicly announce any intention to enter into any transaction described in (a), (b) or (c) above,

whether any of the foregoing transactions described in (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise. We further agree that in the event of an issue or a disposal of any Shares, securities or any interest of our securities or any voting right or any other right attaching thereto after the First Six-month Period, we will take all reasonable steps to ensure that such an issue or a disposal will not create a disorderly or false market for the Shares.

UNDERTAKING BY OUR CONTROLLING SHAREHOLDER

Each of our Controlling Shareholder has undertaken with our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Public Offer Underwriter(s) that, except pursuant to the Share Offer (including the exercise of the Over-allotment Option), our Controlling Shareholder will not, save as permitted under the Listing Rules or with the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriter(s)), at any time:

- (i) during the First Six-month Period:
 - (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or grant, contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interest or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, or cause us to repurchase, any of our share or debt capital or our other securities or any interest in our share or debt

UNDERWRITING

capital or any voting right or any other right attaching thereto (including but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any of our share or debt capital or our other securities or any interest in our share or debt capital whether now owned or subsequently acquired, owned directly by our Controlling Shareholder (including holding as a custodian) or with respect to which our Controlling Shareholder has beneficial ownership (collectively the “**Lock-up Shares**”). The foregoing restriction is expressly agreed to preclude our Controlling Shareholder from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than our Controlling Shareholder. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of our share or debt capital or our other securities or any interest in our share or debt capital or any voting right or any other right attaching thereto; or
- (c) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (i)(a) or (i)(b) above; or
- (d) publicly announce any intention to enter into, any transaction described in (i)(a), (i)(b) or (i)(c) above,

whether any transaction described in (i)(a), (i)(b) or (i)(c) above is to be settled by delivery of Shares or such other securities in cash or otherwise; and

- (ii) during the Second Six-Month Period enter into any of the transactions in paragraphs (i)(a), (i)(b) or (i)(c) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, our Controlling Shareholder will cease to be our Controlling Shareholder. Our Controlling Shareholder further agrees that in the event of a disposal of any Shares, securities or any interest of our securities or any voting right or any other right attaching thereto after the Second Six-month Period, our Controlling Shareholder will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares.

UNDERWRITING

Our Controlling Shareholder has undertaken to each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriter(s) that at any time during the period from the commencement of the First Six-month Period to the date on which the Second Six-month Period expires, he shall:

- (a) if he pledges or charges or otherwise creates encumbrances over any Shares or securities of our Company or interests therein in respect of which he is the beneficial owner, whether directly or indirectly, immediately inform each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriter(s) in writing of any such pledges or charges or encumbrances and the number of Shares or securities of our Company so pledged or charged or encumbered; and
- (b) if he receives any indication, either verbal or written, from any pledgee or chargee or encumbrance or such third party that any of the pledged, charged, encumbered Shares or other securities of our Company will be disposed of, immediately inform each of our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Joint Global Coordinators and the Public Offer Underwriter(s) in writing of any such indication.

Indemnity

We and our Controlling Shareholder have agreed to indemnify the Public Offer Underwriter(s) for certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by us of the Public Offer Underwriting Agreement.

Placing

In connection with the Placing, we, our Controlling Shareholder, expect to enter into the Placing Underwriting Agreement with the Placing Underwriters. Under the Placing Underwriting Agreement, the Placing Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of the Placing Shares being offered under the Placing.

UNDERWRITING

Under the Placing Agreement, we expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Stabilising Manager (on behalf of the International Underwriters) at any time from the Listing Date up to (and including) the date which is the 30th day after the last day for lodging applications under the Public Offer, to require us to allot and issue up to an aggregate of 5,751,000 additional H Shares, representing approximately 15% of the number of Offer Shares initially available under the Share Offer. These H Shares will be issued and sold at the Offer Price and will be solely for the purpose of covering over-allocations, if any, in the Placing.

It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that if the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

We and our Controlling Shareholder have agreed to indemnify the Placing Underwriters against certain liabilities.

Commissions and expenses

The Public Offer Underwriter(s) will receive a commission of 4.0% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offer, out of which they will pay any sub-underwriting commissions.

For unsubscribed Public Offer Shares reallocated to the Placing, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Placing Underwriters and not the Public Offer Underwriter(s).

The commissions payable to the Underwriters will be borne by our Company in relation to the new H Shares to be issued under the Share Offer.

The aggregate commissions (inclusive of any discretionary incentive fees), together with listing fees, SFC transaction levy and Stock Exchange trading fee in respect of the new H Shares offered by us, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to be approximately HK\$9.2 million (assuming an Offer Price of HK\$6.0, which is the mid-point of the indicative Offer Price range) in total and are payable by us.

UNDERWRITING

Underwriters' interest in our Group

Other than disclosed in the preceding paragraph, the obligations under the Public Offer Underwriting Agreement and the Placing Underwriting Agreement, none of the Underwriters has any shareholding interests in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Sponsor's independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

STRUCTURE OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer.

The Share Offer consists of (subject to adjustment):

- (a) the Public Offer of 3,834,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described in “The Public Offer” below; and
- (b) the Placing of 34,506,000 Shares (subject to adjustment as mentioned below and the Over-allotment Option) outside the United States (including to professional, institutional and corporate investors and other investors within Hong Kong) in offshore transactions in reliance on Regulation S as described in the paragraph headed “The Placing” in this section.

Investors may apply for the Public Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Placing Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and corporate investors and other investors in Hong Kong. The Placing will involve selective marketing of the Placing Shares to professional, institutional and corporate investors and other investors expected to have a sizeable demand for the Placing Shares. The Placing Underwriters are soliciting from prospective investors’ indications of interest in acquiring the Placing Shares. Prospective investors will be required to specify the number of Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price.

The number of Public Offer Shares and Placing Shares to be offered under the Public Offer and the Placing, respectively, may be subject to reallocation as described in the paragraph headed “Pricing and allocation” in this section.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or about Tuesday, 6 November 2018 and, in any event, not later than Friday, 9 November 2018. The Offer Price will be not more than HK\$7.0 and is currently expected not to be less than HK\$5.0, unless otherwise announced, as further explained below not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus. If, for any reason, the Offer Price is not agreed by Friday, 9 November 2018 between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applicants under the Public Offer are required to pay, on application, the maximum Offer Price of HK\$7.0 per Public Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. If the Offer Price, as finally determined on the Price Determination Date, is lower than the maximum Offer Price, we will refund the respective difference (including brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in the section headed “How to apply for the Public Offer Shares” of this prospectus.

If, based on the level of interest expressed by prospective professional, institutional and corporate investors and other investors during the book-building process, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) consider it appropriate, the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published on the Stock Exchange’s website at www.hkexnews.hk, and on our Company’s website at www.realwaycapital.com notice of the reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics as currently set out in the section headed “Summary” of this prospectus and any other financial information which may change as a result of such reduction.

Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer.

If the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range is so reduced, applicants who have already submitted an application may or may not (depending on the information contained in the announcement) be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Share Offer stated in this prospectus and the Application Forms, respectively, on or before the last day for lodging applications under the Public Offer, the Offer Price, once agreed upon, will under no circumstances be set outside the indicative Offer Price range as stated in this prospectus.

The Public Offer Shares and the Placing Shares may, in certain circumstances, be reallocated as between the Public Offer and Placing at the discretion of the Joint Global Coordinators.

Allocation of the Placing Shares pursuant to the Placing will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Offer Shares

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

after the Listing. Such allocation may be made to professional, institutional and corporate investors and other investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Although the allocation of the Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The applicable final Offer Price, the level of indications of interest in the Placing, the level of applications and the basis of allotment of the Public Offer Shares are expected to be announced on Monday, 12 November 2018 through a variety of channels as described in the section headed “How to Apply for the Public Offer Shares — 11. Publication of Results”.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional on, inter alia:

- the Listing Committee granting the listing of, and permission to deal in our H Shares being offered pursuant to the Share Offer (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option);
- the Offer Price having been duly determined and the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators, for themselves and on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Public Offer to be published by us in the websites of the Stock Exchange at www.hkexnews.hk and us at www.realwaycapital.com on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

section headed “How to Apply for the Public Offer Shares” of this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

The consummation of each of the Public Offer and the Placing is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with its terms.

H Share certificates for the Offer Shares are expected to be issued on Monday, 12 November 2018 but will only become valid certificates of title at 8:00 a.m. on the date of commencement of the dealings in our H Shares, which is expected to be on Tuesday, 13 November 2018, provided that (i) the Share Offer has become unconditional in all respects; and (ii) neither of the Underwriting Agreements have been terminated in accordance with its terms. Investors who trade H Shares prior to the receipt of H Share certificates or prior to the H Share certificates bearing valid certificates of title do so entirely at their own risk.

THE PUBLIC OFFER

Number of Shares Initially Offered

Our Company is initially offering 3,834,000 H Shares at the Offer Price under the Public Offer, representing 10% of the 38,340,000 H Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of H Shares initially offered under the Public Offer will represent 2.5% of our total issued share capital immediately after completion of the Share Offer (assuming that the Over-allotment Option is not exercised).

In Hong Kong, individual retail investors are expected to apply for the Public Offer Shares through the Public Offer and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking Placing Shares will not be allotted Placing Shares in the Placing.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered H Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for the Public Offer Shares.

Allocation

Allocation of the Offer Shares to investors under the Share Offer will be based solely on the level of valid applications received under the Share Offer. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by applicants. Allocation of

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

the Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The final Offer Price, the level of indication of interest in the Placing, level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be announced on Monday, 12 November 2018 through a variety of channels as described in section headed “How to apply for the Public Offer Shares — 11. Publication of results” of this prospectus.

For allocation purposes only, the 3,834,000 H Shares initially being offered for subscription under the Public Offer will be divided equally into two pools (subject to adjustment at odd lot size): Pool A comprising 1,917,200 Public Offer Shares and Pool B comprising 1,916,800 Public Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for the Public Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for the Public Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If the Public Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of the Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. When there is over-subscription, allocation of the Public Offer Shares to investors under the Public Offer, both in relation to Pool A and Pool B, will be based on the level of valid applications received under the Public Offer. The basis of allocation in each pool may vary, depending on the number of the Public Offer Shares validly applied for by each applicant. Multiple or suspected multiple applications and any application for more than 1,916,800 Public Offer Shares (i.e. approximately 50% of the 3,834,000 H Shares initially comprised in the Public Offer) are liable to be rejected.

Reallocation and Clawback

The allocation of Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) Where the Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Public Offer Shares are undersubscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Joint Global Coordinators deem appropriate;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (ii) if the Public Offer Shares are not undersubscribed but the number of Offer Shares validly applied for under the Public Offer represents less than 15 times, the number of the Offer Shares initially available for subscription under the Public Offer, then up to 3,834,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 7,668,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Share Offer;
 - (iii) if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times, the number of the Offer Shares initially available for subscription under the Public Offer, then 7,668,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 11,502,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available under the Share Offer;
 - (iv) if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times, the number of the Offer Shares initially available for subscription under the Public Offer, then 11,502,000 Shares will be reallocated to the Public Offer from the Placing, so that the number of the Offer Shares available under the Public Offer will be increased to 15,336,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available under the Share Offer; and
 - (v) if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more, the number of the Offer Shares initially available for subscription under the Public Offer, then 15,336,000 Shares will be reallocated to the Public Offer from the Placing, so that the number of the Offer Shares available under the Public Offer will be increased to 19,170,000 Offer Shares, representing approximately 50% of the number of the Offer Shares initially available under the Share Offer.
- (b) Where the Placing Shares are undersubscribed:
- (i) if the Public Offer Shares are undersubscribed, the Share Offer will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and
 - (ii) if the Public Offer Shares are oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Public Offer, then up to 3,834,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 7,668,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

In the event of reallocation of Offer Shares between the Public Offer and the Placing in the circumstances where (x) the Placing Shares are fully subscribed or oversubscribed and the Public Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (y) the Placing Shares are undersubscribed and the Public Offer Shares are fully subscribed or oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK\$5.0 per Offer Share) stated in this prospectus.

In addition, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may reallocate the Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer (i.e. 7,668,000 Offer Shares.)

In the event of a reallocation of Offer Shares from the Placing to the Public Offer in circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

THE PLACING

Number of Placing Shares Offered

The number of Placing Shares to be initially offered for subscription under the Placing will be 34,506,000 Offer Shares representing 90% of the Offer Shares under the Share Offer. Subject to any reallocation of the Offer Shares between the Placing and the Public Offer, the Placing Shares will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Share Offer (assuming that the Over-allotment Option is not exercised). The Placing is subject to the Public Offer becoming unconditional.

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed by the Placing Underwriters. The Placing Shares will be selectively placed to certain professional and institutional and other investors anticipated to have a sizeable demand for such Placing Shares in Hong Kong. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the book-building process described in the paragraph headed "Pricing and allocation" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the H Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Joint Global Coordinators may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

Reallocation

The total number of Placing Shares to be transferred pursuant to the Placing may change as a result of the clawback arrangement described in the sub-section headed “The Public Offer — Reallocation and clawback”, exercise of the Over-allotment Option in whole or in part and/or reallocation of all or any unsubscribed Public Offer Shares to the Placing.

Over-allotment Option

In connection with the Share Offer, our Company is expected to grant the Over-allotment Option to the Placing Underwriters, exercisable by the Joint Global Coordinators at their sole and absolute discretion on behalf of the Placing Underwriters for up to 30 days after the last day for lodging applications under the Public Offer. An announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, the Joint Global Coordinators will have the right to require our Company to issue up to an aggregate of 5,751,000 H Shares representing in aggregate approximately 15% of the total number of the Offer Shares initially available under the Share Offer at the Offer Price to cover, among other things, over-allocations in the Placing, if any. The Joint Global Coordinators may also cover any over-allocations by purchasing H Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, regulations and rules.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Share Offer, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect short sales or any other stabilising transactions with a view to stabilising or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Public Offer. Any market purchases of H Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the sole and absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

applications under the Public Offer. The number of H Shares that may be over-allocated will not exceed the number of Shares that may be issued under the Over-allotment Option, namely 5,751,000 H Shares, which is approximately 15% of the Offer Shares initially available under the Share Offer.

Stabilising action will be entered into in accordance with the laws, regulations and rules in place in Hong Kong on stabilisation and stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules under the SFO includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the H Shares; (ii) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the H Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimising any reduction in the market price of the H Shares; (v) selling or agreeing to sell any H Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the H Shares;
- (b) there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- (c) liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the H Shares;
- (d) no stabilising action can be taken to support the price of the H Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on Tuesday, 4 December, 2018, being the 30th day after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- (e) the price of the H Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and
- (f) stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

Our Company will procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

In connection with the Share Offer, the Stabilising Manager may over-allocate up to and not more than an aggregate of 5,751,000 H Shares and cover such over-allocations by (amongst other methods) exercising the Over-allotment Option, making purchases in the secondary market at prices that do not exceed the Offer Price or by any combination of these means.

NO OVERSEAS REGISTRATION

The documents issued and to be issued in connection with the Share Offer will not be registered under applicable securities legislation of any jurisdiction other than Hong Kong.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for the listing of and permission to deal in our H Shares in issue and to be issued as mentioned in this prospectus. Subject to the granting of the listing of, and permission to deal in, our H Shares on the main board of the Stock Exchange and the compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares on the main board of the Stock Exchange or such other date as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangement has been made for our H Shares to be admitted into CCASS.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 13 November 2018, it is expected that dealings in H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 13 November 2018.

Our Shares will be traded in board lots of 400 H Shares each. The stock code of our Shares will be 1835.

UNDERWRITING ARRANGEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriter(s) under the terms of the Public Offer Underwriting Agreement, subject to agreement on the Offer Price between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date.

We expect that our Company will shortly after determination of the Offer Price on the Price Determination Date, enter into the Placing Underwriting Agreement relating to the Placing. Underwriting arrangements, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement are summarised in the section headed “Underwriting” of this prospectus.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors) (unless permitted by the relevant rules and regulations).

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept or reject your application at their discretion, and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;
- a director or chief executive officer of our Company and/or any of our subsidiaries;
- a connected person or a core connected person (as defined in the Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Share Offer;
- an associate and/or a close associate (as defined in the Listing Rules) of any of the above;
or
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 31 October 2018 till 12:00 noon on Monday, 5 November 2018 from:

- (i) any of the following offices of the Public Offer Underwriter(s):

Alliance Capital Partners Limited
Room 1502-1503A
Wing On House
71 Des Voeux Road Central
Hong Kong

Yue Xiu Securities Company Limited
13/F, YueXiu Building
160 Lockhart Road
Wanchai
Hong Kong

SPDB International Capital Limited
Suites 3207-3212
32/F, One Pacific Place
88 Queensway Road
Admiralty
Hong Kong

Guosen Securities (HK) Capital Co., Ltd
42/F, Two International Finance Centre
No. 8 Finance Street
Central
Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(ii) any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

	<u>Branch name</u>	<u>Address</u>
Hong Kong Island	United Centre Branch	Shop 1021, United Centre, 95 Queensway, Hong Kong
	Causeway Bay Branch	505 Hennessy Road, Causeway Bay, Hong Kong
Kowloon	Yau Ma Tei Branch	471 Nathan Road, Yau Ma Tei, Kowloon
New Territories	City One Sha Tin Branch	Shop Nos.24-25, G/F, Fortune City One Plus, No.2 Ngan Shing Street, Sha Tin, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 31 October 2018 till 12:00 noon on Monday, 5 November 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — SHANGHAI REALWAY PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Wednesday, 31 October 2018	—	9:00 a.m. to 5:00 p.m.
Thursday, 1 November 2018	—	9:00 a.m. to 5:00 p.m.
Friday, 2 November 2018	—	9:00 a.m. to 5:00 p.m.
Saturday, 3 November 2018	—	9:00 a.m. to 1:00 p.m.
Monday, 5 November 2018	—	9:00 a.m. to 12:00 noon

The Application Lists will be open from 11:45 a.m. to 12:00 noon on Monday, 5 November 2018, the last application day or such later time as described in paragraph headed "10. Effect of Bad Weather on the opening of the Application Lists" in this section.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (viii) agree to disclose to our Company, the Hong Kong H Share Registrar, the receiving bank, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's H share register of members in Hong Kong as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any H Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the H Share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, our Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK EIPO WHITE FORM

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website at www.hkeipo.hk, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application to the **HK eIPO White Form** service provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Wednesday, 31 October 2018 until 11:30 a.m. on Monday, 5 November 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon Monday, 5 November 2018 or such later time under the “Effect of Bad Weather on the Opening of the Applications Lists” below.

No Multiple Applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and the Hong Kong H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant’s stock account on your behalf or your CCASS Investor Participant’s stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;
- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that our Company, our Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's H share register of members as the holder of the Public Offer Shares allocated to you and to send H Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Hong Kong H Share Registrar, the receiving bank, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- agree with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):
 - (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;
 - (b) that any award made in such arbitration shall be final and conclusive; and
 - (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;
- agree with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H shares in the Company are freely transferable by their holders; and
- authorise the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the WHITE Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 400 Public Offer Shares. Instructions for more than 400 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 31 October 2018	—	9:00 a.m. to 8:30 p.m.
Thursday, 1 November 2018	—	8:00 a.m. to 8:30 p.m.
Friday, 2 November 2018	—	8:00 a.m. to 8:30 p.m.
Saturday, 3 November 2018	—	8:00 a.m. to 1:00 p.m.
Monday, 5 November 2018	—	8:00 a.m. to 12:00 noon

Note:

The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 31 October 2018 until 12:00 noon on Monday, 5 November 2018 (24 hours daily, except on Wednesday, 31 October 2018 the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 5 November 2018, the last application day or such later time as described in the paragraph headed “10. Effect of Bad Weather on the opening of the Application Lists” below.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong H Share Registrar, the receiving bank, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 5 November 2018 or such later time under the paragraph headed "10. Effect of Bad Weather on the opening of the Application Lists" in this section.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 400 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 400 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed “Structure and conditions of the Share Offer — Pricing and allocation” of this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. to 12:00 noon on Monday, 5 November 2018. Instead they will open between 11:45 a.m. to 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. to 12:00 noon.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If the application lists do not open and close on Monday, 5 November 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected timetable” of this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Monday, 12 November 2018 on our Company’s website at www.realwaycapital.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and dates and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.realwaycapital.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Monday, 12 November 2018;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Monday, 12 November 2018 to 12:00 midnight Sunday, 18 November 2018;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 12 November 2018 to Thursday, 15 November 2018;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 12 November 2018 to Wednesday, 14 November 2018 at all the receiving bank designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and conditions of the Share Offer” of this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- Our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, regulations or rules; or
- your application is for more than 1,916,800 Public Offer Shares (i.e. approximately 50% of the Public Offer Shares initially offered under the Public Offer).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$7.0 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the section headed “Structure and conditions of the Share Offer — Conditions of the Public Offer” of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 12 November 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of our H Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Forms, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the final Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the final Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of H Share certificates and refund monies as mentioned below, any refund cheques and H Share certificates are expected to be posted on or about Monday, 12 November 2018. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

The H Share certificates will only become valid at 8:00 a.m. on Tuesday, 13 November 2018 provided that the Share Offer has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade H Shares prior to the receipt of the H Share certificates or the H Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or H Share certificate(s) from the Hong Kong H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 12 November 2018 or such other date as notified by us at the websites of the Stock Exchange at www.hkexnews.hk and of our Company at www.realwaycapital.com.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong H Share Registrar.

If you do not collect your refund cheque(s) and/or H Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or H Share certificate(s) will be sent to the address on the relevant Application Form on Monday, 12 November 2018, by ordinary post and at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of your refunded cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 12 November 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 12 November 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

(iii) If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)

For Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

- If you are applying as a CCASS Investor Participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 November 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iv) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your H Share certificate(s) from the Hong Kong H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 12 November 2018, or such other date as notified by us on the websites of the Stock Exchange at www.hkexnews.hk and of our Company at www.realwaycapital.com as the date of despatch/collection of H Share certificates/e-Auto Refund payment instructions/refund cheques.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) will be sent to the address specified in your application instructions on Monday, 12 November 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(v) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participants' stock account on Monday, 12 November 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "11. Publication of Results" above on Monday, 12 November 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. Monday, 12 November 2018 or such other date as determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 12 November 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participants' stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the final Offer Price and the maximum Offer Price per Offer Share initially paid on application including brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 12 November 2018. No interest will be paid thereon.

15. ADMISSION OF OUR H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our H Shares and we comply with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our H Shares to be admitted into CCASS.

The following is the text of a report on Shanghai Realway Capital Assets Management Co., Ltd., prepared for the purpose of incorporation in this prospectus received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.



22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

The Directors
Shanghai Realway Capital Assets Management Co., Ltd.
Alliance Capital Partners Limited

Dear Sirs,

We report on the historical financial information of Shanghai Realway Capital Assets Management Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-90, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2015, 2016 and 2017 and 30 April 2018 and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-90 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 31 October 2018 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2015, 2016 and 2017 and 30 April 2018 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2017 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with

the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

ADJUSTMENTS

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

DIVIDENDS

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Yours faithfully,
Ernst & Young

Certified Public Accountants
Hong Kong
31 October 2018

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Four months ended 30 April	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
REVENUE	5	34,869	83,422	130,875	39,883	56,467
Investment income	5	—	12,415	2,762	—	4,036
Other income and gains	5	349	1,011	1,105	144	1,619
Administrative expenses		(22,631)	(36,537)	(63,726)	(18,430)	(27,997)
Increase/(decrease) in fair value of investments in associates or a joint venture at fair value through profit or loss	19	1,505	(1,809)	24,849	2,276	4,170
Other expenses	5	(186)	(396)	(6,919)	—	96
PROFIT BEFORE TAX	6	13,906	58,106	88,946	23,873	38,391
Income tax expense	9	(3,558)	(14,997)	(25,600)	(6,337)	(10,772)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>10,348</u>	<u>43,109</u>	<u>63,346</u>	<u>17,536</u>	<u>27,619</u>
Attributable to:						
Owners of the parent		10,348	43,109	65,014	17,982	28,374
Non-controlling interests		—	—	(1,668)	(446)	(755)
		<u>10,348</u>	<u>43,109</u>	<u>63,346</u>	<u>17,536</u>	<u>27,619</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted						
— For profit for the year/period (RMB cents)	10	<u>12.17</u>	<u>42.58</u>	<u>59.10</u>	<u>16.35</u>	<u>25.22</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December			30 April
		2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	3,450	5,022	4,064	5,809
Other intangible assets	13	319	267	953	474
Investment in joint ventures	14	—	—	—	1,678
Deferred tax assets	15	—	167	59	35
Loan receivables	18	1,000	1,000	27,354	8,892
Investments in associates or a joint venture at fair value through profit or loss	19	—	55,000	79,613	163,542
Total non-current assets		4,769	61,456	112,043	180,430
CURRENT ASSETS					
Trade receivables	16	5,812	1,901	77,560	41,246
Prepayments, deposits and other receivables	17	31,129	20,004	26,548	13,647
Loan receivables	18	—	—	20,736	58,610
Investments in associates or a joint venture at fair value through profit or loss	19	53,809	—	4,236	23,477
Dividend receivable		—	—	101	637
Cash and cash equivalents	20	10,094	93,739	41,657	12,919
Total current assets		100,844	115,644	170,838	150,536
CURRENT LIABILITIES					
Other payables and accruals	21	2,342	8,257	12,854	13,774
Advances from funds managed		164	990	28,962	29,873
Tax payable	9	2,237	9,336	11,375	7,885
Dividend payable		—	—	—	45,000
Total current liabilities		4,743	18,583	53,191	96,532
NET CURRENT ASSETS		96,101	97,061	117,647	54,004
TOTAL ASSETS LESS					
CURRENT LIABILITIES		100,870	158,517	229,690	234,434

APPENDIX I
ACCOUNTANTS' REPORT

	<i>Notes</i>	31 December			30 April
		2015	2016	2017	2018
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES					
Deferred tax liabilities	15	452	—	6,076	7,151
Total non-current liabilities . . .		452	—	6,076	7,151
NET ASSETS		100,418	158,517	223,614	227,283
EQUITY					
Equity attributable to owners of the parent					
Share capital	22	85,000	110,000	110,000	115,000
Reserves	23	15,418	48,517	113,531	111,387
		100,418	158,517	223,531	226,387
Non-controlling interests		—	—	83	896
TOTAL EQUITY		100,418	158,517	223,614	227,283

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						Total equity
	Share capital	Share premium	Statutory	Retained	Total	Non-	
			surplus reserves	profits		controlling interests	
<i>RMB'000</i> (note 22)	<i>RMB'000</i> (note 23a)	<i>RMB'000</i> (note 23b)	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
As at 1 January 2015	19,265	1	193	4,876	24,335	—	24,335
Issue of shares	65,735	—	—	—	65,735	—	65,735
Total comprehensive income for the year . .	—	—	—	10,348	10,348	—	10,348
Appropriations to statutory surplus reserves	—	—	1,010	(1,010)	—	—	—
Transfer to share premium (note 22i)	—	6,509	(983)	(5,526)	—	—	—
As at 31 December 2015	<u>85,000</u>	<u>6,510*</u>	<u>220*</u>	<u>8,688*</u>	<u>100,418</u>	<u>—</u>	<u>100,418</u>
As at 31 December 2015 and							
1 January 2016	85,000	6,510	220	8,688	100,418	—	100,418
Issue of shares	25,000	25,000	—	—	50,000	—	50,000
Total comprehensive income for the year . .	—	—	—	43,109	43,109	—	43,109
Acquisition of non-controlling interests . . .	—	(10)	—	—	(10)	—	(10)
Appropriations to statutory surplus reserves	—	—	4,404	(4,404)	—	—	—
Dividends (note 11)	—	—	—	(35,000)	(35,000)	—	(35,000)
As at 31 December 2016	<u>110,000</u>	<u>31,500*</u>	<u>4,624*</u>	<u>12,393*</u>	<u>158,517</u>	<u>—</u>	<u>158,517</u>
As at 31 December 2016 and							
1 January 2017	110,000	31,500	4,624	12,393	158,517	—	158,517
Contribution from the non-controlling							
shareholder	—	—	—	—	—	800	800
Total comprehensive income for the year . .	—	—	—	65,014	65,014	(1,668)	63,346
Acquisition of a subsidiary (note 24)	—	—	—	—	—	951	951
Appropriations to statutory surplus reserves	—	—	7,223	(7,223)	—	—	—
As at 31 December 2017	<u>110,000</u>	<u>31,500*</u>	<u>11,847*</u>	<u>70,184*</u>	<u>223,531</u>	<u>83</u>	<u>223,614</u>

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Share premium	Share based payment reserve	Statutory surplus reserves	Retained profits	Total			
	RMB'000 (note 22)	RMB'000 (note 23a)	RMB'000 (note 23b)	RMB'000 (note 23c)	RMB'000	RMB'000			
As at 31 December 2017 and									
1 January 2018	110,000	31,500	—	11,847	70,184	223,531	83	223,614	
Total comprehensive income for the period	—	—	—	—	28,374	28,374	(755)	27,619	
Issue of shares	5,000	10,000	4,800	—	—	19,800	—	19,800	
Contribution from the non-controlling shareholder	—	—	—	—	—	—	1,250	1,250	
Acquisition of non-controlling interests	—	(318)	—	—	—	(318)	318	—	
Dividends (note 11)	—	—	—	—	(45,000)	(45,000)	—	(45,000)	
As at 30 April 2018	<u>115,000</u>	<u>41,182*</u>	<u>4,800*</u>	<u>11,847*</u>	<u>53,558*</u>	<u>226,387</u>	<u>896</u>	<u>227,283</u>	

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Share premium	Statutory surplus reserves	Retained profits	Total				
	RMB'000 (note 22)	RMB'000 (note 23a)	RMB'000 (note 23c)	RMB'000	RMB'000				
As at 31 December 2016 and									
1 January 2017	110,000	31,500	4,624	12,393	158,517	—	158,517		
Contribution from the non-controlling shareholder (unaudited)	—	—	—	—	—	650	650		
Total comprehensive income for the period (unaudited)	—	—	—	17,982	17,982	(446)	17,536		
Acquisition of a subsidiary (note 24)	—	—	—	—	—	951	951		
As at 30 April 2017 (unaudited)	<u>110,000</u>	<u>31,500</u>	<u>4,624</u>	<u>30,375</u>	<u>176,499</u>	<u>1,155</u>	<u>177,654</u>		

* These reserve accounts represent the total consolidated reserves of RMB15,418,000, RMB48,517,000, RMB113,531,000 and RMB111,387,000 in the consolidated statements of financial position as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Four months ended 30 April	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		13,906	58,106	88,946	23,873	38,391
Adjustments for:						
Interest income	5	(21)	(163)	(242)	(144)	(39)
Provision for bad debts	5, 6	—	—	237	—	(96)
Impairment loss of goodwill	5, 6	—	—	6,615	—	—
Loss on disposal of property, plant and equipment	5	15	2	—	—	—
Loss on disposal of other intangible assets	5	—	294	—	—	—
Depreciation of property, plant and equipment	6, 12	777	1,002	1,569	524	560
Amortisation of other intangible assets	6, 13	49	32	2,153	434	652
Loss/(gain) on disposal of a subsidiary	25	149	(23)	(2)	—	—
Share of profits and losses of joint ventures	14	—	—	498	—	322
Dividend income from investments in associates or a joint venture at fair value through profit or loss ("IAFV")	5	—	(12,415)	(3,260)	—	(4,358)
Share based payment	23(b)	—	—	—	—	4,800
Decrease/(increase) in fair value of investments in associates or a joint venture at fair value through profit or loss	19	(1,505)	1,809	(24,849)	(2,276)	(4,170)
Decrease/(increase) in trade receivables		(2,436)	3,911	(75,659)	(26,277)	36,314
Decrease/(increase) in prepayments, deposits and other receivables		(8,109)	5,582	12,544	1,555	(26,415)
Decrease/(increase) in advances from funds managed		(2,454)	826	27,972	(1,203)	911
Increase/(decrease) in other payables and accruals		(10,359)	7,123	(23,222)	(3,491)	920
Cash generated from operations activities		(9,988)	66,086	13,300	(7,005)	47,792
Interest received		21	163	242	144	39
Taxes paid		(1,558)	(8,517)	(18,067)	(13,130)	(13,163)
Net cash flows from operating activities		(11,525)	57,732	(4,525)	(19,991)	34,668

	Notes	Year ended 31 December			Four months ended 30 April	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES						
Increase in investments in associates or a joint venture at fair value through profit or loss	19	(45,770)	(3,000)	(4,000)	—	(99,000)
Dividend income from IAFV		—	12,415	3,159	—	3,822
Purchases of items of property, plant and equipment	12	(3,618)	(3,201)	(586)	(134)	(2,305)
Purchases of other intangible assets	13	—	(274)	(76)	—	(173)
Advance to a third party		—	—	(50,000)	—	—
Acquisition of subsidiaries	24	—	—	3,642	(1,358)	—
Capital injection in a joint venture	14	—	—	—	—	(2,000)
Repayment of advances to a third party . .		—	—	—	—	20,000
Proceeds from disposal of a subsidiary . . .	25	4,976	4,983	(496)	—	—
Net cash flows from investing activities . .		<u>(44,412)</u>	<u>10,923</u>	<u>(48,357)</u>	<u>(1,492)</u>	<u>(79,656)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares	22, 23	65,735	50,000	—	—	15,000
Capital contribution from non-controlling interests		—	—	800	650	1,250
Acquisition of non-controlling interests . .		—	(10)	—	—	—
Dividends paid	11	—	(35,000)	—	—	—
Net cash flows from financing activities . .		<u>65,735</u>	<u>14,990</u>	<u>800</u>	<u>650</u>	<u>16,250</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS . .						
		<u>9,798</u>	<u>83,645</u>	<u>(52,082)</u>	<u>(20,833)</u>	<u>(28,738)</u>
Cash and cash equivalents at beginning of year/period		<u>296</u>	<u>10,094</u>	<u>93,739</u>	<u>93,739</u>	<u>41,657</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD						
		<u>10,094</u>	<u>93,739</u>	<u>41,657</u>	<u>72,906</u>	<u>12,919</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the consolidated statements of financial position and statements of cash flows . .		<u>10,094</u>	<u>93,739</u>	<u>41,657</u>	<u>72,906</u>	<u>12,919</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December			30 April
		2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	3,450	5,022	3,824	3,352
Other intangible assets	13	319	267	315	474
Interest in subsidiaries		6,000	3,010	55,675	69,798
Due from subsidiaries		23,000	15,469	4,184	1,846
Investment in joint ventures		—	—	—	1,678
Deferred tax assets		—	85	—	—
Investments in associates or a joint venture at fair value through profit or loss	19	—	53,000	77,041	156,018
Total non-current assets		32,769	76,853	141,039	233,166
CURRENT ASSETS					
Trade receivables	16	4,040	804	42,039	23,185
Prepayments, deposits and other receivables	17	2,961	4,158	8,519	7,103
Loan receivables	18	—	—	—	39,560
Investments in associates or a joint venture at fair value through profit or loss	19	53,809	—	4,236	23,477
Dividend receivable		—	—	101	29,637
Cash and cash equivalents	20	9,986	86,315	36,159	1,554
Total current assets		70,796	91,277	91,054	124,516
CURRENT LIABILITIES					
Other payables and accruals	21	2,157	3,721	8,513	7,825
Advances from funds managed		164	990	890	85
Dividend payable		—	—	—	45,000
Tax payable	9	1,765	8,626	5,475	2,989
Total current liabilities		4,086	13,337	14,878	55,899
NET CURRENT ASSETS		66,710	77,940	76,176	68,617
TOTAL ASSETS LESS					
CURRENT LIABILITIES		99,479	154,793	217,215	301,783

	<i>Notes</i>	31 December			30 April
		2015	2016	2017	2018
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES					
Due to subsidiaries		—	—	15,650	84,446
Deferred tax liabilities		452	—	4,392	5,470
Total non-current liabilities . . .		452	—	20,042	89,916
Net assets		99,027	154,793	197,173	211,867
EQUITY					
Equity attributable to owners of the parent					
Share capital	22	85,000	110,000	110,000	115,000
Reserves	23	14,027	44,793	87,173	96,867
Total equity		99,027	154,793	197,173	211,867

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

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

The Company mainly engages in funds and investment management. The investment objective of the Company is to achieve consistent returns while safeguarding capital by investing in a diversified portfolio through equity or debt financing and distressed assets. During the Relevant Periods, the Company's subsidiaries were involved in the following principal activities:

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

As at the end of the Relevant Periods, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Subsidiaries	<i>Notes</i>	Place and date of incorporation/establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held:					
上海瑞襄投資管理有限公司 Shanghai Ruixiang Investment Management Co., Ltd. ("Shanghai Ruixiang")	(1)	PRC 3 December 2013	RMB1,000,000	100%	Funds management
瑞威(北京)商務諮詢有限公司 Realway Capital Business Consultancy (Beijing) Co., Ltd. ("Beijing Realway Consultancy")	(1)	PRC 29 March 2016	RMB1,000,000	100%	Investment management

Subsidiaries	Notes	Place and date of incorporation/establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
武漢瑞威商務諮詢有限公司 Realway Capital Business Consultancy (Wuhan) Co., Ltd ("Wuhan Realway")	(1,2,3)	PRC 20 February 2017	RMB5,000,000	65%	Investment management
廣州瑞威資產管理有限公司 Realway Capital Assets Management (Guangzhou) Co., Ltd. ("Guangzhou Realway")	(1,2)	PRC 17 March 2017	RMB10,000,000	90%	Investment management
上海瑞威喬方投資管理有限 公司 Shanghai Realway Qiaofang Investment Management Company Limited ("Qiaofang Investment")	(1,2,5)	PRC 25 January 2016	RMB10,000,000	51%	Investment management
上海金開東瑞資產管理有限 公司 Shanghai Jinkai Dongrui Assets Management Co., Ltd. ("Jinkai Dongrui")	(1,4)	PRC 25 November 2015	RMB10,000,000	100%	Not yet commence operation
嘉晟瑞信(天津)基金銷售有限 公司 Jiasheng Ruixin (Tianjin) Fund Distribution Co., Ltd. ("Jiasheng Ruixin")	(1)	PRC 30 June 2016	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")	(1)	PRC 5 July 2017	RMB1,000,000	100%	Investment management
北京瑞威資產管理有限公司 Realway Capital Asset Management (Beijing) Co., Ltd. ("Beijing Realway Asset Management")	(1)	PRC 8 March 2018	RMB10,000,000	100%	Not yet commence operation

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

Notes:

- (1) No audited financial statements have been prepared and issued for these entities since the dates of their respective incorporation as these companies are domestic companies and not subject to any statutory audit requirement under the relevant rules and regulations in mainland China or have not commenced business.
- (2) These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over it.
- (3) Wuhan Realway was established on 20 February 2017, and is accounted for as a subsidiary of the Group by holding 50% of equity interest because the Group has been delegated 25% of the equity holder's right from the other equity holder to control and operate Wuhan Realway.

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

- (4) Jinkai Dongrui has been disposed of subsequently, please refer to note 32 for more details.
- (5) Shanghai Realway Qiaofang Investment Management Company Limited, previously known as Shanghai Qiaofang Investment Management Company Limited, has completed its name change on 31 May 2018.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2018, including IFRS 9 Financial Instruments ("IFRS 9") and IFRS 15 Revenue from contracts with customers ("IFRS 15"), together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for investments in associates or a joint venture at fair value through profit or loss, which have been measured at fair value. The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the Relevant Periods.

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.

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

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.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 16	<i>Leases¹</i>
IFRS 17	<i>Insurance Contracts²</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement¹</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures¹</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments¹</i>
<i>Annual Improvements to IFRSs 2015-2017 Cycle</i>	<i>Amendments to the following standards:</i>
	— IFRS 3 <i>Business Combinations¹</i>
	— IFRS 11 <i>Joint Arrangements¹</i>
	— IAS 12 <i>Income Taxes¹</i>
	— IAS 23 <i>Borrowing Costs¹</i>

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

² Effective for annual periods beginning on or after 1 January 2021

³ 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 as follows:

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases — Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40 *Investment Property*. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments.

Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. The directors of the Company consider that the adoption of IFRS 16 will primarily affect the Group's accounting as a lessee of leases which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statements of profit or loss and other comprehensive income over the period of the lease. The Group's future aggregate minimum lease payments under non-cancellable operating leases as at 30 April 2018 were RMB10,166,000, with the minimum lease payments due less than one year amounting to RMB5,155,000 and those due more than one year and less than five years amounting to RMB5,011,000. Given that the Group had total assets of RMB330,966,000 as at 30 April 2018, the directors of the Group is of the view that the initial adoption of IFRS 16 would not have significant impact on the financial performance and position of the Group. The new standard is not expected to apply until the financial year beginning on or after 1 January 2019.

Except for IFRS 16, the other new standards are not expected to be early adopted, and the Group does not expect any significant effect on its financial statements when apply them on or after the effective date.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Subsidiaries**

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).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

Changes in ownership interests in subsidiaries without change of control

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

Investments in associates and joint ventures

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

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

The Group's investments in associates or a joint venture is 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 comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

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

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of

the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

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

Financial instruments

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through profit or loss ("FVTPL").

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group includes in this category cash and cash equivalents, trade receivables, loan receivables and other receivables and deposits.

Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding
- or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell

or

- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Group includes in other short-term payables.

Financial liabilities, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

Initial measurement

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

After initial measurement, The Group measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVTPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the statement of comprehensive income.

Debt instruments, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, The Group estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where 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 The Group has:

- (a) Transferred substantially all of the risks and rewards of the asset, or
- (b) 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 right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. 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.

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

The Group has types of financial assets subject to IFRS 9's new expected credit loss model:

- trade receivables for provision of services; and
- loan receivables and other receivables.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost including loan receivables, and with the exposure arising from financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 credit risk details how the Group determines whether there has been a significant increase in credit risk.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Offsetting of financial instruments

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

Fair value measurement

The Group measures its investments in associates or a joint venture at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most

advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information 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 inventories, construction contract assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

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.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. 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 comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

	<u>Estimated useful life</u>	<u>Annual depreciation rate</u>
Motor vehicles.	4 years	24.00%
Office equipment.	3–5 years	19.00% to 31.67%
Leasehold improvements	2–5 years	20.00% to 50.00%

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

Intangible assets (other than goodwill)

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

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

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

The favourable contract generated during the business combination will entitled the Group 13 months beneficial period based on the purchase agreement. The software are with high compatibility and are mainly used for office assistance and bookkeeping. The service output of the software are stable and satisfy the operation, which has no need for frequent technological updates and maintenance, so the management also estimated that the office software have a useful life of 10 years after considering the operating benefits provided by utilizing 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 recognized in profit or loss in the period when the asset is derecognized.

Leases

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

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

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

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

Government grants

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

Revenue recognition

The Group derives its revenue mainly from the fund management fees and fund establishment fees.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, stated net of value-added taxes. 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;
- (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 are mutually agreed by investors;
- (c) Fund establishment service revenue is recorded upon the establishment of the fund product, when the provision of service concludes and the fee becomes fixed and determinable, assuming all other revenue recognition criteria have been met, and there are no future obligations or contingencies;
- (d) Interest income is recognised using the effective interest method;
- (e) Dividend income is recognised when the right to receive payment is established.

The Group does not expect to have any contracts where the period between the services provided to the funds and payment by the funds exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Employee retirement benefits

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

Share-based compensation

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

Investment funds managed by the Group

The Group holds a certain degree of direct interest in some of the funds managed by us. When determining whether the Group controls these funds, usually the level of aggregate economic interests of the Group in these funds, 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 IFRS10, an investor controls an investee if and only if the investor has all of the following elements: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; (c) the ability to use its power over the investee to affect the amount of the investor's returns. In assessing whether power is present, the Group will not have power over the funds if the fund manager can be removed at any time. As regards variable returns, all economic interests arising from the funds, including the extent of direct interest in these funds, regular management fee charged and performance bonus obtained will be taken into consideration, the Group uses 30% as the point of reference in assessing whether we expose, or have rights, to significant variable returns from our involvement with the investee.

During the track record periods, the financials of the funds managed by the Group were not consolidated into the Group's financials because the Group does not have control over these funds taken into account of all the aforementioned elements in accordance with IFRS10.

Estimation uncertainty

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

Impairment of goodwill

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each Relevant Periods. 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.

Fair value

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

PRC corporate income tax ("CIT")

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

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 15 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes management fee and consulting income by project for the purpose of making decisions about resources 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 provide the services are similar for all projects, thus all projects were aggregated as one reportable operating segment.

Geographical information

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

Information about major customers

Revenue from major customers contributing to 10% or more of the Group's revenue for each of the Track Record Period and the four months ended 30 April 2017 is set out below:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Customer A.	NA [*]	14,386	24,057	7,909	7,909
Customer B.	NA ^{**}	10,282	NA ^{**}	NA ^{**}	NA ^{**}
Customer C.	NA ^{***}	NA ^{***}	15,043	4,911	NA ^{***}

* Revenue from Customer A for the year ended 31 December 2015 was less than 10% of the Group's revenue.

** Only in the year ended 31 December 2016, revenue from Customer B was greater than 10% of the Group's revenue.

*** Only in the year ended 31 December 2017 and the four months ended 30 April 2017, revenue from Customer C was greater than 10% of the Group's revenue.

5. REVENUE, INVESTMENT INCOME, OTHER INCOME AND GAINS, AND OTHER EXPENSES

Revenue represents income from rendering funds management service and rendering investment management in relation to the establishment and structuring of the relevant funds and the sourcing of investors during the Relevant Periods.

APPENDIX I
ACCOUNTANTS' REPORT

An analysis of revenue, investment income, other income and gains, and other expenses from continuing operations is as follows:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Revenue					
Funds management fee	31,671	80,148	128,770	39,883	54,112
Fund establishment fees	3,188	3,274	2,105	—	2,355
Others	10	—	—	—	—
	<u>34,869</u>	<u>83,422</u>	<u>130,875</u>	<u>39,883</u>	<u>56,467</u>
Investment income					
Share of profits and losses of joint ventures (note 14)	—	—	(498)	—	(322)
Dividend income from associates a joint venture at fair value through profit or loss	—	12,415	3,260	—	4,358
	<u>—</u>	<u>12,415</u>	<u>2,762</u>	<u>—</u>	<u>4,036</u>
Other income					
Interest income	21	163	242	144	39
Gains					
Government grants (note 6)	156	819	861	—	1,580
Commercial compensation (note 6)	166	—	—	—	—
Gain on disposal of a subsidiary (note 25)	—	23	2	—	—
Others	6	6	—	—	—
	<u>349</u>	<u>1,011</u>	<u>1,105</u>	<u>144</u>	<u>1,619</u>

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other expenses					
Loss on disposal of property, plant and equipment (note 12)	15	2	—	—	—
Loss on disposal of other intangible assets (note 13) . . .	—	294	—	—	—
Loss on disposal of a subsidiary (note 25)	149	—	—	—	—
Donation	—	100	65	—	—
Impairment of goodwill (note 6)	—	—	6,615	—	—
Provision for bad debts (note 6)	—	—	237	—	(96)
Others	22	—	2	—	—
	<u>186</u>	<u>396</u>	<u>6,919</u>	<u>—</u>	<u>(96)</u>

6. PROFIT BEFORE TAX

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

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Depreciation (note 12)	777	1,002	1,569	524	560
Amortisation of other intangible assets (note 13)	49	32	2,153	434	652
Impairment of goodwill (note 5)	—	—	6,615	—	—
Provision for bad debts (note 5)	—	—	237	—	(96)
Auditors' remuneration	297	1,464	2,620	600	450
Employee benefit expense (including directors' and chief executive's remuneration in note 7):					
Wages and salaries	4,643	11,633	26,157	4,738	9,771
Pension and social welfare . . .	823	1,972	4,778	969	2,398
Investment income (note 5)	—	(12,415)	(2,762)	—	(4,036)
Government grants (note 5)	(156)	(819)	(861)	—	(1,580)
Commercial compensation (note 5)	(166)	—	—	—	—
	—————	—————	—————	—————	—————

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods, 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:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Salaries, allowances and benefits in kind	900	1,990	2,950	600	880
Pension scheme contributions . . .	130	208	257	73	90
Share based payment.	—	—	—	—	3,587
	<u>1,030</u>	<u>2,198</u>	<u>3,207</u>	<u>673</u>	<u>4,557</u>

(a) Independent non-executive directors

Mr. Shang Jian, Mr. Liu Yunsheng and Ms. Yang Huifang were appointed as independent non-executive directors of the Company on 22 October 2018. There was no emolument payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2015			
<i>Executive directors:</i>			
Mr. Zhu Ping	150	—	150
Mr. Duan Kejian	310	7	317
Ms. Su Yi	310	81	391
	<u>770</u>	<u>88</u>	<u>858</u>
<i>Non-executive directors:</i>			
Mr. Cheng Jun	130	42	172
Mr. Wang Xuyang	—	—	—
	<u>130</u>	<u>42</u>	<u>172</u>
Total	<u>900</u>	<u>130</u>	<u>1,030</u>

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2016			
<i>Executive directors:</i>			
Mr. Zhu Ping	590	—	590
Mr. Duan Kejian	580	83	663
Ms. Su Yi	580	83	663
	1,750	166	1,916
<i>Non-executive directors:</i>			
Mr. Cheng Jun	240	42	282
Mr. Wang Xuyang	—	—	—
	240	42	282
Total	1,990	208	2,198
2017			
<i>Executive directors:</i>			
Mr. Zhu Ping	1,230	—	1,230
Mr. Duan Kejian	740	88	828
Ms. Su Yi	740	88	828
	2,710	176	2,886
<i>Non-executive directors:</i>			
Mr. Cheng Jun	240	81	321
Mr. Wang Xuyang	—	—	—
	240	81	321
Total	2,950	257	3,207
Period ended 30 April 2017 (unaudited)			
<i>Executive directors:</i>			
Mr. Zhu Ping	200	—	200
Mr. Duan Kejian	160	28	188
Ms. Su Yi	160	28	188
	520	56	576
<i>Non-executive directors:</i>			
Mr. Cheng Jun	80	17	97
Mr. Wang Xuyang	—	—	—
	80	17	97
Total	600	73	673

	Salaries, allowances and benefits in kind	Pension scheme contributions	Share based payment	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Period ended 30 April 2018				
<i>Executive directors:</i>				
Mr. Zhu Ping	320	—	1,896	2,216
Mr. Duan Kejian	240	30	383	653
Ms. Su Yi	240	30	597	867
	800	60	2,876	3,736
<i>Non-executive directors:</i>				
Mr. Cheng Jun	80	30	423	533
Mr. Wang Xuyang	—	—	288	288
	80	30	711	821
Total	880	90	3,587	4,557

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2017 and 2018 included two directors, three directors, three directors, three directors and three directors, respectively, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining three, two, two, two and two non-director, highest paid employees for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2017 and 2018, respectively, are as follows:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	1,030	1,155	1,520	320	480
Pension scheme contributions ..	70	166	174	57	61
	1,100	1,321	1,694	377	541

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

	Number of employees				
	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
Nil to HK\$1,000,000	3	2	2	2	2

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax rate at a rate of 25% for the Relevant Periods, except for the subsidiary of the Group, Shanghai Ruixiang, was taxed at a preferential rate of 10% for the year 2015.

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Current — Mainland China					
charge for the year/period	3,035	15,616	20,106	5,017	9,673
Deferred tax (note 15)	523	(619)	5,494	1,320	1,099
Total tax charge for the year/period	3,558	14,997	25,600	6,337	10,772

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

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	13,906	58,106	88,946	23,873	38,391
Tax at the statutory tax rate (25%)	3,477	14,527	22,237	5,968	9,598
Effect of different tax levy enacted by local authorities . .	(3)	—	—	—	—
Expenses not deductible for tax .	81	114	1,863	19	1,344
Tax losses and deductible temporary differences utilised from previous years	—	—	(143)	—	(741)
Profits and losses attributable to joint ventures and an associate	—	—	124	—	81
Tax losses not recognised	3	356	1,519	350	490
Total tax charge for the year/period	3,558	14,997	25,600	6,337	10,772

Tax losses not recognised expires as follows:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2020	12	—	—	—	—
2021	—	1,424	—	1,424	—
2022	—	—	6,076	1,400	3,112
2023	—	—	—	—	1,960
	12	1,424	6,076	2,824	5,072

Tax payable in the consolidated statements of financial position represents:

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
The Group				
PRC corporate income tax payable	2,237	9,336	11,375	7,885
	<u>2,237</u>	<u>9,336</u>	<u>11,375</u>	<u>7,885</u>
The Company				
PRC corporate income tax payable	1,765	8,626	5,475	2,989
	<u>1,765</u>	<u>8,626</u>	<u>5,475</u>	<u>2,989</u>

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

The calculation of the basic earnings per share amounts is based on the profit for years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2017 and 2018 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 85,000,000, 101,250,000, 110,000,000, 110,000,000 and 112,500,000, respectively in issue during those years/periods, as adjusted to reflect the rights issue during those years/period.

The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the relevant year/period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Earnings				
Profit attributable to owners of the Company, used in the basic earnings per share calculation	10,348	43,109	65,014	28,374
	<u>10,348</u>	<u>43,109</u>	<u>65,014</u>	<u>28,374</u>

	Number of shares				
	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
Shares					
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	85,000,000	101,250,000	110,000,000	110,000,000	112,500,000

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2017 and 2018. The diluted earnings per share amounts are the same as the basic earnings per share amounts.

11. DIVIDENDS

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interim	—	35,000	—	—
Final	—	—	—	45,000
	—	35,000	—	45,000

The interim dividends for the year 2016 have been approved by the Company's shareholders' meeting of the Company in November 2016 and has been paid by the Company.

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

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	Motor vehicles	Office equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2015				
At 1 January 2015:				
Cost	662	768	285	1,715
Accumulated depreciation	(412)	(660)	(19)	(1,091)
Net carrying amount	<u>250</u>	<u>108</u>	<u>266</u>	<u>624</u>
At 1 January 2015,				
net of accumulated depreciation	250	108	266	624
Additions	382	1,005	2,231	3,618
Disposals	(15)	—	—	(15)
Depreciation provided during the year	(124)	(83)	(570)	(777)
At 31 December 2015, net of				
accumulated depreciation	<u>493</u>	<u>1,030</u>	<u>1,927</u>	<u>3,450</u>
At 31 December 2015:				
Cost	748	1,773	2,516	5,037
Accumulated depreciation	(255)	(743)	(589)	(1,587)
Net carrying amount	<u>493</u>	<u>1,030</u>	<u>1,927</u>	<u>3,450</u>
31 December 2016				
At 31 December 2015 and				
at 1 January 2016:				
Cost	748	1,773	2,516	5,037
Accumulated depreciation	(255)	(743)	(589)	(1,587)
Net carrying amount	<u>493</u>	<u>1,030</u>	<u>1,927</u>	<u>3,450</u>
At 1 January 2016,				
net of accumulated depreciation	493	1,030	1,927	3,450
Additions	2,419	157	625	3,201
Disposal of a subsidiary (note 25)	—	—	(625)	(625)
Disposals	—	(2)	—	(2)
Depreciation provided during the year	(560)	(244)	(198)	(1,002)
At 31 December 2016,				
net of accumulated depreciation	<u>2,352</u>	<u>941</u>	<u>1,729</u>	<u>5,022</u>
At 31 December 2016:				
Cost	3,167	1,880	2,516	7,563
Accumulated depreciation	(815)	(939)	(787)	(2,541)
Net carrying amount	<u>2,352</u>	<u>941</u>	<u>1,729</u>	<u>5,022</u>

APPENDIX I
ACCOUNTANTS' REPORT

	Motor vehicles	Office equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2017				
At 31 December 2016 and at 1 January 2017:				
Cost.....	3,167	1,880	2,516	7,563
Accumulated depreciation	(815)	(939)	(787)	(2,541)
Net carrying amount	<u>2,352</u>	<u>941</u>	<u>1,729</u>	<u>5,022</u>
At 1 January 2017,				
net of accumulated depreciation.....	2,352	941	1,729	5,022
Additions.....	5	317	264	586
Additions due to the acquisition of a new subsidiary (note 24).....	—	25	—	25
Depreciation provided during the year.	(694)	(316)	(559)	(1,569)
At 31 December 2017,				
net of accumulated depreciation.....	<u>1,663</u>	<u>967</u>	<u>1,434</u>	<u>4,064</u>
At 31 December 2017:				
Cost.....	3,172	2,222	2,780	8,174
Accumulated depreciation	(1,509)	(1,255)	(1,346)	(4,110)
Net carrying amount	<u>1,663</u>	<u>967</u>	<u>1,434</u>	<u>4,064</u>
At 30 April 2018				
At 31 December 2017 and at 1 January 2018:				
Cost.....	3,172	2,222	2,780	8,174
Accumulated depreciation	(1,509)	(1,255)	(1,346)	(4,110)
Net carrying amount	<u>1,663</u>	<u>967</u>	<u>1,434</u>	<u>4,064</u>
At 1 January 2018,				
net of accumulated depreciation.....	1,663	967	1,434	4,064
Additions.....	1,546	124	635	2,305
Depreciation provided during the year.	(236)	(121)	(203)	(560)
At 30 April 2018,				
net of accumulated depreciation.....	<u>2,973</u>	<u>970</u>	<u>1,866</u>	<u>5,809</u>
At 30 April 2018:				
Cost.....	4,718	2,346	3,415	10,479
Accumulated depreciation	(1,745)	(1,376)	(1,549)	(4,670)
Net carrying amount	<u>2,973</u>	<u>970</u>	<u>1,866</u>	<u>5,809</u>

The Company

	Motor vehicles	Office equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2015				
At 1 January 2015:				
Cost	662	768	285	1,715
Accumulated depreciation	(412)	(660)	(19)	(1,091)
Net carrying amount	<u>250</u>	<u>108</u>	<u>266</u>	<u>624</u>
At 1 January 2015,				
net of accumulated depreciation	250	108	266	624
Additions	382	1,005	2,231	3,618
Disposals	(15)	—	—	(15)
Depreciation provided during the year	(124)	(83)	(570)	(777)
At 31 December 2015,				
net of accumulated depreciation	<u>493</u>	<u>1,030</u>	<u>1,927</u>	<u>3,450</u>
At 31 December 2015:				
Cost	748	1,773	2,516	5,037
Accumulated depreciation	(255)	(743)	(589)	(1,587)
Net carrying amount	<u>493</u>	<u>1,030</u>	<u>1,927</u>	<u>3,450</u>
31 December 2016				
At 31 December 2015 and at 1 January 2016:				
Cost	748	1,773	2,516	5,037
Accumulated depreciation	(255)	(743)	(589)	(1,587)
Net carrying amount	<u>493</u>	<u>1,030</u>	<u>1,927</u>	<u>3,450</u>
At 1 January 2016,				
net of accumulated depreciation	493	1,030	1,927	3,450
Additions	2,419	157	—	2,576
Disposals	—	(2)	—	(2)
Depreciation provided during the year	(560)	(244)	(198)	(1,002)
At 31 December 2016,				
net of accumulated depreciation	<u>2,352</u>	<u>941</u>	<u>1,729</u>	<u>5,022</u>
At 31 December 2016:				
Cost	3,167	1,880	2,516	7,563
Accumulated depreciation	(815)	(939)	(787)	(2,541)
Net carrying amount	<u>2,352</u>	<u>941</u>	<u>1,729</u>	<u>5,022</u>

APPENDIX I
ACCOUNTANTS' REPORT

	Motor vehicles	Office equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2017				
At 31 December 2016 and at 1 January 2017:				
Cost	3,167	1,880	2,516	7,563
Accumulated depreciation	(815)	(939)	(787)	(2,541)
Net carrying amount	<u>2,352</u>	<u>941</u>	<u>1,729</u>	<u>5,022</u>
At 1 January 2017,				
net of accumulated depreciation	2,352	941	1,729	5,022
Additions	—	187	153	340
Additions due to the acquisition of Depreciation provided during the year	(694)	(295)	(549)	(1,538)
At 31 December 2017, net of accumulated depreciation	<u>1,658</u>	<u>833</u>	<u>1,333</u>	<u>3,824</u>
At 31 December 2017:				
Cost	3,167	2,067	2,669	7,903
Accumulated depreciation	(1,509)	(1,234)	(1,336)	(4,079)
Net carrying amount	<u>1,658</u>	<u>833</u>	<u>1,333</u>	<u>3,824</u>
30 April 2018				
At 31 December 2017 and at 1 January 2018:				
Cost	3,167	2,067	2,669	7,903
Accumulated depreciation	(1,509)	(1,234)	(1,336)	(4,079)
Net carrying amount	<u>1,658</u>	<u>833</u>	<u>1,333</u>	<u>3,824</u>
At 1 January 2018,				
net of accumulated depreciation	1,658	833	1,333	3,824
Additions	—	45	—	45
Depreciation provided during the year	(222)	(105)	(190)	(517)
At 30 April 2018, net of accumulated depreciation	<u>1,436</u>	<u>773</u>	<u>1,143</u>	<u>3,352</u>
At 30 April 2018:				
Cost	3,167	2,112	2,669	7,948
Accumulated depreciation	(1,731)	(1,339)	(1,526)	(4,596)
Net carrying amount	<u>1,436</u>	<u>773</u>	<u>1,143</u>	<u>3,352</u>

13. OTHER INTANGIBLE ASSETS

The Group

	Software	Favourable contract	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2015			
Cost at 1 January 2015, net of accumulated amortisation	368	—	368
Amortisation provided during the year . .	(49)	—	(49)
At 31 December 2015	<u>319</u>	<u>—</u>	<u>319</u>
At 31 December 2015:			
Cost	490	—	490
Accumulated amortisation	(171)	—	(171)
Net carrying amount	<u>319</u>	<u>—</u>	<u>319</u>
31 December 2016			
Cost at 1 January 2016, net of accumulated amortisation	319	—	319
Additions	274	—	274
Disposals	(294)	—	(294)
Amortisation provided during the year . .	(32)	—	(32)
At 31 December 2016	<u>267</u>	<u>—</u>	<u>267</u>
At 31 December 2016:			
Cost	470	—	470
Accumulated amortisation	(203)	—	(203)
Net carrying amount	<u>267</u>	<u>—</u>	<u>267</u>

	Software	Favourable contract	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2017			
Cost at 1 January 2017, net of accumulated amortisation	267	—	267
Additions	76	—	76
Additions due to the acquisition of a new subsidiary (note 24)	—	2,763	2,763
Amortisation provided during the year	(28)	(2,125)	(2,153)
At 31 December 2017	<u>315</u>	<u>638</u>	<u>953</u>
At 31 December 2017:			
Cost	546	2,763	3,309
Accumulated amortisation	(231)	(2,125)	(2,356)
Net carrying amount	<u>315</u>	<u>638</u>	<u>953</u>
30 April 2018			
Cost at 1 January 2018, net of accumulated amortisation	315	638	953
Additions	173	—	173
Amortisation provided during the period	(14)	(638)	(652)
At 30 April 2018	<u>474</u>	<u>—</u>	<u>474</u>
At 30 April 2018:			
Cost	719	2,763	3,482
Accumulated amortisation	(245)	(2,763)	(3,008)
Net carrying amount	<u>474</u>	<u>—</u>	<u>474</u>

The Company

	Software
	<i>RMB'000</i>
31 December 2015	
Cost at 1 January 2015, net of accumulated amortisation	368
Amortisation provided during the year	(49)
At 31 December 2015	<u>319</u>
At 31 December 2015:	
Cost	490
Accumulated amortisation	(171)
Net carrying amount	<u>319</u>
31 December 2016	
Cost at 1 January 2016, net of accumulated amortisation	319
Additions	274
Disposals	(294)
Amortisation provided during the year	(32)
At 31 December 2016	<u>267</u>
At 31 December 2016:	
Cost	470
Accumulated amortisation	(203)
Net carrying amount	<u>267</u>
31 December 2017	
Cost at 1 January 2017, net of accumulated amortisation	267
Additions	76
Amortisation provided during the year	(28)
At 31 December 2017	<u>315</u>
At 31 December 2017:	
Cost	546
Accumulated amortisation	(231)
Net carrying amount	<u>315</u>

	<u>Software</u>
	<i>RMB'000</i>
30 April 2018	
Cost at 1 January 2018, net of accumulated amortisation	315
Additions	173
Amortisation provided during the period	(14)
At 30 April 2018	<u>474</u>
At 30 April 2018:	
Cost	719
Accumulated amortisation	(245)
Net carrying amount	<u>474</u>

14. INVESTMENT IN JOINT VENTURES

	<u>31 December</u>			<u>30 April</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	—	—	—	<u>1,678</u>

<u>Name</u>	<u>Particulars of issued shares held</u>	<u>Place of registration and business</u>	<u>Percentage of ownership interest attributable to the Group</u>	<u>Principal activity</u>
Shanghai Ruifu Investment Management Co., Ltd.	Ordinary shares	Shanghai	50	Investment management
Hengqin Huixun Investment Management Co., Ltd.	Ordinary shares	Zhuhai	40	Investment management

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

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of the joint ventures' loss for the year/period	—	—	(498)	(322)
Share of the joint ventures' total comprehensive income	—	—	(498)	(322)
Aggregate carrying amount of the Group's investment in the joint ventures	—	—	—	1,678

15. DEFERRED TAX

The movements in deferred tax liabilities and assets during the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018 are as follows:

Deferred tax assets

	Accrued	Provision for	Total
	staff costs	bad debts	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2015	147	—	147
Deferred tax charged to profit or loss during the year (note 9)	(147)	—	(147)
At 31 December 2015 and at 1 January 2016	—	—	—
Deferred tax credited to profit or loss during the year (note 9)	167	—	167
At 31 December 2016 and at 1 January 2017	167	—	167

APPENDIX I

ACCOUNTANTS' REPORT

	Accrued staff costs	Provision for bad debts	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax (charged)/credited to profit or loss during the year (note 9)	(31)	59	28
At 31 December 2017 and at 1 January 2018	<u>136</u>	<u>59</u>	<u>195</u>
Deferred tax charged to profit or loss during the year (note 9)	(32)	(24)	(56)
At 30 April 2018	<u>104</u>	<u>35</u>	<u>139</u>

Deferred tax liabilities

	Changes in fair value of available- for-sale investments
	<i>RMB'000</i>
At 1 January 2015	76
Deferred tax charged to profit or loss during the year (note 9)	376
At 31 December 2015 and at 1 January 2016	<u>452</u>
Deferred tax credited to profit or loss during the year (note 9)	(452)
At 31 December 2016 and at 1 January 2017	<u>—</u>
Acquisition of a subsidiary during the year (note 24)	690
Deferred tax charged to profit or loss during the year (note 9)	5,522
At 31 December 2017 and at 1 January 2018	<u>6,212</u>
Deferred tax charged to profit or loss during the period (note 9)	1,043
At 30 April 2018	<u>7,255</u>

For presentation purposes, nil, nil, RMB136,000 and RMB104,000 of deferred tax assets and liabilities have been offset as at 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018 in the consolidated statements of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statements of financial position	—	167	59	35
Net deferred tax liabilities recognised in the consolidated statements of financial position	(452)	—	(6,076)	(7,151)

16. TRADE RECEIVABLES

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

The Group

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	5,812	1,901	77,560	41,246
Impairment	—	—	—	—
	<u>5,812</u>	<u>1,901</u>	<u>77,560</u>	<u>41,246</u>

Nil, RMB758,000, RMB5,945,000 and RMB7,392,000 due from associates and a joint venture has been included in these balances as at 31 December 2015, 2016 and 2017, and 30 April 2018, respectively. See note 28 for detail.

The Company

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	4,040	804	42,039	23,185
Impairment	—	—	—	—
	<u>4,040</u>	<u>804</u>	<u>42,039</u>	<u>23,185</u>

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of provisions, is as follows:

The Group

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	5,812	1,901	77,177	40,617
1 to 2 years	—	—	383	629
Total	<u>5,812</u>	<u>1,901</u>	<u>77,560</u>	<u>41,246</u>

The Company

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	4,040	804	41,656	22,556
1 to 2 years	—	—	383	629
Total	<u>4,040</u>	<u>804</u>	<u>42,039</u>	<u>23,185</u>

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

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Group				
Cash advance to employees	27	299	165	331
Prepayments	3	575	845	2,001
Other receivables	1,883	3,294	11,083	6,722
Deposits	29,216	15,836	14,455	4,593
	<u>31,129</u>	<u>20,004</u>	<u>26,548</u>	<u>13,647</u>
The Company				
Cash advance to employees	27	259	3	160
Prepayments	3	575	660	1,284
Other receivables	1,883	2,488	4,504	4,408
Deposits	1,048	836	3,352	1,251
	<u>2,961</u>	<u>4,158</u>	<u>8,519</u>	<u>7,103</u>

Deposits mainly represent deposit to Fortune & Goal Investment as part of strategic cooperation with them during the Track Record Period. The respective balances amount to approximately RMB19.0 million, RMB14.0 million, RMB8.0 million and RMB0.4 million as at 31 December 2015, 2016 and 2017, and 30 April 2018, respectively.

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

18. LOAN RECEIVABLES

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Group				
Amortised cost	1,000	1,000	48,327	67,643
Impairment	—	—	(237)	(141)
	<u>1,000</u>	<u>1,000</u>	<u>48,090</u>	<u>67,502</u>
Comprising:				
Current portion	—	—	20,736	58,610
Non-current portion	1,000	1,000	27,354	8,892
The Company				
Amortised cost	—	—	—	39,560
Impairment	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>39,560</u>
Comprising:				
Current portion	—	—	—	39,560
Non-current portion	—	—	—	—

Loan receivables mainly represents the interest-free loan receivable from third parties and the loan period varies from 6 months to 3 years. Such amounts are recorded in the principal amount less allowance for doubtful amounts.

The Controlling Shareholder has guaranteed the Group's loans receivables due from a third party, amounted up to nil, nil, RMB50,000,000, and RMB30,000,000 as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively.

19. INVESTMENTS IN ASSOCIATES OR A JOINT VENTURE AT FAIR VALUE THROUGH PROFIT OR LOSS (“IAFV”)

The Group

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments in associates or a joint venture, at fair value	53,809	55,000	83,849	187,019

The Group as investment fund managers, measure the above investments in associates or a joint venture at fair value through profit or loss in accordance with IFRS 9 at 31 December 2015, 31 December 2016, 31 December 2017, 30 April 2017 and 2018.

The movements in investments in associates or a joint venture at fair value through profit or loss during the years ended 31 December 2015, 2016 and 2017 and 30 April 2018 are as follows:

	Increase/(decrease)		
	Cost	in fair value	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2015	6,230	304	6,534
Additions	52,000	1,809	53,809
Exit and/or realisation	(6,230)	(304)	(6,534)
At 31 December 2015	52,000	1,809	53,809
Comprising:			
Current portion.	52,000	1,809	53,809
Non-current portion	—	—	—
At 1 January 2016	52,000	1,809	53,809
Additions	55,000	—	55,000
Exit and/or realisation	(52,000)	(1,809)	(53,809)
At 31 December 2016	55,000	—	55,000

	Increase/(decrease)		Total
	Cost	in fair value	
	<i>RMB'000</i>	of IAFV <i>RMB'000</i>	
Comprising:			
Current portion	—	—	—
Non-current portion	55,000	—	55,000
At 1 January 2017	55,000	—	55,000
Additions	4,000	24,849	28,849
At 31 December 2017	<u>59,000</u>	<u>24,849</u>	<u>83,849</u>
Comprising:			
Current portion	4,000	236	4,236
Non-current portion	55,000	24,613	79,613
At 1 January 2018	59,000	24,849	83,849
Additions	103,000	4,706	107,706
Exit and/or realisation	(4,000)	(536)	(4,536)
At 30 April 2018	<u>158,000</u>	<u>29,019</u>	<u>187,019</u>
Comprising:			
Current portion	23,000	477	23,477
Non-current portion	135,000	28,542	163,542

The Company

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments in associates or a joint venture, at fair value	<u>53,809</u>	<u>53,000</u>	<u>81,277</u>	<u>179,495</u>

The Company as an investment fund manager, measure the above investments in associates or a joint venture at fair value through profit or loss in accordance with IFRS 9 at 31 December 2015, 31 December 2016, 31 December 2017, 30 April 2017 and 2018.

The movements in investments in associates or a joint venture at fair value through profit or loss during the years ended 31 December 2015, 2016 and 2017 and 30 April 2018 are as follows:

	Increase/(decrease)		
	Cost	in fair value of IAFV	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2015	6,230	304	6,534
Additions	52,000	1,809	53,809
Exit and/or realisation	(6,230)	(304)	(6,534)
At 31 December 2015	<u>52,000</u>	<u>1,809</u>	<u>53,809</u>
Comprising:			
Current portion	<u>52,000</u>	<u>1,809</u>	<u>53,809</u>
Non-current portion	<u>—</u>	<u>—</u>	<u>—</u>
At 1 January 2016	52,000	1,809	53,809
Additions	53,000	—	53,000
Exit and/or realisation	(52,000)	(1,809)	(53,809)
At 31 December 2016	<u>53,000</u>	<u>—</u>	<u>53,000</u>
Comprising:			
Current portion	<u>—</u>	<u>—</u>	<u>—</u>
Non-current portion	<u>53,000</u>	<u>—</u>	<u>53,000</u>
At 1 January 2017	53,000	—	53,000
Additions	4,000	24,277	28,277
At 31 December 2017	<u>57,000</u>	<u>24,277</u>	<u>81,277</u>

	Increase/(decrease)		
	Cost	in fair value of IAFV	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Comprising:			
Current portion	4,000	236	4,236
Non-current portion	53,000	24,041	77,041
At 1 January 2018	57,000	24,277	81,277
Additions	98,000	4,754	102,754
Exit and/or realisation	(4,000)	(536)	(4,536)
At 30 April 2018	<u>151,000</u>	<u>28,495</u>	<u>179,495</u>
Comprising:			
Current portion	23,000	477	23,477
Non-current portion	128,000	28,018	156,018

20. CASH AND CASH EQUIVALENTS

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Group				
Cash and bank balances	<u>10,094</u>	<u>93,739</u>	<u>41,657</u>	<u>12,919</u>
The Company				
Cash and bank balances	<u>9,986</u>	<u>86,315</u>	<u>36,159</u>	<u>1,554</u>

As at 31 December 2015, 2016 and 2017 and 30 April 2018, all the cash and bank balances of the Group were denominated in RMB. 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.

21. OTHER PAYABLES AND ACCRUALS

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Group				
Payroll and welfare payable	1,498	3,109	8,506	2,656
Taxes and surcharges	791	715	2,251	922
Accruals	53	4,302	1,741	5,577
Advances from employees	—	100	182	55
Due to a related party (note 28)	—	9	18	18
Others	—	22	156	4,546
	<u>2,342</u>	<u>8,257</u>	<u>12,854</u>	<u>13,774</u>
The Company				
Payroll and welfare payable	1,498	2,208	5,419	1,589
Taxes and surcharges	606	607	1,473	444
Accruals	53	800	1,469	5,348
Advances from employees	—	95	127	—
Others	—	11	25	444
	<u>2,157</u>	<u>3,721</u>	<u>8,513</u>	<u>7,825</u>

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

22. SHARE CAPITAL

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Issued and fully paid 85,000,000, 110,000,000, 110,000,000 and 115,000,000 ordinary shares at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively:	<u>85,000</u>	<u>110,000</u>	<u>110,000</u>	<u>115,000</u>

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

	<i>Notes</i>	Number of shares in issue	Share capital
		<i>'000</i>	<i>RMB'000</i>
At 1 January 2015		19,265	19,265
Issue of shares	(i)	65,735	65,735
At 31 December 2015 and 1 January 2016		85,000	85,000
Issue of shares	(ii)	25,000	25,000
At 31 December 2016, 1 January 2017 and 31 December 2017		110,000	110,000
Issue of shares	(iii)	5,000	5,000
At 30 April 2018		115,000	115,000

(i) According to the resolution of the shareholders' meeting dated 16 December 2015, the Company became a joint stock company. Based on the audit report issued by Da Hua Certified Public Accountants, the net assets of the Company as at 31 October 2015 amounted to RMB91,509,000. Pursuant to the sponsorship agreement and the capital verification report, the Company issued 85,000,000 shares, and the residual amount of RMB6,509,000 has been credited to the share premium.

(ii) According to the resolution of the shareholders' meeting dated 1 April 2016, 15,000,000 ordinary shares were issued at RMB2 per share to the new shareholders of the Company, which resulted in share capital addition of RMB15,000,000, and the residual amount of RMB15,000,000 has been credited to the share premium.

According to the resolution of the shareholders' meeting dated 30 June 2016, 10,000,000 ordinary shares were issued at RMB2 per share to the existing shareholders of the Company, which resulted in share capital addition of RMB10,000,000, and the residual amount of RMB10,000,000 has been credited to the share premium.

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

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

23. RESERVES**The Group**

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018 are presented in the consolidated statement of changes in equity of the Historical Financial Information.

(a) Share premium

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

(b) Share based payment reserve

Share based payment reserve represent the difference between the fair value and the consideration of the shares granted to senior management and employees in 2018, see note 22 for detail.

(c) Statutory surplus reserves

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

The Company

	Share premium	Statutory surplus reserves	Retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2015	1	193	3,746	3,940
Issue of shares (note 22)	6,509	—	(6,509)	—
Appropriations to statutory surplus reserves	—	1,009	(1,009)	—
Total comprehensive income for the year	—	(983)	11,070	10,087
As at 31 December 2015 and 1 January 2016	6,510	219	7,298	14,027
Issue of shares	25,000	—	—	25,000
Total comprehensive income for the year	—	—	40,766	40,766
Appropriations to statutory surplus reserves	—	4,067	(4,067)	—
Dividends	—	—	(35,000)	(35,000)
As 31 December 2016 and 1 January 2017	31,510	4,286	8,997	44,793
Appropriations to statutory surplus reserves	—	4,238	(4,238)	—
Total comprehensive income for the year	—	—	42,380	42,380
At 31 December 2017 and 1 January 2018	31,510	8,524	47,139	87,173
Issue of shares	14,800	—	—	14,800
Total comprehensive income for the period	—	—	39,894	39,894
Dividends	—	—	(45,000)	(45,000)
At 30 April 2018	<u>46,310</u>	<u>8,524</u>	<u>42,033</u>	<u>96,867</u>

24. BUSINESS COMBINATION

(a) Acquisition of Shanghai Qiaofang

On 15 March 2017, the Group acquired a 51% equity interest in Shanghai Qiaofang from a third party. The acquisition was made as part of the Group's strategy to provide investment-related service. The purchase consideration for the acquisition was in the form of cash, with RMB1,530,000 paid at the acquisition date.

The fair values of the identifiable assets and liabilities of Shanghai Qiaofang as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition
		<i>RMB'000</i>
Property, plant and equipment	12	25
Other intangible assets	13	2,763
Cash and bank balances		172
Prepayments and other receivables		249
Accruals and other payables		(551)
Tax payable		(28)
Deferred tax liabilities	15	(690)
Total identifiable net assets at fair value		1,940
Non-controlling interests		(951)
		989
Goodwill on acquisition*		541
Satisfied by cash		1,530

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(1,530)
Cash and bank balances acquired	172
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,358)

Since the acquisition, Shanghai Qiaofang contributed nil to the Group's revenue and caused a loss of RMB5,904,605 to the consolidated profit for the year ended 31 December 2017.

* Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. As at 31 December 2017, goodwill relating to the acquisition of Shanghai Qiaofang was fully written off.

(b) Acquisition of Jiasheng Ruixin

On 3 July 2017, the Group acquired a 100% equity interest in Jiasheng Ruixin. The acquisition was made as part of the Group's strategy to provide investment-related service. The purchase consideration for the acquisition was in the form of cash amounting to RMB20,000,000 and interest-free loan with terms of 3 years amounting to RMB50,000,000 at the acquisition date.

The fair values of the identifiable assets and liabilities of Jiasheng Ruixin as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	<i>RMB'000</i>
Cash and bank balances	25,000
Prepayments and other receivables	20,076
Accruals and other payables	(27,239)
Total identifiable net assets at fair value	<u>17,837</u>
Goodwill on acquisition*	<u>6,074</u>
Acquisition consideration	<u>23,911</u>
Cash	<u>20,000</u>
Difference between fair value and original amount of interest-free loan	<u>3,911</u>

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(20,000)
Cash and bank balances acquired	<u>25,000</u>
Net inflow of cash and cash equivalents included in cash flows from investing activities	<u>5,000</u>

Since the acquisition, Jiasheng Ruixin contributed RMB2,118,045 to the Group's revenue and caused a loss of RMB1,629,787 to the consolidated profit for the year ended 31 December 2017.

* Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. As at 31 December 2017, goodwill relating to the acquisition of Jiasheng Ruixin was fully written off.

25. DISPOSAL OF SUBSIDIARIES

(a) 江蘇瑞威股權投資基金管理有限公司 (Jiangsu Realway Equity Investment Fund Management Co., Ltd, Jiangsu Realway)

Pursuant to the equity interest transfer agreement dated 23 August 2015, the Group disposed of its 100% equity interest in Jiangsu Realway to Shanghai Hongyi Investment Consultancy Co., Ltd for a consideration of RMB5,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 19 October 2015.

The carrying values of the assets and liabilities of Jiangsu Realway on the date of disposal were as follows:

	<i>RMB'000</i>
Cash and bank balances	24
Prepayments, deposits and other receivables	5,125
Net assets disposed of	5,149
Loss on disposal of a subsidiary	(149)
Satisfied by cash	5,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Jiangsu Realway is as follows:

	<i>RMB'000</i>
Cash consideration	5,000
Cash and bank balances disposed of	(24)
Net inflow of cash and cash equivalents in respect of the disposal of Jiangsu Realway	4,976

(b) 上海芮威投资管理有限公司 (Shanghai Ruiwei Investment Management Co., Ltd, Shanghai Ruiwei)

Pursuant to the equity interest transfer agreement dated 16 December 2016, the Group disposed of its 100% equity interest in Shanghai Ruiwei to Beijing Zhonghui Xinde Investment Consultancy Co., Ltd for a consideration of RMB5,000,000.

The carrying values of the assets and liabilities of Shanghai Ruiwei on the date of disposal were as follows:

	<i>Note</i>	<i>RMB'000</i>
Cash and bank balances		17
Prepayments, deposits and other receivables		5,544
Property, plant and equipment	12	625
Other payables and accruals		(1,209)
Net assets disposed of		4,977
Gain on disposal of Shanghai Ruiwei		23
Satisfied by cash		<u>5,000</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Shanghai Ruiwei is as follows:

	<i>RMB'000</i>
Cash consideration	5,000
Cash and bank balances disposed of	(17)
Net inflow of cash and cash equivalents in respect of the disposal of Shanghai Ruiwei	<u>4,983</u>

(c) 上海芮富投资管理有限公司 (Shanghai Ruifu Investment Management Co., Ltd, Shanghai Ruifu)

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

According to the resolution of the shareholders' meeting on 8 June 2017, the Company decided to transfer 30% of its equity interest in Shanghai Ruifu with a cash consideration amounting to RMB300,000 to Shanghai Jian'ai Management and Consultancy LLP and transfer 20% of its equity interest in Shanghai Ruifu with a cash consideration amounting to RMB200,000 to Shanghai Yunheng Assets Management Co., Ltd.

The carrying values of the assets and liabilities of Shanghai Ruifu on the date of disposal were as follows:

	<i>RMB'000</i>
Cash and bank balances	996
Net assets before disposal.	996
Cash consideration for 50% shares	500
Fair value of retaining 50% equity interest included in interests in joint ventures	498
Gain on disposal of a subsidiary.	2
Net outflow of cash and cash equivalents in respect of the disposal of Shanghai Ruifu	(496)

26. CONTINGENT LIABILITIES

As at 31 December 2015, 2016 and 2017 and 30 April 2018, the Group had no significant contingent liabilities.

27. OPERATING LEASE ARRANGEMENTS

As lessee

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

At 31 December 2015, 2016 and 2017 and 30 April 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	4,032	3,173	4,213	5,155
In the second to fifth years, inclusive	13,037	7,407	5,220	5,011
	17,069	10,580	9,433	10,166

28. RELATED PARTY TRANSACTIONS**(1) Name and relationship**

Name of related party	Relationship with the Group
Shanghai Feiding Construction & Decoration Co., Ltd. (“Feiding Ltd.”)	Company controlled by a close relative of an executive director
Shanghai Yihai Investment Center (Limited Partner) (“Yihai Investment”)	Company controlled by a close relative of an executive director
Shanghai Ruifu*	Joint venture
Shanghai Weiheng Investment Limited Partnership (“FOF I”)	Associate
Realway Development No. 3 Unit Trust Fund (“FOF III”)	Associate
Shanghai Weiyi Investment Limited Partnership (“FOF IV”)	Joint venture
Ningbo Meishan Bonded Harbor Weichong Investment Management Limited Partnership (“Weichong”)**	Associate
Mr. Zhuping	Controlling Shareholder

* As described in note 25, Shanghai Ruifu was previously a subsidiary of the Group and the Group lost control over it on 8 June 2017, Shanghai Ruifu was accounted for as a joint venture thereafter.

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

(2) Significant related party transactions

The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Receiving service:					
Feiding Ltd. (a)	1,139	108	154	154	—
Yihai Investment. (b)	395	—	—	—	—
Shanghai Ruifu. (c)	—	—	163	—	866
	—	—	—	—	—
Rending funds					
management service:					
FOF I. (d)	3,960	11,260	—	—	—
FOF III. (d)	—	633	5,198	1,674	1,861
FOF IV. (d)	—	82	486	164	615
Weichong (d)	—	—	—	35	—
	—	—	—	—	—

- (a) Feiding Ltd. has provided office decoration service for the Group during the Relevant Periods, and the service was provided according to mutually agreed price and terms.
- (b) Yihai Investment has provided consultation service for the Group during the Relevant Periods, and the service was provided according to mutually agreed price and terms.
- (c) Shanghai Ruifu has provided consultation service for the Group during the Relevant Periods, and the service was provided according to mutually agreed price and terms.
- (d) The Group has provided fund management service to these entities during the Relevant Periods, and the service was provided according to mutually agreed price and terms.
- (e) The Controlling Shareholder has guaranteed the Group's loans receivables due from a third party, amounted up to nil, nil, RMB50,000,000, and RMB30,000,000 as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively.

(3) Outstanding balances with related parties:

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade Receivables				
FOF III	—	671	5,893	6,725
FOF IV	—	87	15	667
Weichong	—	—	37	—
Total	—	758	5,945	7,392
Other payables				
Feiding Ltd.	—	9	18	18

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

	Year ended 31 December			Four months ended 30	
	2015	2016	2017	April	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					(unaudited)
Short term employee benefits ...	1,077	2,681	3,963	848	1,152
Post-employment benefits	184	332	461	137	164
Share based payment.	—	—	—	—	4,784
Total compensation paid to key management personnel.	1,261	3,013	4,424	985	6,100

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

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2015

Financial assets

	Measured at fair value through profit or loss	Measured at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (note 16)	—	5,812	5,812
Financial assets included in prepayments, deposits and other receivables (note 17) .	—	31,099	31,099
Loan receivables (note 18)	—	1,000	1,000
Investments in associates or a joint venture at fair value through profit or loss (note 19)	53,809	—	53,809
Cash and cash equivalents (note 20)	—	10,094	10,094
	<u>53,809</u>	<u>48,005</u>	<u>101,814</u>

Financial liabilities

There was no financial liability as at 31 December 2015.

31 December 2016

Financial assets

	Measured at fair value through profit or loss	Measured at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (note 16)	—	1,901	1,901
Financial assets included in prepayments, deposits and other receivables (note 17)	—	19,130	19,130
Loan receivables (note 18)	—	1,000	1,000
Investments in associates or a joint venture at fair value through profit or loss (note 19)	55,000	—	55,000
Cash and cash equivalents (note 20)	—	93,739	93,739
	<u>55,000</u>	<u>115,770</u>	<u>170,770</u>

Financial liabilities

	Other financial liabilities
Financial liabilities included in other payables and accruals (note 21)	<u>31</u>

31 December 2017

Financial assets

	Measured at fair value through profit or loss	Measured at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (note 16)	—	77,560	77,560
Financial assets included in prepayments, deposits and other receivables (note 17)	—	25,538	25,538
Loan receivables (note 18)	—	48,327	48,327
Investments in associates or a joint venture at fair value through profit or loss (note 19)	83,849	—	83,849
Cash and cash equivalents (note 20)	—	41,657	41,657
	<u>83,849</u>	<u>193,082</u>	<u>276,931</u>

Financial liabilities

	Other Financial liabilities
Financial liabilities included in other payables and accruals (note 20)	<u>174</u>

30 April 2018

Financial assets

	Measured at fair value through profit or loss	Measured at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (note 16)	—	41,246	41,246
Financial assets included in prepayments, deposits and other receivables (note 17)	—	11,315	11,315
Loan receivables (note 18)	—	67,643	67,643
Investments in associates or a joint venture at fair value through profit or loss (note 19)	187,019	—	187,019
Cash and cash equivalents (note 20)	—	12,919	12,919
	<u>187,019</u>	<u>133,123</u>	<u>320,142</u>

Financial liabilities

	Other financial liabilities
Financial liabilities included in other payables and accruals (note 21)	4,564
Dividend Payable	45,000
	<u>49,564</u>

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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			
	31 December 2015	31 December 2016	31 December 2017	30 April 2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets				
Investments in associates or a joint venture at fair value through profit or loss (note 19)	52,000	55,000	59,000	158,000
	<u>52,000</u>	<u>55,000</u>	<u>59,000</u>	<u>158,000</u>
	Fair values			
	31 December 2015	31 December 2016	31 December 2017	30 April 2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets				
Investments in associates or a joint venture at fair value through profit or loss (note 19)	53,809	55,000	83,849	187,019
	<u>53,809</u>	<u>55,000</u>	<u>83,849</u>	<u>187,019</u>

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

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

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2015, 2016 and 2017 and 30 April 2018:

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

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

The Group's investment in associates or a joint venture at fair value through profit or loss which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB53,809,000, RMB55,000,000, RMB83,849,000, and RMB187,019,000 as at 31 December 2015, 2016 and 2017, and 30 April 2018 respectively. The significant unobservable input is the net assets value of the underlying investments made by the funds. A 5% increase/decrease in the net asset value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amounts of these investments by RMB2,690,000, RMB2,750,000, RMB4,192,000, and RMB9,351,000 as at 31 December 2015, 2016 and 2017, and 30 April 2018 respectively.

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 2015

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in associates or a joint venture at fair value through profit or loss	—	—	53,809	53,809

As at 31 December 2016

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in associates or a joint venture at fair value through profit or loss	—	—	55,000	55,000

As at 31 December 2017

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

As at 30 April 2018

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Investments in associates or a joint venture at fair value through profit or loss	—	—	187,019	187,019

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

Refer to note 19 for the movements in fair value measurements within Level 3 during the years ended 31 December 2015, 2016 and 2017 and four months ended 30 April 2018.

31. 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 and investments in associates or a joint venture at fair value through profit or loss, 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, IAFV and loan receivables represent the Group's maximum exposure to credit risk in relation to its financial assets as at 30 April 2018.

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

The Group's cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

The Group's trade receivables mainly represent regular management fee based on a predetermined fixed percentage of the assets value under management and paid out in the priority of the funds' distributable cash flow, the directors of the Company are of the opinion that the balances are considered fully recoverable.

The carrying amount of the Group's financial assets at IAFV as disclosed in note 19 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

Except for the Group has applied the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for financial assets included in trade receivables, the Group has established a policy to perform an assessment of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument, as described below:

Stage 1	When financial assets included in prepayments, deposits and other receivables and loan receivables are initial recognised and without significant increase in credit risk after initial recognition, the Group recognises an allowance based on 12 months' ECLs.
Stage 2	When financial assets included in prepayments, deposits and other receivables and loan receivables have shown a significant increase in credit risk since initial recognition but have no objective evidence of impairment, the Group records an allowance for the lifetime ECLs.
Stage 3	financial assets included in prepayments, deposits and other receivables and loan receivables considered credit-impaired. The Group records an allowance for the lifetime ECLs.

The Group shall measure ECL of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic condition.

When measuring the ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The Group conducts an assessment of ECL according to forward-looking information and uses complex models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by borrowers and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- Criteria for judging significant increases in credit risk
- Definition of credit-impaired financial asset
- Parameters for measuring ECL
- Forward-looking information
- Modification of contractual cash flows.

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative criteria have been met:

Quantitative criteria

- At the reporting date, the borrower is more than 30 days past due on its contractual payments.

Qualitative criteria

- The credit risk event of the debtor which is highly likely to lead to significant adverse effects;
- The debtor meets problems of cash flows or liquidity, i.e. overdue loans;
- The debtor is unwilling to repay the debt, i.e. debt dodge, fraud;
- The debtor defaults on loans outside the Group, resulting in non-performing assets in PBOC credit system;
- For collateralised and pledged loans, change of the value of collateral might incur a rise in credit risk.

Definition of credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past due event;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Parameters of ECL measurement

The expected credit loss is measured on either a 12 month (“12M”) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are discounted product of the probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”).

The ECL is determined by projecting PD, EAD and LGD for each portfolio. These three components are multiplied together and then discounted back to the reporting date and summarized. The discount rate used in the ECL calculation is original effective interest rate or an approximation thereof.

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types.

In addition to providing a baseline economic scenario, internal experts of the Group determine the weight of other possible scenarios based on the baseline economic scenario. The Group measures the weighted average ECL of 12 months (stage I) or life time (stage II and stage III) for the measurement of the related impairment allowance. The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, convertible bonds, finance leases and other interest-bearing loans.

There was no significant financial liability as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018.

Price risk

The Group is exposed to price risk in respect of the investments in associates or a joint venture measured at fair value through profit or loss held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. Each investment is managed by senior management on a case by case basis. The sensitivity analysis is performed by management, see note 30 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 2015, 2016 and 2017 and four months ended 30 April 2018.

The Group monitors capital using a gearing ratio, which is total liabilities divided by the total assets. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	31 December			30 April
	2015	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total liabilities	5,195	18,583	59,267	103,683
Total assets	105,613	177,100	282,881	330,966
Gearing ratio	4.92%	10.49%	20.95%	31.33%

32. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the equity interest transfer agreement dated 5 June 2018, the Group decided to transfer its 55% interest in Jinkai Dongrui, a subsidiary as at 30 April 2018, to independent third parties for a total consideration of RMB5,500,000, and thus, the Group has lost control over Jinkai Dongrui.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 April 2018.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Share Offer on our consolidated net tangible assets as of 30 April 2018 as if it had taken place on 30 April 2018.

The unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Share Offer been completed as of 30 April 2018 or any future date. It is prepared based on our consolidated net tangible assets as of 30 April 2018 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated Net Tangible Assets of Our Group as of April 30, 2018	Estimated Net Proceeds from the Share Offer	Unaudited Pro Forma Adjusted Net Tangible Assets of our Group	Unaudited Pro Forma Adjusted Net Tangible Assets per Share	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>	<i>(Note 4)</i>
Based on an Offer Price Of					
HK\$5.0 per Share	225,913	142,129	368,042	2.40	2.73
Based on an Offer Price Of					
HK\$7.0 per Share	225,913	207,582	433,495	2.83	3.22

Notes:

- (1) The consolidated net tangible assets attributable to owners of the Company as of 30 April 2018 is extracted from the Accountants' Report, which is based on the consolidated equity attributable to owners of the Company as of 30 April 2018 of approximately RMB226 million.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (2) The estimated net proceeds from the Share Offer are based on the Offer Price of HK\$7.0 per Share or HK\$5.0 per Share, after deduction of the underwriting fees and other related expenses payable by the Company. The estimated net proceeds from the Share Offer are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.0 to RMB0.8800.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 38,340,000 Shares in issue immediately following the completion of the Share Offer.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.8800.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Shanghai Realway Capital Assets Management Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Shanghai Realway Capital Assets Management Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 April 2018, and related notes as set out on pages II-1 and II-2 of the prospectus dated 31 October 2018 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Share Offer of shares of the Company on the Group's financial position as at 30 April 2018 as if the transaction had taken place at 30 April 2018. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the period ended 30 April 2018, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Share Offer of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
31 October 2018

PRC TAXATION**Taxation Applicable to Shareholders***Taxation on Dividends**Individual Investors*

According to the Individual Income Tax Law of the People's Republic of China (中華人民共和國個人所得稅法) (the "Individual Income Tax Law"), as promulgated on 10 September 1980 and amended on 31 October 1993, 30 August 1999, 27 October 2005, 29 June 2007, 29 December 2007 and 30 June 2011 by the Standing Committee of the National People's Congress (Standing Committee of the National People's Congress promulgated Individual Income Tax Law on 31 August 2018 and it will be effective on 1 January 2019), and the Implementation Regulations of the Individual Income Tax Law of the People's Republic of China (中華人民共和國個人所得稅法實施條例) (the "Implementation Regulations of the Individual Income Tax Law"), as promulgated on 28 January 1994 and amended on 19 December 2005, 18 February 2008 and 19 July 2011 by the State Council, the individuals, who have no domiciles and do not reside in the PRC or have no domiciles but have resided in the PRC less than one year, receiving interests, dividends and bonus from a company, enterprise or other economic organisations or individuals in the PRC are subject to the individual income tax.

Pursuant to the Circular on Issues Concerning the Levy of Individual Income Tax Following the Abolishment of the Document Numbered Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), which was promulgated and implemented by the SAT on 28 June 2011, for a domestic non-foreign invested enterprise who has been issuing shares in Hong Kong, its foreign individual shareholders may enjoy the relevant preferential tax treatment according to the taxation agreement between the PRC and the country where they reside and the taxation arrangement between the PRC and Hong Kong (or Macau). When domestic non foreign-invested enterprises, which issue stocks in Hong Kong, pay dividends and bonus, a tax rate 10% is generally adopted for withholding of individual income tax and no applications are needed. Where the individuals who receive the dividends are residents of countries where the agreed tax rate is lower than 10%, the withholding agent shall, according to regulations provisions, handle the applications for relevant preferential treatments and refund the extra tax upon the approval of competent tax authorities. Where the individuals are residents of countries where the agreed tax rate is higher than 10% but lower than 20%, the withholding agent shall withhold the individual income tax according to the agreed actual tax rate when paying the dividends and bonuses and no applications are needed in such cases. Where the dividend receiving individuals are residents of countries which have not established tax treaties with China or other circumstances exist, the withholding agent shall withhold the individual income tax based on the rate of 20% when paying dividends and bonuses.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the "EIT Law"), which was promulgated by the National People's Congress on 16 March 2007 and implemented on 1 January 2008 and amended on 24 February 2017, and the Implementation Regulations of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council on 6 December 2007 and implemented on 1 January 2008, a non-PRC resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, if such non-PRC resident enterprise does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC.

According to the Circular of SAT on Issues Related to the Withholding and Remittance of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Overseas Non-resident Enterprises Which Hold H Shares (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated and implemented on 6 November 2008 by SAT, where Chinese resident enterprises pay dividends of 2008 and thereafter to overseas non-resident enterprise which hold H shares, the enterprise income tax shall be withheld and remitted at the uniform rate of 10%. Upon receipt of such dividends, a non-resident enterprise shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or a withholding agent, and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

Tax Agreement

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on 21 August 2006 and implemented since 8 December 2006, the PRC government may impose tax on dividends payable by a PRC company to Hong Kong residents subject to a maximum of 10% of the gross amount of dividends payable, or 5% for Hong Kong residents holding 25% or more of equity interest in such PRC company.

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau may be entitled to preferential treatment of the withholding tax imposed on dividends received by such investors from the PRC company. The PRC has entered into arrangements for the avoidance of double taxation with

Hong Kong and Macau, respectively, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, Netherlands, Singapore, the United Kingdom and the United States. A non-PRC resident enterprise which is entitled to a preferential tax rate under a relevant income tax treaty or arrangement must apply to the PRC tax authorities for a refund of the difference between the amount of tax withheld and tax computed based on the treaty rate.

SHARE TRANSFER-RELATED TAX

Individual Investors

According to the Individual Income Tax Law and Implementation Regulations of the Individual Income Tax Law, with respect to income from transfer of property, individual income tax rate shall be 20%. The Implementation Regulations of the Individual Income Tax Law also stipulate that measures for the levy of individual income tax on income from the transfer of shares shall be separately formulated by the department of finance under the State Council and submitted to the State Council for approval before implementation. However, such measure is yet to be publicly implemented to date.

Pursuant to the Circular on Continuing the Income Tax-Free Policy on the Share Transfer of Individual Holders (Cai Shui Zi [1998] No. 61) (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(財稅字[1998]61號)) promulgated and implemented on 30 March 1998 by Ministry of Finance and SAT, from 1 January 1997 onwards, the income from transfer of shares of listed companies by individuals continues to provisionally exempt from individual income tax. While the Circular of Issues concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2009] No. 167) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》(財稅[2009]167號)) was promulgated and implemented on 31 December 2009 by Ministry of Finance, the SAT and the CSRC, which expressly stipulates that from 1 January 2010 onwards, the income from the transfer of limited shares of listed companies by individuals is subject to individual income tax at a tax rate of 20%. However, at present, there are no laws specifying the tax rate for income from the sales of the shares of listed companies on a stock exchange overseas by a non-PRC resident individual.

Enterprise Investors

In accordance with the EIT Law and the Implementation Regulations of the Individual Income Tax Law of the People's Republic of China, a non-resident enterprise that has not established an organisation or premises in the PRC or it has established an organisation and premises but the income received has no actual connection with the organisation and premises, it shall pay a withholding business income tax at a rate of 10% for the income arising within the PRC. The withholding tax may be reduced pursuant to applicable treaties or agreements on avoidance of double taxation.

Tax Policies for Shanghai-Hong Kong Stock Connect

In accordance with the Circular on the Relevant Taxation Policy regarding the Pilot Programme that Links the Stock Markets in Shanghai and Hong Kong (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), which was promulgated by the Ministry of Finance, the SAT and CSRC on 31 October 2014 and implemented from 17 November 2014:

- Personal income tax will be temporarily exempted for the transfer spread income derived from investment by mainland individual investors in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect from 17 November 2014 to 16 November 2017. Business tax will be temporarily exempted in accordance with the current policy for the spread income derived from dealing in stocks listed on the Hong Kong Stock Exchange by mainland individual investors through Shanghai-Hong Kong Stock Connect. For dividends obtained by mainland individual investors or mainland securities investment funds from investment in H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, personal income tax is withheld by H-stock companies at the rate of 20%; for dividends obtained by mainland individual investors or mainland securities investment funds from investing in non-H stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, personal income tax is withheld by CSDCC at the rate of 20%. Individual investors who have paid withholding tax overseas may apply for tax credit to the competent tax authority of CSDCC by producing a tax credit document.
- Enterprise income tax will be levied according to law on the transfer spread income (included in total income) derived from investment by mainland corporate investors in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect. Business tax will be levied or exempted in accordance with the current policy for spread income derived from dealing in stocks listed on the Hong Kong Stock Exchange by investors of mainland entities through Shanghai-Hong Kong Stock Connect. Enterprise income tax will be levied according to law on dividend income (included in total income) obtained by mainland corporate investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect. In particular, enterprise income tax will be exempted according to law for dividend income obtained by mainland resident enterprises that hold H stocks for at least 12 consecutive months. For dividend income obtained by mainland corporate investors, H-Share companies will not withhold dividend income tax for mainland corporate investors. The tax payable shall be declared and paid by the enterprises themselves. Mainland corporate investors, when declaring and paying enterprise income tax themselves, may apply for tax credits according to law in respect of dividend income tax which has been withheld and paid by non-H Share companies listed on the Hong Kong Stock Exchange.

- Mainland investors who deal with, inherit, and are bestowed upon with shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect are subject to stamp duties in accordance with current taxation requirements in Hong Kong Special Administrative Region. China Securities Depository and Clearing Company Limited and HKSCC are authorised to levy stamp duties above on behalf of each other.

Tax Policies for Shenzhen-Hong Kong Stock Connect

Pursuant to the Circular on the Relevant Taxation Policy regarding the Pilot Programme that Links the Stock Markets in Shenzhen and Hong Kong (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), which was promulgated by the Ministry of Finance, the SAT and CSRC on 5 November 2016 and implemented from 5 December 2016:

- Personal income tax will be temporarily exempted for the transfer spread income derived from investment by mainland individual investors in stocks listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect from 5 December 2016 to 4 December 2019. Business tax will be temporarily exempted during the pilot period of replacement of business tax with value-added tax for the spread income derived from dealing in stocks listed on the Hong Kong Stock Exchange by mainland individual investors through Shenzhen-Hong Kong Stock Connect. For dividends obtained by mainland individual investors or mainland securities investment funds from investment in H Shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, personal income tax is withheld by H-stock companies at the rate of 20%; for dividends obtained by mainland individual investors or mainland securities investment funds from investing in non-H stocks listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, personal income tax is withheld by CSDCC at the rate of 20%. Individual investors who have paid withholding tax overseas may apply for tax credit to the competent tax authority of CSDCC by producing a tax credit document.

- Enterprise income tax will be levied according to law on the transfer spread income (included in total income) derived from investment by mainland corporate investors in stocks listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect. Business tax will be levied or exempted in accordance with the current policy during the pilot period of replacement of business tax with value-added tax for spread income derived from dealing in stocks listed on the Hong Kong Stock Exchange by investors of mainland entities through Shenzhen-Hong Kong Stock Connect. Enterprise income tax will be levied according to law on dividend income (included in total income) obtained by mainland corporate investors from investing in stocks listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect. In particular, enterprise income tax will be exempted according to law for dividend income obtained by mainland resident enterprises that hold H stocks for at least 12 consecutive months. For dividend income obtained by mainland corporate investors, H-Share companies will not withhold dividend income tax for mainland corporate investors. The tax payable shall be declared and paid by the enterprises themselves. Mainland corporate investors, when declaring and paying enterprise income tax themselves, may apply for tax credits according to law in respect of dividend income tax which has been withheld and paid by non-H Share companies listed on the Hong Kong Stock Exchange.
- Mainland investors who deal with, inherit, and are bestowed upon with shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are subject to stamp duties in accordance with current taxation requirements in Hong Kong Special Administrative Region. China Securities Depository and Clearing Company Limited and HKSCC are authorised to levy stamp duties above on behalf of each other.

PRC Stamp Duty

Pursuant to the Provisional Regulations of the People's Republic of China Concerning Stamp Duty (《中華人民共和國印花稅暫行條例》) which was promulgated on 6 August 1988 and amended on 8 January 2011 by the State Council and the Implementation Rules for the Provisional Regulations of the People's Republic of China Concerning Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》) which came into effect on 1 October 1988, PRC stamp duty is applicable to documents which have legal binding effect in the PRC and are governed by the PRC laws. Therefore, PRC stamp duty does not apply to acquisitions or dispositions of H shares outside the PRC.

Estate Duty

The PRC government currently has not imposed any estate duty.

Taxation Applicable to the Company***Income Tax***

Pursuant to the EIT Law, enterprises that legally established in the PRC are resident enterprises, which are subject to an enterprise income tax at a statutory enterprise income tax rate of 25% for its income arising within the PRC or overseas.

In accordance with the Circular on Implementation of Transitional Preferential Policy for Enterprise Income Tax (Guo Fa [2007] No. 39) (《關於實施企業所得稅過渡優惠政策的通知》(國發[2007]39號)) issued by the State Council on 26 December 2007, enterprises which have been established prior to the EIT Law and enjoy a preferential policy of low tax rate according to the then taxation law and administrative regulations may gradually transit to the tax rate as required under the EIT Law within five years from the implementation of EIT Law. In accordance with the requirements, enterprises which have been enjoying a regular tax reduction and exemption preferential treatment may continue to enjoy such treatment until the expiry of tax holiday or tax relief period. However, for those enterprises not yet enjoyed such preferential treatment as profits have not been realised, the term for its preferential treatment shall be calculated commencing from 2008.

In accordance with the requirements of the EIT Law, the enterprises, which are established according to the law of a foreign country (or region) but its actual management entity is located within the PRC, are resident enterprises. A resident enterprise is subject to an enterprise income law for its income arising with the PRC and overseas.

Value-Added Tax

According to the Provisional Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例), which was promulgated by the State Council on 13 December 1993 and amended on 5 November 2008 and the Implementation Rules of the Provisional Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例實施細則), which was promulgated and implemented by the MOF on 25 December 1993, amended on 15 December 2011 and 28 October 2011, all enterprises and individuals that provide taxable services and transfer intangible assets or sell real property in the PRC shall be subject to business tax at a rate ranging from 3% to 20%. The taxable services refer to services that should be taxed in transportation industry, construction industry, finance and insurance industry, post and telecommunication industry, culture and sport industry, entertainment industry and service industry.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Full Launch of the Pilot Programme on Levying Value-added Tax in Place of Business Tax (Cai Shui [2016] No. 36) (《財政部、國家稅務總局關於全面推開營業稅改征增值稅試點的通知》(財稅[2016]36號)) issued by the Ministry of Finance and the SAT on 23 March 2016 and implemented on 1 May 2016, since 1 May 2016, pilot programme of levying value-added tax in place of business tax will be launched nationwide. Building industry, real estate industry, financial industry, living services industry and all other taxpayers of business tax are included in the trial scope in which levying value-added tax in place of business tax. The tax rate for provision of services related to transportation, mail, basic telecommunications, construction, real estate leasing, sales of real estate, and transfer of land use rights shall be 11%; the tax rate for provision of leasing services for tangible assets movables shall be 17%; the tax rate for cross-border taxable activities conducted by domestic enterprises and individuals shall be 0%. The specific scopes shall be further provided by the Ministry of Finance and the SAT. Save as aforesaid provisions, the value-added tax rate for taxpayers' taxable activities shall be 6%.

Stamp Duty

Pursuant to the Provisional Regulations of the People's Republic of China on Stamp Duty (《中華人民共和國印花稅暫行條例》), the enterprises and individuals executing and receiving the certificate specified under this regulation are subject to the stamp duty. The certificate subject to such duty includes: (1) sales, processing and contracting, contracting of construction projects, lease of properties, transportation of goods, storage and warehousing, money-lending, insurance of properties, technical contract or evidence of a contractual nature; (2) instruments of properties transfer; (3) sales ledger; (4) rights and licensing; (5) other certificates confirmed to be taxable by Ministry of Finance. Taxpayers shall pay the tax amount calculated according to the nature of the taxable certificate based on the proportional tax rate or on a fixed number basis.

PRC LAWS AND REGULATIONS ON FOREIGN EXCHANGE CONTROL

The lawful currency of the PRC is Renminbi, which is still subject to foreign exchange control and is not freely exchangeable. The SAFE, under the authorisation of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

In accordance with the Foreign Exchange Control Regulations of the People's Republic of China ("Foreign Exchange Control Regulation") which was promulgated on 29 January 1996 and amended on 14 January 1997 and 5 August 2008 by the State Council, international payments and transfers are classified into current account items and capital account items. The capital account items are still subject to approval by the SAFE, while the State does not impose restrictions on international payments and transfers under the current account items.

Pursuant to the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated on 20 June 1996 by the PBOC and implemented from 1 July 1996, abolished all other restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

On 21 July 2005, the PBOC announced that, effective on the same date, the PRC would implement a regulated and managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand with reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the US dollar. The PBOC will publish the closing price of a foreign currency such as the US dollar traded against the Renminbi in the interbank foreign exchange market on each business day after the closing of the market, and will fix the central parity for the transaction of such foreign currency against Renminbi on the following trading day.

Since January 4, 2006, the PBOC improved the method of generating the middle price for quoting the Renminbi exchange rate by introducing an enquiry system while keeping the matchmaking system in the inter-bank spot foreign exchange market. In addition, the liquidity of the foreign exchange market was also improved by People's Bank of China by adopting a market-maker system in the inter-bank foreign exchange market.

In accordance with the Foreign Exchange Regulation, the foreign exchange income of current account items may be retained or sold to financial institutions engaging in the sales and settlement of foreign exchange. Foreign exchange income of capital account items may be retained or sold to financial institutions engaging in the sales and settlement of foreign exchange if so approved by the competent foreign exchange administrative authority, unless it is exempted under the laws of the PRC.

On 23 October 2014, the State Council promulgated and implemented the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (國務院關於取消和調整一批行政審批項目等事項的決定) (Guo Fa [2014] No.50), which cancelled the approval requirement by the SAFE and its branches for the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

Pursuant to the Circular on Relevant Issues Concerning Foreign Exchange Management of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54) which was issued by the SAFE on 26 December 2014 and implement on the same day, a domestic company shall, within 15 working days after the completion of its overseas listing, go through the registration of overseas listing with the Foreign Exchange Bureau at its place of registration with relevant materials and obtain the overseas listing registration certificate. After overseas listing, a domestic shareholder intending to increase or reduce his holding of overseas shares of the listed company shall register his shareholding with the local Foreign Exchange Bureau at the place where he resides within 20 working days before the increase and reduction of shares with related materials. A domestic issuer (except for bank financial institutions) shall present his certificate of overseas listing to open a special account

with a local bank for overseas listing of local enterprises to handle corresponding capital exchange and transfer for its business for its initial offer (or enhancement) or repurchase. A domestic issuer may transfer the capital raised through overseas listing to its local bank account or deposit at its overseas account. The use of proceeds shall be consistent with the purposes disclosed in the prospectus or other public documents such as the offering circular of corporate bonds, circular to shareholders and resolutions of meetings of the board of directors or shareholders' general meeting.

On 13 February 2015, the SAFE issued the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (根據國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (Hui Fa (2015) No.13), which came into effect on 1 June 2015. The Notice cancels the foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, and requires the banks to review and carry out foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment directly. SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

According to the Notice of the SAFE on Reforming and Regulating the Administrative Policies over Foreign Exchange Settlement under Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (Hui Fa [2016] No.16) promulgated and implemented by the SAFE on 9 June 2016, the relevant policies have made it clear that foreign exchange income of capital accounts implementing discretionary foreign exchange settlement (including funds repatriated from overseas listing) can be settle at the banks based on the actual needs of the domestic institutions; the proportion of discretionary settlement of foreign exchange income from capital accounts of domestic institutions is temporarily set at 100%. The SAFE may adjust the above proportion in accordance with the international balance of payment situation as appropriate.

This Appendix contains a summary of the Articles of Association. The principal objective is to provide potential investors with an overview of the Articles of Association. As the information contained below is a summary form, it does not contain all the information that may be important to potential investors.

The Articles of Association and relevant amendments thereto were adopted and authorised by our shareholders at shareholders' general meetings in accordance with applicable laws and regulations, including the PRC Company Law, the Securities Law of the PRC, the Circular on Opinion concerning Supplementary Amendments to Articles of Association of Companies Listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》), the Special Regulations, the Mandatory Provisions for Articles of Association of Companies Listing Overseas and the Main Board Listing Rules. The Articles of Association will become effective on the date that the H Shares are listed on the Hong Kong Stock Exchange.

DIRECTORS AND BOARD OF DIRECTORS

Power to Allot and Issue Shares

There is no provision in the Articles of Association empowering the Board to allot or issue shares.

In order to allot or issue shares, the Board shall prepare a proposal for approval by shareholders in general meeting by way of special resolution. Any such allotment or issue must be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

Power to Dispose of the Company's Assets

Upon the Board dispose the fixed assets, such as the value of the consideration for the proposed disposition, and where any fixed assets of the Company have been disposed of in the period of four months immediately preceding the proposed disposition, the amount or value of the consideration for any such disposition, exceeds 33% of the value of the Company's fixed assets as shown in the last audited balance sheet placed before the shareholders in general meeting.

The above disposition of fixed assets includes an act involving a transfer of an interest in property other than by way of security.

The validity of a disposition on fixed assets made by the Company shall not be affected by any breach of the above provision.

Emoluments and Compensation or Payments for Loss of Office

The Company shall, with the prior approval of shareholders' general meeting, enter into a contract in writing with each of the Directors or Supervisors wherein his or her emoluments are stipulated. The aforesaid emoluments include:

- (i) emoluments in respect of his or her service as a Director, Supervisor or member of senior management of the Company;
- (ii) emoluments in respect of his or her service as a Director, Supervisor or member of senior management of any subsidiary of the Company;
- (iii) emoluments in respect of provision of other services in relation to the management of the Company and any subsidiary of the Company; and
- (iv) payment by way of compensation for his/her loss of office, or as consideration for or in connection with his/her retirement from office.

Unless otherwise provided by the contract in the preceding paragraph, a Director or Supervisor shall not file legal proceedings against the Company in respect of the benefits due to him/her from the aforesaid matters.

In the contract for emoluments entered into by the Company with a Director or Supervisor, when the Company is acquired, provisions shall be made for the right of the Director or Supervisor to receive, after obtaining the prior consent of shareholders in general meeting, compensation or other payments for loss of office or for his retirement from office. A takeover of the Company in the Articles of Association means:

- (i) an offer made to all shareholders of the Company;
- (ii) an offer is made such that the offer or will become the Controlling Shareholder (as defined in the Articles of Association) of the Company.

If the relevant Director or Supervisor does not comply with above provisions, any sum received by the Director or Supervisor on account of the payment shall belong to those persons who have sold their shares as a result of the offer, and the expenses incurred by the Director or Supervisor in distributing that sum pro rata among those persons shall be borne by him and not deducted from the sum distributed.

Loans to Directors, Supervisors, Manager or Other Officers

The Company is prohibited from directly or indirectly making any loan or guarantee in connection with a loan to its Directors, Supervisors, manager and other senior officers. The Company is also prohibited from providing any loan or guarantee in connection with a loan made by any connected person to above mentioned parties.

The following transactions are not subject to the foregoing prohibition:

- (i) the provision of a loan or a guarantee for a loan by the Company to a company which is a subsidiary of the Company;
- (ii) the provision of a loan or a guarantee for a loan or any other funds by the Company to any of its Directors, Supervisors, manager and other senior officer to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform properly, in accordance with an employment contract approved by the shareholders' general meeting his duties;
- (iii) if the normal business scope of the Company includes providing loans or guarantee, the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its Directors, Supervisors, manager and other senior officers and other connected persons on normal commercial terms.

A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan, regardless of the terms of the loan. A security provided by the Company in breach of the above provisions shall be unenforceable against the Company, unless:

- (i) the security was provided in connection with a loan to a Related Person of any of the Directors, Supervisors, our Manager and other members of senior management of the Company or of its parent company and at the time the loan was advanced the lender did not know the relevant circumstances;
- (ii) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

For this purpose, the term "security" shall include an undertaking or property provided to secure the performance of obligations by the obligor.

Giving of Financial Assistance to Purchase the Shares of the Company

Neither the Company nor any of its subsidiaries (including the affiliates of the Company) shall at any time or in any manner provide financial assistance to a person who acquires or is proposing to acquire shares in the Company. The said person includes any person who has directly or indirectly incurred a liability as a result of the acquisition of shares in the Company.

Neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to the person mentioned in the foregoing paragraph for the purposes of reducing or discharging his liabilities.

Subject to laws, regulations and regulatory documents, the following acts shall not be deemed to be activities prohibited in the Articles of Association:

- (i) the provision of financial assistance where the Company's principal purpose for giving that assistance is genuinely for the Company's interests and not for the purpose of acquiring the Company's shares or the provision of such assistance is incidental to some broader objective of the Company;
- (ii) a distribution of the Company's assets by way of dividend lawfully declared;
- (iii) a distribution of dividends by way of bonus shares;
- (iv) a reduction of share capital, repurchase of shares of the Company or a reorganisation of the share capital effected in compliance with the Articles of Association;
- (v) the provision of loans by the Company in the ordinary course of its business, provided that the Company's net assets are not thereby reduced or, to the extent that those assets are reduced, the assistance is provided out of distributable profits;
- (vi) the Company's contribution to employees' share schemes provided that the Company's net assets are not thereby reduced or to the extent that those assets are thereby reduced, the assistance is provided out of distributable profits.

"Financial assistance" in the preceding paragraph includes, without limitation to:

- (i) assistance given by way of gift;

- (ii) assistance given by way of guarantee (including the provision of any undertaking or property to secure the performance of obligations by the obligor) or indemnity, (other than an indemnity in respect of the Company's own default) or by way of release or waiver;
- (iii) assistance given by way of a loan; or entering into an agreement under which the Company needs to perform its obligations ahead of the other contracting parties; or entering into an agreement for the change of contracting parties or the assignment of rights arising under such loan or such agreement;
- (iv) financial assistance given by the Company in any other manner when the Company is insolvent or has no net assets or where its net assets would thereby be reduced to a material extent.

“Incurring a liability” in the preceding paragraph includes incurring a liability by making an agreement or arrangement or by changing one's financial position by any other means, whether enforceable or unenforceable, and whether made on one's own account or on the account of any other person.

Disclosure of Interests in Contracts with the Company

Where a Director, Supervisor, manager and other senior officer is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company other than his contract of service, he shall declare the nature and extent of his interest to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the Board under normal circumstances.

Unless the interested Director, Supervisor, manager or other senior officer has disclosed his interest to the Board in accordance with the preceding paragraph and the contract, transaction or arrangement has been approved by the Board at a meeting at which the interested Director, Supervisor, general manager or other senior officer is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement in which a Director, Supervisor, general manager or other senior officer is materially interested can be rescinded at the Company's option, except as against a bona fide party thereto acting without notice of the breach of duty by the Director, Supervisor, manager or senior officer concerned.

A Director, Supervisor, manager and other senior officer of the Company is deemed to be interested in any contract, transaction or arrangement in which a connected person of that Director, Supervisor, manager and senior officer is interested.

Where a Director, Supervisor, manager or other senior officer of the Company gives the Board a general notice in writing that, by reason of the facts stated in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be entered into by the Company, then he shall be deemed to have made a disclosure for the purpose of the relevant provisions in the Articles of Association so far as the content stated in such notice is concerned, if such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

In the event that a director is connected to companies associated with matters to be resolved at the board meeting, such director shall not exercise his voting rights on such resolution, nor shall he vote on behalf of other directors. The board meeting may be convened with a majority of the non-connected directors. Resolutions shall be approved by a majority of non-connected directors at the board meeting. If the number of non-connected directors attending the Board meeting is less than three, such matters shall be submitted to the Shareholder's general meetings for approval.

Remuneration

Our Company shall sign written agreements with the Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the Shareholders' general meeting, including:

- (i) Remuneration as the Directors, Supervisors or senior management of our Company;
- (ii) Remuneration as the directors, supervisors or senior management of our subsidiaries;
- (iii) Remuneration for providing other services for management of our Company and our subsidiaries; and
- (iv) Compensation received by the Directors or Supervisors as a result of loss of position or retirement.

No Director or Supervisor shall institute any litigation against our Company over any interests payable relative to the above unless provided for in the above contracts.

Retirement, Appointment and Removal

Under any of the following circumstances, the following persons may not serve as a Director, Supervisor, manager or other senior officer of the Company:

- (i) an individual who has no civil capacity or has restricted civil capacity;

- (ii) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalised due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;
- (iii) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated as a result of mismanagement and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (iv) persons who were legal representatives of a company or enterprise which had its business licence revoked due to a violation of the law and who were personally liable, where less than three years have elapsed since the date of the revocation of such business licence;
- (v) persons who have failed to pay a relatively large debt when due and outstanding;
- (vi) persons who are being investigated by prosecutor for violating the criminal law, and the file has not been closed;
- (vii) persons who are prohibited to undertake the leadership for enterprises by laws and administrative regulations;
- (viii) persons who are not natural persons;
- (ix) persons who are ruled as having violated the relevant regulations of securities by the relevant authorities in relation to fraud or dishonest conduct in the past five years.

The effectiveness of the behaviour of Directors, managers and other senior management personnel on behalf of the Company on the bona fide third party will not be affected by any non-compliance in appointment, election or qualification.

The Company has set up the Board of Directors, which is responsible for the general meeting of shareholders.

The Board of Directors consists of 8 Directors, i.e. 1 chairman and 7 Directors.

Directors shall be elected or changed at the general meeting. Directors serve a term of three years. The Directors may offer themselves for re-election after the expiry of their term of office.

A director's term of service commences from the date he takes office, until the expiration of the term of service of this Board of Directors.

The chairman of the Board of Directors is elected from Directors by a majority of all the Directors.

The Directors are not required to hold any shares of the Company by way of qualification.

Subject to compliance with related laws and administrative regulations, the general meeting may remove any director whose terms has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract.

Borrowing powers

The Articles of Association does not have any special provision regarding the manner in which the Directors may exercise the right to borrow money or the manner in which such a right is given provided that the board of directors shall be entitled to develop proposals for our Company to issue bonds and to list its Shares, and that such bond issues must be approved by the Shareholders by a special resolution at the Shareholders' general meeting.

Duties

The directors shall comply with the laws, administrative regulations and the Articles of Association and shall faithfully perform their following obligations to the Company:

- (i) not to abuse their rights to accept bribes or other illegal income and not to misappropriate the properties of the Company;
- (ii) not to misappropriate the money of the Company;
- (iii) not to deposit any assets or money of the Company in any accounts under their names or in the names of other persons;
- (iv) not to violate the Articles of Association and lend the money of the Company to others or provide guarantee to others by charging the Company's assets without approval of the shareholders' general meetings or the board;

- (v) not to enter into contracts or transactions with the Company in violation of the Articles of Association or without approval of the shareholders' general meeting;
- (vi) not to use their position to obtain business opportunities which should be available to the Company for themselves or others, or to run his/her own or others' business which is similar to the Company's business without approval of the shareholders' general meeting;
- (vii) not to accept commissions in relation to transactions between any third party and the Company;
- (viii) not to disclose the secrets of the Company without consent;
- (ix) not to use their connections to harm the interests of the Company;
- (x) to be bound by other obligations stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

The Company shall be entitled to the income gained by the directors from any of the acts listed above; the director shall be liable for compensation if any loss is caused to the Company.

In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which Shares are listed, each of the Company's Directors, Supervisors, our Manager and other members of senior management owes a duty to each shareholder, in the exercise of the functions and powers that the Company entrusted to him/her:

- (i) not to cause the Company to exceed the scope of the business stipulated in its business licence;
- (ii) to act honestly in the best interest of the Company;
- (iii) not to expropriate the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company; and
- (iv) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company approved by the shareholders' general meeting in accordance with the Articles of Association.

The Directors, Supervisors, manager and other senior officers of the Company should abide by his fiduciary principles in the discharge of his duties, and not to place himself in a position where his duties and his own interests may conflict. Such principles include (but are not limited to) the performance of the following:

- (i) to act honestly in the best interests of the Company;
- (ii) to exercise the powers vested in him and not to exceed the scope thereof;
- (iii) to exercise the discretion vested in him personally and not allow himself to act under the direction of another; unless and to the extent permitted by laws and administrative regulations or by the shareholders, having been informed of the relevant facts, at a general meeting, not to delegate the exercise of his discretion;
- (iv) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (v) except in accordance with the Articles of Association or with the informed consent of shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (vi) not without the approval of the shareholders, having been informed of the relevant facts, at a general meeting, to use the Company's assets in any way for his personal benefit;
- (vii) not to use his position to accept bribes or other illegal income and not to expropriate in any manner the Company's assets, including (without limitation) opportunities beneficial to the Company;
- (viii) not without the informed consent of shareholders in general meeting, to accept commissions in connection with the Company's transactions;
- (ix) to abide by the Articles of Association, faithfully perform his duties and protect the interests of the Company, and not to use his position and powers in the Company to seek personal gain;
- (x) not to compete with the Company in any way except with the informed consent of shareholders given in general meeting;

- (xi) not to misappropriate the Company's funds or to lend the Company's funds to any person in violation of the provisions, not to open any bank account in his own name or other names for the deposit of the Company's assets, not to provide security for debt of a shareholder of the Company or any other individuals in violation of the provisions;

- (xii) without the informed consent of shareholders in general meeting, not to disclose confidential information of the Company acquired while in office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of information to a court or a governmental authority is permitted where:
 - 1. the disclosure is made under law;

 - 2. there is a requirement to the public interests to disclose;

 - 3. the personal interests of the Director, Supervisor, general manager and other senior officer require disclosure.

A Director, Supervisor, manager and other senior officer of the Company shall not direct persons or institution (the "relevant parties") connected to him to do what he is not permitted to do. A person is connected to a Director, Supervisor, manager and other senior officer if he is:

- (i) the spouse or minor child of such a Director, Supervisor, manager and other senior officer;

- (ii) a trustee for such a Director, Supervisor, manager and other senior officer or any person referred to in (i) above;

- (iii) a partner of such a Director, Supervisor, manager and other senior officer or of any person referred to in (i) and (ii);

- (iv) a company in which that a Director, Supervisor, manager and other senior officer, alone or jointly with the persons referred to in above (i), (ii) and (iii) or with any of other Directors, Supervisors, general manager or other senior officers of the Company, have de facto control;

- (v) a Director, Supervisor, manager and other senior officer of a company referred to in (iv) above.

The fiduciary duties of a Director, Supervisor, manager and other senior officer of the Company do not necessarily cease with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of his term of office and the occurrence of the matter in question and the circumstances and the terms under which the relationships between him and the Company are terminated.

In addition to any rights and remedies provided for in relevant laws and administrative regulations, the Company is entitled to adopt the following measures where a Director, Supervisor, manager and other senior officer is in breach of his duties owed to the Company:

- (i) to claim against such a Director, Supervisor, manager and other senior officer for losses incurred by the Company as a result of his breach;
- (ii) to rescind any contract or transaction entered into between the Company and the Director, Supervisor, manager and other senior officer and a third party where such third party has knowledge or should have had knowledge of the breach of duty;
- (iii) to account for the profits made by the Director, Supervisor, manager or other senior officer as a result of his breach;
- (iv) to recover any monies received by the Director, Supervisor, manager and other senior officer which should have been received by the Company, including, without limitation, commissions;
- (v) to demand the return of the interest earned or which may have been earned on any monies by the Director, Supervisor, manager and other senior officer which should have been received by the Company.

MODIFICATION OF THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the Authorities-in-charge of securities of the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

Any Shareholder who holds different types of Shares is a class Shareholder.

Class Shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.

Any plan of our Company to change or abolish the rights of a class Shareholder is subject to the approval of the general Shareholders' meeting in the form of a special resolution and the approval of the affected class Shareholders at a separately convened Shareholders' meeting in accordance with the relevant articles before it can be implemented.

The rights of a class Shareholder shall be viewed as changed or abolished under any of the following circumstances:

- (i) Increase or reduce the number of the class Shares, or increase/reduce the number of class Shares with equal or more voting rights, distribution rights and other privileges than this type of class Shares;
- (ii) Convert all or part of the class Shares into other types or convert another type of Shares, partly or wholly, into this type of class Shares or grant such conversion right;
- (iii) Cancel or reduce the right of the class Shares to obtain dividends generated or cumulative dividends;
- (iv) Reduce or cancel the right of the class Shares to receive dividends on a priority basis or the priority right to receive property distribution in the liquidation of our Company;
- (v) Increase, cancel or reduce the right of the class Shares to convert Share rights, options rights, voting rights, transfer rights, and pre-emptive rights, or the right to obtain the securities of our Company;
- (vi) Cancel or reduce the right of the class Shares to receive funds payable of our Company in specified currencies;
- (vii) Create new class Shares entitled to equal or more voting rights, distribution rights, or other privileges than the class Shares;
- (viii) Impose restrictions on the transfer or ownership of the class Shares or increase such restrictions;
- (ix) Issue subscription or conversion rights for this or other class Shares;
- (x) Increase the rights and privileges of other types of Shares;

- (xi) The restructuring plan of our Company may constitute different types of Shareholders to assume responsibilities disproportionately;
- (xii) Amend or abolish clauses stipulated in the Articles of Association.

Whether or not the affected class Shareholders have voting rights at the general Shareholders' meeting, in the event of matters described above from (ii) through (viii), (xi) and (xii), they have voting rights at the class Shareholders' meeting, but the Shareholders that have interests at stake shall have no voting rights at the class Shareholders' meeting.

For the purpose of the preceding paragraph, the term "interested shareholder" shall have the following meanings:

- (i) In the event that the Company makes a repurchase offer to all shareholders in equal proportions according to the provisions herein, or repurchases its own shares through open transactions on a securities exchange, the "interested shareholder" shall be the controlling shareholder as defined herein;
- (ii) In the event that subject to the provisions of herein, the Company repurchases its shares by agreement outside the designated securities exchange, an "interested shareholder" means the shareholder to which the agreement relates;
- (iii) In the Company's restructuring scheme, "interested shareholder" means a shareholder who assumes liability in a proportion smaller than other shareholders of the same class or who has an interest in a restructuring scheme of the Company that is different from other shareholders in respect of such class of shares.

The resolution of the class Shareholders' meeting shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the class Shareholders' meeting.

When convening a class Shareholders' meeting, 45 days before the meeting is convened, our Company shall send a written notice to inform all registered holders of the class Shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Shareholders planning to attend the meeting shall send our Company a written reply concerning attendance at the meeting 20 days before the meeting.

In the event that the number of shares with voting power represented by Shareholders planning to attend the meeting accounts for more than one half of the total number of said class Shares with voting power at the meeting, our Company may convene a class Shareholders' meeting. If this

APPENDIX IV SUMMARY OF ARTICLES OF ASSOCIATION

number is not reached, our Company shall again inform the Shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and our Company may convene a class Shareholders' meeting once the announcement is delivered.

The notice of a class meeting need only be served on shareholders entitled to vote at such meeting.

Any class meeting shall, as far as possible, follow the procedures of the general meetings. Provisions of these Articles relevant to procedures for the holding of a shareholders' general meeting shall apply to class meetings.

Apart from the holders of other class Shares, the holders of Domestic Shares and the holders of overseas listed foreign Shares are considered as different class Shareholders.

The special procedures for voting by the class Shareholders shall not apply under the following circumstances:

- (i) Upon the approval by a special resolution at the general Shareholders' meeting, our Company either separately or concurrently issues Domestic Shares and overseas-listed foreign shares once every 12 months, and the number of those shares to be issued shall not account for more than 20% of each of its outstanding shares;
- (ii) The plan to issue Domestic Shares and overseas listed foreign Shares upon the establishment of our Company is completed within 15 months of the date of approval by the securities regulatory agency of the State Council; and
- (iii) Upon the approval by the securities regulatory authorities of the State Council, the shareholders may have its non-listed shares listed or traded on an overseas stock exchange.

CAPITAL CHANGES

Increase of Registered Capital

The Company may, according to its operation and development requirements, approve capital increase in accordance with the relevant provisions of the Articles of Association:

- (i) offer of new shares to specific investors;
- (ii) issue of shares to the public;

- (iii) placing of new shares to existing shareholders;
- (iv) distribution of new shares to existing shareholders;
- (v) other methods permitted by laws and administrative regulations.

The Company's increase of capital by issuing new shares shall be handled in accordance with the procedures provided for in the relevant State laws and administrative regulations upon approval in accordance with these Articles.

Reduction of Registered Capital

The Company may reduce its registered capital. In so doing, the Company shall act in accordance with the procedures specified in the Company Law and other relevant regulations and the Articles of Association.

The Company, in reducing its registered capital, must prepare a balance sheet and an inventory of property.

The Company shall notify its creditor(s) within ten days from the date of adopting the resolution to reduce its registered capital and shall publish a public announcement of the resolution in newspapers at least three times within thirty days of the said date. The creditor(s) shall, within thirty days after receiving the notice in writing, or within ninety days of the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or provide a corresponding guarantee for repayment of its debts.

The registered capital of the Company after the reduction in capital shall not be less than the minimum amount required by laws.

SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY MAJORITY VOTE

The resolutions of the Shareholders' meeting are categorised as ordinary resolutions and special resolutions.

An ordinary resolution can be adopted by more than half of the votes held by the Shareholders (including proxies) attending the general Shareholders' meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies) attending the general Shareholders' meeting.

The following matters shall be passed by way of a special resolution at a shareholders' general meeting:

- (i) the increase or reduction of the registered capital;
- (ii) the issuance of any kinds of shares, share warrants and other similar securities by the Company;
- (iii) the issuance of corporate bonds;
- (iv) the division, merger, dissolution, liquidation or change of corporate form of the Company;
- (v) the amendment to the Articles of Association;
- (vi) share incentive plan;
- (vii) other matters required by laws, administrative regulations and the Articles of Association and those that the shareholders' general meeting by way of an ordinary resolution concluded that may have a material impact on the Company and require adoption by way of a special resolution.

VOTING RIGHTS

When voting at the general shareholders' meeting, the shareholder (including proxy) may exercise his or her voting rights in accordance with the number of shares with voting power held with each share representing one vote.

Any vote of shareholders at a shareholders' general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted by showing hands.

If the demand for a poll is on the election of the chairman or on an adjournment of the meeting, a poll shall be taken forthwith. If a poll is demanded on any other matter, such poll shall be taken at the time decided upon by the chairman, and the meeting may proceed with the discussion of other matters; the result of the poll shall still be deemed to be a resolution adopted at that meeting.

During a poll, the shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in favour of or against. In the case of an equality of votes, whether the vote is taken by a show of hands or on a poll, the chairman of the meeting shall be entitled to an additional vote.

When the shareholders' general meeting resolves on the connected transaction of the Company, the connected shareholders shall refrain from voting and the number of voting shares that they represent may not be counted as part of the total number of valid voting. The public announcement of the shareholders' general meeting shall fully disclose the voting of non-connected shareholders.

GENERAL SHAREHOLDERS' MEETINGS

The general shareholders' meetings are divided into annual general shareholders' meetings and extraordinary general meetings. The annual general shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two months since the date of occurrence:

- (i) the number of directors is less than the number required by the Company Law or less than two thirds of the number required by these Articles of Association;
- (ii) the uncovered losses of our Company reach one-third of its total share capital;
- (iii) the shareholders individually or jointly holding more than 10% of the total shares of the Company requesting to convene an extraordinary general meeting;
- (iv) the board of directors considers it necessary;
- (v) the supervisory committee proposes to hold;
- (vi) other circumstances specified under laws, administrative regulations, departmental rules or these Articles of Association.

Number of shares held by the shareholders mentioned in paragraph (iii) above shall be determined on the date when the written request is submitted.

ACCOUNTING AND AUDITS

Financial and Accounting Policies

Our Company shall develop its financial accounting policies pursuant to laws, administrative regulations and regulations developed by the competent department.

The Board of Directors shall submit the financial reports of our Company, as required by the laws, administrative regulations or directives promulgated by local governments and competent authorities to be prepared by our Company, at every annual Shareholders' meetings.

Our Company shall make its financial reports available for inspection by the Shareholders 20 days before the annual general Shareholders' meeting is convened. Each Shareholder is entitled to obtain one copy of the financial report mentioned in the Articles of Association.

The Company shall send the aforesaid reports to each of the holders of overseas-listed foreign Shares by postage-paid mail and the recipient's address shall be the address as shown in the register of Shareholders.

The Company's financial information shall at the same time be prepared in accordance with PRC accounting standards, regulations, international accounting standards as well as the accounting standards of the overseas area in which the Shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial statements. As to the distribution of after-tax profits of our Company in a fiscal year, the after-tax profits indicated on the two financial reports, whichever is lower, shall prevail

Any interim results or financial information published or disclosed by the Company shall at the same time be prepared in accordance with PRC accounting standards, regulations, international accounting standards as well as the accounting standards of the overseas area in which the Shares are listed.

The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within 60 days after the expiration of the first six months of each fiscal year and the annual financial report shall be published within one hundred and 120 days after the expiration of each fiscal year.

Engagement of Accounting Firm

The Company shall appoint an independent accounting firm that meets appropriate requirements of the State to be responsible for auditing its financial statement, verifying its net assets and other relevant consultation services for term of one year, and the appointment is renewable.

The shareholders in general meeting may by ordinary resolution remove an accounting firm before the expiry of its term of office, notwithstanding the stipulations in the terms of the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

The remuneration of an accounting firm or the manner in which such remuneration is determined shall be decided by the shareholders in general meeting. The remuneration of an accountant firm appointed by the Board shall be decided by the Board.

The Company's appointment of, removal of and non-reappointment of an accounting firm is subject to the resolution of the Shareholders in general meeting and shall be reported to the competent securities department of the State Council for filing.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of a certified public accountants' firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accountants' firm, reappointment of a retiring certified public accountants' firm which was appointed by the Board to fill a casual vacancy, or removal of the certified public accountants' firm before the expiration of its term of office, the following provisions shall apply:

- (i) A copy of the proposal shall be sent to the accountants' firm proposed to be appointed or proposing to leave its post or the firm which has left its post before notice of the shareholders' general meeting is given to the shareholders.

Leave of office includes removal, resignation and retirement.

- (ii) If the accountants' firm leaving its post makes representations in writing and requests our Company to notify such representations to the shareholders, our Company shall (unless the representations are received too late):

- 1. in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
- 2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.

- (iii) If the accountants' firm's representations are not sent in accordance with subparagraph (ii) of the preceding paragraph, the relevant firm may require that the representations be read out at the shareholders' general meeting and may lodge further complaints.

- (iv) A certified public accountants' firm which is leaving its post shall be entitled to attend:

- 1. the shareholders' general meeting at which its term of office would otherwise have expired;

2. any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
3. any shareholders' general meeting convened on its resignation.

A certified public accountants' firm which is leaving its post shall also be entitled to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former accounting firm of our Company.

30 days' prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. The accounting firm shall be entitled to make representations when the resolution regarding the removal of the accounting firm is considered at the shareholders' general meeting of the Company.

In the event that the accounting firm requests to resign, it shall declare to the shareholders' general meeting whether there is any impropriety on the part of the Company.

The accounting firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective from the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following statements:

1. its resignation does not include any statement that should be disclosed to the Shareholders or creditors of our Company; or
2. any statement that should be disclosed.

Where a notice is deposited under the preceding paragraph, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement mentioned in 2 of the preceding paragraph, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall send a copy of such statement by prepaid mail to every shareholder entitled to obtain a copy of the issuer's financial statements at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement which should be brought to the notice, it may require the Board to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

NOTIFICATION AND AGENDA OF GENERAL SHAREHOLDERS' MEETINGS

When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given 45 days not including the date of convening the meeting before the date of the meeting to notify all of the shareholders in the share register of the matters to be considered and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his/her written reply concerning the attendance of the meeting to the Company 20 days not including the date of convening the meeting before the date of the meeting.

The Company shall, based on the written replies received 20 days before the date of the shareholders' general meeting from the shareholders, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than one half of the Company's total voting shares, the Company may hold the meeting. If not, then the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, the place and the date for the meeting. The Company may hold the meeting after the publication of such notice.

A shareholders' extraordinary general meeting shall not decide on those matters not stated in the notice of meeting.

The notice of the general meeting shall meet the following requirements:

- (i) in written form;
- (ii) specifying the date, time and term of the meeting;
- (iii) describing the matters and proposal to be considered at the meeting;
- (iv) describing the matters to be discussed at the meeting;
- (v) providing a clear text description stating that all shareholders who have the right to attend and vote at the general meeting have the right to entrust one or more proxies, who does not need to be shareholders of the Company, to attend and vote at the meeting;
- (vi) providing shareholders with materials and explanations necessary for them to make sensible decisions in respect of the matters to be discussed, including (but not limited to) specific terms and contract (if any) for a proposed transaction, and a detailed explanation of its reason and consequence where the Company proposes a merger, share redemption, share capital restructuring or other form of restructuring;

- (vii) where any Director, supervisor, manager and other senior management member have a material interest in respect of the matters to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such Director, supervisor, manager and other senior management personnel who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;
- (viii) containing the full text of any special resolution proposed to be passed at the meeting;
- (ix) stating the deadline and place for the delivery of voting proxy letter of the meeting;
- (x) name and phone number of the contact person for the meeting affairs.

Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all contents of all motions in full. If a general meeting is held through other means, the designated time and procedure for voting through other means shall be expressly stated in the notice of such meeting.

Notice of a general meeting shall be served on each shareholder, (regardless whether they are entitled to vote thereat) by a personal delivery or pre-paid mail or fax. The address of addressees shall refer to that in the register of members. As for holders of domestic shares, the notice of general meeting may be given by announcement.

The announcement referred to in the preceding paragraph shall be published in one or several newspapers designated by the securities authority of the State Council within 45 to 50 days before the date of meeting. Once it is published, all shareholders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

When the Company holds the annual general meeting, the Board of Directors, the Board of Supervisors and shareholders who individually or jointly hold 3% or more of the Company's shares, shall have the right to present a proposal to the Company. Shareholders holding, individually or jointly, 3% or more of the Company's shares can submit a temporary motion and present a written proposal to the conveners within ten days before the date of meeting. Conveners shall issue a supplemental notice and announce the content of the temporary motions within two days after receiving the proposal. Besides, after the conveners have issued the supplemental notice, they cannot revise the proposed motions that have been clearly listed in the notice or add new motions. As to motions which are not listed in the notice of general meeting or do not comply with the above requirements, the general meeting cannot take a vote or make a resolution.

In the case when the notice of the meeting has not been delivered to those who are entitled to receive such notice due to accidental omission or such persons have not received the notice of the meeting, the meeting and the resolutions made by the meeting shall not therefore become ineffective.

TRANSFERS OF SHARES

Unless otherwise provided in the laws and administrative regulations or otherwise specified by the securities regulatory authority where the Company's shares are listed, the shares shall be free from any restriction on the right of transfer and shall also free from all lien.

Shares of the Company held by the Promoter are not transferable within one year commencing from the date of establishment of the Company. Shares of the Company that are already in issue prior to its public offering are not transferable within one year commencing from the date on which the shares of the Company were listed and traded on a stock exchange.

The Directors, supervisors, and senior management personnel shall report to the Company on a regular basis as to the Company's shares held by them and any change thereof and no one shall transfer more than 25% of the total shares of the Company that he or she holds each year during his or her term of office; the shares held by such person shall not be transferred within one year of the date on which the Company's shares are listed and commence trading; no one shall transfer the shares of the Company that he or she holds within half a year after leaving his or her respective offices.

The Company shall not accept those shares of the Company as the subject of a pledge.

POWER OF THE COMPANY TO PURCHASE ITS OWN SHARES

Under any of the following circumstances, the Company may repurchase its own shares in accordance with the provisions set out in the Laws, administrative regulations, departmental rules and the Article of Association:

- (i) reduction of the Company's share capital;
- (ii) merger with other companies which hold our Company's Shares;
- (iii) granting Shares to the staff of our Company as incentives;
- (iv) repurchasing the Shares from Shareholders who vote against any resolutions adopted at the general Shareholders' meeting concerning the merger and division of our Company;
- (v) other circumstances as required by the laws and administrative regulations.

Apart from the above circumstances, the Company cannot repurchase its shares.

The Company shall obtain the approval of general meeting for repurchases of its shares for sub-clauses (i) to (iii) of this Article.

After the Company has repurchased its shares in accordance with this Article, the Company shall cancel its repurchased shares within 10 days from the date of repurchase for case under sub-clause (i) of this Article. The Company shall cancel or transfer its repurchased shares within 6 months from the date of repurchase for cases under sub-clause (ii) and (iv) of this Article.

The number of shares to be repurchased by the Company in accordance with sub-clause (iii) of this Article shall not be more than 5% of the Company's issued capital. The fund used for repurchasing shall be derived from the Company's after-tax profit. All the repurchased shares shall be transferred to the employee within 1 year.

Our Company, with approval by the relevant competent authorities of the state, may repurchase Shares in any of the following ways:

- (i) making an offer of repurchase to all of its Shareholders on a pro-rata basis;
- (ii) repurchasing of Shares through public trading on the securities exchange;
- (iii) repurchasing Shares by an agreement outside a stock exchange;
- (iv) in other ways pursuant to the laws and administrative regulations and approved by the competent authorities.

Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval at general meeting in accordance with the Articles of Association. The Company may release or amend a contract so entered into by the Company or waive its rights thereunder with prior approval at general meeting obtained in the same manner.

The contract to repurchase shares as referred to in the above paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

The Company shall not assign a contract for repurchasing its shares or any of its right thereunder.

Shares lawfully repurchased by the Company shall be cancelled within the time limit prescribed by laws or administrative regulations and an application shall be made to the original registration authority to change the registration particulars of its registered capital.

The amount of the Company's registered capital shall be reduced by the aggregate nominal value of the shares cancelled.

Unless the Company is in the course of liquidation, the Company shall comply with the following provisions when repurchasing its issued shares:

- (i) where the Company repurchases its shares at their nominal value, payment shall be made out of the credit balance of the distributable profits of the Company and/or the proceeds of a new issue of shares made for that purpose;
- (ii) where the Company redeems or repurchases its shares at a premium, payment up to the nominal value of those shares may be made out of the credit balance of the distributable profits of the Company and/or the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the nominal value shall be made as follows:
 - (1) if the shares being repurchased were issued at their nominal value, payment shall be made out of the credit balance of distributable profits of the Company;
 - (2) if the shares being repurchased were issued at a premium, payment shall be made out of the credit balance of the distributable profits of the Company and/or the proceeds of a new issue of shares made for that purpose, provided that the amount to be paid out of the proceeds of the new issue of shares shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the credit balance of the share premium account or the capital reserve fund of the Company, including the premiums of the new shares issued;
- (iii) payment by the Company for the following purposes shall be made out of the Company's distributable profits:
 - (1) the acquisition of rights to repurchase its own shares;
 - (2) the variation of any agreement to repurchase its own shares;
 - (3) the release of any of the Company's obligations under any agreement to repurchase its shares.

- (iv) Following the reduction of the aggregate nominal value of the cancelled shares from the amount of the registered capital of the Company in accordance with relevant regulations, to the extent that shares are repurchased out of an amount deducted from the distributable profits of the Company, such amount shall be charged to the share premium account or the capital reserve fund of the Company;
- (v) Any other requirements which are otherwise required by the laws, regulations, regulatory requirements and relevant provisions of securities regulatory authorities where the Company's shares are listed in respect of financial issues involved in share repurchase shall be followed.

DIVIDENDS AND METHODS OF DISTRIBUTION

The Company may distribute its profits in cash, shares, or a combination of both or in any other forms as permitted by the laws.

The Company shall allocate 10% of the profits after tax to its statutory surplus reserves in the distribution of profits. The Company is not required to make appropriation to its statutory surplus reserves when such reserve exceeds 50% of the registered capital of the Company.

If the statutory surplus reserves of the Company are insufficient to offset the losses made in the previous year, the profits of the current year shall be used to offset such losses before allocating to its statutory surplus reserves in accordance with the preceding paragraph.

After allocation of its profits after tax to its statutory surplus reserves, the Company may allocate its profits after tax to its discretionary statutory reserves upon approval of the general meeting.

The remaining profits after tax after offsetting its losses and allocating to its reserves may be distributed to its shareholders pro rata to their respective shareholdings, except those not distributed to its shareholders pro rata in the Articles of Association.

If at a general meeting, the requirements stipulated in the preceding paragraph are breached by distributing profits to the shareholders before offsetting losses of the Company and allocating to its statutory surplus reserves, the profits so distributed are required to be returned to the Company.

The shares held by the Company are not entitled to any profits distribution.

The Company shall appoint receiving agents for holders of the Overseas Listed Foreign Shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of Overseas Listed Foreign Shares on such shareholders' behalf.

After our general Shareholders' meeting adopts a resolution on the profit distribution plan, the Board of Directors must finish the distribution of dividends (or shares) within two months after our general Shareholders' Meeting is held.

The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place at which the stock exchange on which the Company's shares are listed or the relevant regulations of such stock exchange. The receiving agents appointed for holders of Overseas Listed Foreign Shares listed in Hong Kong Stock Exchange shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

SHAREHOLDER PROXIES

Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

- (i) the right which the shareholder has to speak at the general meeting;
- (ii) the right to demand a poll alone or jointly with others;
- (iii) the right to exercise voting rights on a show of hands or on a poll. However, when more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

A proxy must be appointed in writing and the letter of authorisation must be signed by the shareholder or his attorney duly authorised in writing and, if the shareholder is a corporate, be affixed with the common seal or signed by its director or attorney duly authorised in writing.

The authorisation letter of a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy proposes to vote or the time specified for the passing of the resolution. If such letter is signed by another person under a power of attorney or other authorisation documents given by the appointer, such power of attorney or other authorisation

documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the authorisation letter of the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

If the appointer is a legal person, its legal representative or any person authorised by its legal representative, the Board or other governing body shall attend the shareholders' meeting as the appointer's representative.

Proxies authorised by individual Shareholders to attend the meeting shall produce their effective proof of identity and proxy form.

If appointed by corporate Shareholders to attend the meeting, the proxy should produce his/her identity card and an authorisation instrument duly signed by the legal representative of the corporate Shareholder.

Any format of blank proxy form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote, or abstain from voting, and to give separate instructions on each motion to be voted at the meeting. The proxy form shall state that the proxy may vote at his/her/its discretion if the appointer does not give any instruction.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer as aforesaid shall have been received by the Company before the voting at the meeting at which the proxy is used.

CALLS ON SHARES AND FORFEITURE OF SHARES

There are no provisions in the Articles of Association relating to the making of calls on Shares or for the forfeiture of Shares.

RIGHTS OF SHAREHOLDERS (INCLUDING INSPECTION OF REGISTER)

The ordinary shareholders of the Company shall enjoy the following rights:

- (i) the right to dividends and other distributions in proportion to the number of shares held;

- (ii) the right to request, convene, chair, attend or appoint a proxy to attend general meetings and to exercise the voting right;
- (iii) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (iv) the right to transfer shares in accordance with the laws, administrative regulations, the listing rules of the stock exchange where the shares of the Company listed and provisions of the Articles of Association;
- (v) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
 - 1. to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
 - 2. to inspect and copy, subject to payment of a reasonable charge:
 - (1) all parts of the register of members;
 - (2) personal particulars of each of the Company's Directors, supervisors, managers and other senior management, including:
 - a) present name and alias and any former name and alias;
 - b) principal address (domicile);
 - c) nationality;
 - d) primary and all other part-time occupations;
 - e) identification document and its number.
 - (3) report on the state of the Company's share capital;
 - (4) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;

- (5) general meetings minutes, Board meeting minutes and Supervisors Committee meeting minutes;

- (vi) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

- (vii) repurchase of shares made upon the request of its shareholders who disagree with resolutions passed at a general meeting in connection with a merger or division of the Company;

- (viii) other rights conferred by laws, administrative regulations, department rules and the Articles of Association.

The Company shall not exercise any power to freeze or otherwise impair the rights attached to any shares held by any person only on the ground that such person has not disclosed his/her direct or indirect equity interest in the Company.

QUORUM OF THE GENERAL MEETING AND THE CLASS SHAREHOLDERS' MEETING

The Company shall, based on the written replies received 20 days prior to the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. In the event that the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than half of the total number of the voting shares of the Company, the Company may hold the general meeting. Otherwise, the Company shall within 5 days notify the shareholders once again by way of announcement of the matters to be considered at the meeting as well as the date and the venue of the meeting. Once a notice is made by announcement, the Company may hold the general meeting.

If the number of Shares carrying voting rights represented by the Shareholders intending to attend the meeting exceeds one half of the total number of Shares carrying voting rights on the meeting, our Company may convene a class Shareholders' meeting, or otherwise, our Company shall notify the Shareholders of the issues to be discussed on the meeting and the date and location of the meeting by way of announcement within 5 days and may convene a class Shareholders' meeting after giving notice by way of announcement.

RESTRICTIONS ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

Apart from the obligations required under the laws, administrative regulations or the listing rules of the stock exchange on which the Company's Shares are listed, when exercising its rights as the Shareholder, the Controlling Shareholder shall not make any decision that is detrimental to the interest of all or some of the Shareholders on the following issues by exercising his or her voting rights:

- (i) Releasing the Directors and Supervisors from the responsibility of acting honestly in the best interest of our Company;
- (ii) Permitting the Directors and Supervisors (for their own or others' interests) to deprive our Company of assets in any form, including, but not limited to, any opportunity that is beneficial to our Company;
- (iii) Permitting the Directors and Supervisors (for their own or others' interests) to deprive the Shareholders of their personal rights and interests, including, but not limited to, any dividend distribution or voting right, but excluding the restructuring of our Company approved at the general Shareholders' meeting pursuant to the Articles of Association.

COMPANY LIQUIDATION

Our Company will be dissolved for the following reasons:

- (i) the term of its operations set down in the Articles of Association has expired;
- (ii) a resolution for dissolution is passed by shareholders at a general meeting;
- (iii) dissolution is necessary due to a merger or division of our Company;
- (iv) our Company's Business Licence is cancelled or it is ordered to shut down or to be dissolved according to the laws;
- (v) our Company is declared legally bankrupt as a result of failure to pay debts as they fall due;

(vi) where our Company encounters significant difficulties in business and management, continuous survival will be significantly detrimental to the interests of shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of the shares carrying voting rights may request a People's Court to dissolve our Company.

Where our Company is to be dissolved pursuant to items (i), the Company may carry on its existence by amending the Articles of Association. The amendment of these Articles of Association pursuant to the preceding paragraph shall be subject to the approval of more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meetings.

Where our Company is to be dissolved pursuant to items (i), (ii), (iv) or (v) of the preceding Article, the liquidation committee shall be formed within 15 days from the occurrence of dissolution to commence liquidation. Where our Company is to be dissolved pursuant to item (i), (ii) of the preceding Article, the composition of such liquidation committee shall be determined by the general meeting through ordinary resolution. Where our Company is to be dissolved pursuant to item (iv), the liquidation committee shall be formed by the shareholders organised by relevant responsible authorities, relevant authorities and relevant professional parties to perform liquidating. Where our Company is to be dissolved pursuant to item (v), the liquidation committee shall be formed by the shareholders, relevant authorities and relevant professional parties which are organised by the People's Court to perform liquidating in accordance with the regulations of relevant laws. If no liquidation committee is established within the time limit, the creditors may petition to the People's Court to appoint relevant parties to form a liquidation committee to execute the liquidation.

If the Board of Directors decides to liquidate our Company (except where our Company is liquidated after declaring bankruptcy), the Board of Directors shall state in the notice of the general Shareholders' meeting convened for this purpose that the Board of Directors has performed a comprehensive investigation of the status of our Company and believes that our Company is able to pay off all of our debts within 12 months after the start of liquidation.

After the resolution in relation to liquidation is passed by the general Shareholders' meeting, the powers of the Board of Directors of the Company shall terminate immediately.

In accordance with the instructions of the general Shareholders' meeting, the liquidation team shall at least once a year report at the general Shareholders' meeting on the income and expenditure of the liquidation team, progress of the business and liquidation of our Company, and submit a final report at the general Shareholders' meeting upon completion of liquidation.

OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR THE SHAREHOLDERS**General Provisions**

The Company is a joint stock limited company in perpetual existence.

The Articles of Association constitute a legally binding document regulating the Company's organisation and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se on the date on which they become effective.

The Articles of Association is binding on our Company and its Shareholders, Directors, Supervisors and other senior management. According to the Articles of Association, shareholders may bring actions against the shareholders, directors, supervisors, managers and other senior management officers of the Company. Shareholders may bring actions against the Company, and the Company may bring actions against its shareholders, directors, supervisors, managers and other senior management officers.

The Company may invest in other companies with limited liability and joint stock companies, and the Company shall be liable for such companies in which it has invested to the extent of the amount of its investment.

Shareholders

The Shareholders are persons lawfully holding the Shares and whose names (titles) are already listed in the register of Shareholder.

The shares issued by the Company to domestic investors for subscription in RMB shall be referred to as domestic shares. The shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign shares. The foreign shares listed and traded on overseas stock exchanges shall be referred to as overseas listed foreign shares.

Both domestic shares and overseas listed foreign shares are ordinary shareholders and have the same rights and obligations.

Shareholders of ordinary shares shall assume the following obligations:

- (i) to comply with the laws, administrative regulations and the Articles of Association;
- (ii) to pay for shares according to shares subscribed and the method of subscription;

- (iii) except otherwise specified in the laws or administrative regulations, not to withdraw shares;
- (iv) not to abuse their rights as shareholders to impair the interests of the Company or other shareholders, nor to abuse the independent status of the Company as a legal person and limited liability of shareholders to impair the creditors' interests; shareholders of the Company who abuse their shareholder's rights and thereby causing loss on the Company or other shareholders shall be liable for loss compensation according to the law. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;
- (v) other obligations imposed by laws, administrative regulations and the Articles of Association.

Apart from conditions accepted at the time when shareholders subscribed for the shares, any responsibility for shares shall not be attached to the shareholder retrospectively.

The Board of Directors

The Board of Directors of the Company is responsible to the general Shareholders' meeting and exercises the following powers:

- (i) to convene the general Shareholders' meeting and report on work to the general Shareholders' meeting;
- (ii) to execute the resolutions of the general Shareholders' meeting;
- (iii) to decide on the Company's business plans and investment plans;
- (iv) to formulate the Company's annual financial budget and final accounts;
- (v) to formulate the Company's profit distribution plan and loss recovery plan;
- (vi) to formulate proposals for the increases or decrease of the Company's registered capital and the issuance of corporate debentures or other securities of the Company and listing plans;

- (vii) to formulate the plans for substantial acquisition, acquisition of shares of the Company, merger, separation, dissolution and changing the form of the Company;
- (viii) to decide on matters relating to the Company's external investments, assets acquisitions and disposals, assets pledges, entrusted financial management and associated transactions within the authorisation granted by the general meeting;
- (ix) to decide on the establishment of the Company's internal management structure;
- (x) to appoint or remove the Company's Manager and the secretary of the board of directors. Based on the recommendations of the Manager, to appoint or remove deputy General Manager, chief financial officer and other members of senior management, and to decide on their remuneration, incentives and punishments matters;
- (xi) to set our basic management systems;
- (xii) to make the modification plan to the Articles of Association;
- (xiii) to manage the disclosure of company information;
- (xiv) to propose the appointment or replacement of the accounting firm that performs audits for our Company at the general Shareholders' meeting;
- (xv) to listen to the work report of our manager and review the work of the manager;
- (xvi) to perform to perform other duties authorised by laws, administrative regulations, department rules, the shareholders' general meeting and the Articles of Association.

All of the above resolutions adopted by the Board of Directors, except that those mentioned in (vi), (vii) and (xii) above must be approved by more than two-thirds votes of the Directors, shall be approved by more than half of the votes of the Directors.

Meetings of the Board shall be held at least four times a year at approximately quarterly intervals and convened by the chairman of the Board. Notice of the meeting shall be served on all of the Directors fourteen (14) days before the date of the meeting. At a regular meeting, directors' approval shall not be obtained by way of circulation of written resolution.

A meeting of the Board shall only be convened with the presence of more than one half of its directors. Resolutions adopted at the Board meeting shall be approved by more than one half of its directors. Resolutions adopted by the Board in relation to acquisition and disposal of major assets, external investments, external guarantees and related party transactions shall be considered, approved and resolved by more than two thirds of the directors present.

Each director shall have one vote in voting on resolutions of the board meeting.

When the number of dissenting votes equals the number of affirmative votes, the chairman of the Board of Directors is entitled to one additional vote.

In the event that a director is connected to companies associated with matters to be resolved at the board meeting, such director shall not exercise his/her voting rights on such resolution, nor shall he/she vote on behalf of other directors. The board meeting may be convened with a majority of the independent directors. Resolutions shall be approved by a majority of independent directors at the board meeting. When there is less than three independent directors present at the board meeting, such matters shall be submitted to the general meeting for consideration.

Independent Non-executive Directors

The Company shall have independent non-executive directors. The number of independent non-executive directors shall account for at least one third of the board, and the Company shall have at least three independent non-executive directors (at least one of them shall possess accounting expertise).

Secretary of the Board of Directors

The Company has one secretary of the Board of Directors, who shall be nominated by the president and appointed or dismissed by the Board of Directors.

Supervisory Committee

Our Company has set up a Supervisory Committee, which consists of 3 supervisors. The Supervisory Committee shall include supervisors assumed by Shareholders and supervisors assumed by staff representatives, and the number of supervisors assumed by staff representatives shall not be less than one-third of the total number of supervisors.

The Supervisory Committee includes one chairman. The chairman of the Supervisory Committee shall be elected and dismissed by more than two-third votes of the members of the Supervisory Committee.

The Directors, general manager and senior management shall not serve as supervisors.

The Supervisory Committee is responsible to the general Shareholders' meeting and exercises the following powers pursuant to the laws:

- (i) to examine the financial standing of our Company;
- (ii) to monitor the execution of duties by the Directors and senior management and put forward suggestions for dismissing any directors or senior management who are in breach of the laws, administrative regulations, the Articles of Association or resolutions of the general Shareholders' meetings;
- (iii) to require the Directors and senior management to take corrective measures when their actions are detrimental to our interests;
- (iv) to verify the financial information such as the financial reports, business reports and profit distribution plans to be submitted by the Board to the general Shareholders' meetings and, should any queries arise, to authorise, in the name of our Company, a re-examination by the certified public accountants and practicing auditors;
- (v) to propose to convene an extraordinary general meeting and convene and preside over the general Shareholders' meeting when the Board of Directors fails to perform the duties in relation to convening or presiding over the general Shareholders' meeting as required in the Company Law;
- (vi) to submit proposals at the general Shareholders' meetings;
- (vii) to represent our Company in negotiating with the Directors or in bringing actions against the Directors and senior management;
- (viii) to conduct investigations whenever unusual conditions of operation of the Company are found and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in such work at the expense of the Company;
- (ix) other powers and duties stipulated in the Articles of Association.

The supervisors attend meetings of the Board of Directors.

The Supervisory Committee shall meet at least once every 6 months. A supervisor may propose to convene an interim meeting of Supervisory Committee.

The resolutions of the Supervisory Committee shall be passed by more than two-thirds of all supervisors in the voting.

The resolutions passed at the Supervisory Committee shall be made into meeting minutes which shall be signed by the supervisors present. Any supervisor is entitled to request that certain explanatory notation regarding his speech at the meeting. The meeting minutes of the Supervisory Committee shall be kept as the Company's archives for at least 10 years.

Manager

Our Company has one manager, who shall be appointed or dismissed by the Board of Directors, and certain number of deputy general manager, who shall be nominated by the manager and appointed or dismissed by the Board of Directors.

The manager is responsible to the Board of Directors and exercises the following powers:

- (i) to be in charge of the production and operational management of our Company as well as the organisation of the enforcement of resolutions of the Board of Directors, and report to the Board;
- (ii) to organise the implementation of the annual operation plans and investment schemes of our Company;
- (iii) to formulate the structure scheme of the internal management agency of our Company;
- (iv) to formulate the basic management system of our Company;
- (v) to formulate the specific rules of our Company;
- (vi) to Propose the appointment or dismissal of the deputy general managers and chief accounting officer;
- (vii) to decide to appoint or dismiss other management and staff other than those who shall be appointed or dismissed by the Board;
- (viii) other responsibilities authorised by the Articles of Association and the Board of Directors.

The manager of the Company may attend the Board meetings, but only the managing director has a voting right at the Board meeting.

Chairman of the Board

If the chairman of the board of directors is unable or fails to perform his/her duties, a director jointly elected by a majority of directors shall perform the duties.

Settlement of Disputes

Our Company shall comply with the following rules governing the settlement of disputes:

- (i) Whenever there occur any disputes or claims between holders of the overseas listed foreign investment shares and our Company, holders of the overseas listed foreign investment shares and our Company's Directors, Supervisors, managers or senior management, or holders of the overseas listed foreign investment shares and holders of Domestic Shares regarding the rights or obligations relating to the affairs of our Company imposed by the Articles of Association, the Company Law or any other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

Where the aforesaid dispute or claim of rights is referred to arbitration, the entire claim or the dispute as a whole must be referred to arbitration, and any parties who have a cause of action based on the same facts giving rise to the dispute or the claim or whose participation is necessary for the settlement of such dispute or claim, are bound by the award of the arbitration provided that such person is our Company or a Shareholder, a Director, a supervisor, the manager or any other senior management of our Company.

Disputes in relation to the definition of shareholders and disputes in relation to the shareholders' register need not be resolved by arbitration;

- (ii) A claimant may elect for arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body so elected by the claimant.

If a claimant elects for arbitration at Hong Kong International Arbitration Centre, any party may request the arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre;

- (iii) The laws of the People's Republic of China are applicable to the arbitration for the disputes or claims of rights referred to in paragraph (i), unless otherwise provided in the laws and administrative regulations;
- (iv) The award of an arbitration body shall be final and binding on all parties.

SUMMARY OF PRINCIPAL PRC LEGAL AND REGULATORY PROVISIONS**The PRC Legal System**

The PRC legal system is based on the Constitution of the PRC (the “Constitution”) and is made up of written laws, administrative regulations, local regulations, separate rules, autonomy regulations, departmental rules of the State Council, rules of local governments and international treaties of which the PRC government is a signatory. Court judgments may be used for judicial reference and guidance but do not constitute legally binding precedents.

According to the Constitution and the Legislation Law of the PRC (“Legislation Law”), the National People’s Congress of the PRC (the “NPC”) and the Standing Committee of the National People’s Congress (the “Standing Committee of the NPC”) are empowered to exercise the legislative power of the PRC. The NPC has the power to enact and amend the laws governing civil and criminal matters, state organs and other aspects. The Standing Committee of the NPC is empowered to enact and amend laws other than those required to be enacted by the NPC, and may supplement and amend the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments shall not be in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene and provision of the Constitution, laws and administrative regulations.

The ministries, commissions, the PBOC, NAO of the State Council, and the institutions of all businesses with administrative functions directly under the State Council may formulate rules and regulations within the permission of their respective departments based on the laws and administrative regulations, decisions and rulings of the State Council.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities and the cities divided into districts may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at and below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and also has the power to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution, the power to interpret laws is vested in the Standing Committee of the NPC. According to Resolutions of the Standing Committee of the NPC on Improving Interpretation of Laws passed on June 10, 1981, the Supreme People's Court has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials; interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate; if the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee of the NPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities. In case where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent authorities under the people's governments of provinces, autonomous regions and municipalities.

The PRC Judicial System

Under the Constitution and the Law of Organization of the People's Courts of the PRC, the PRC judicial system is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organised into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organised into divisions similar to those of the primary people's courts, and are entitled to organise other courts as needed such as the intellectual property division.

The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgment or order of a local people's court to the people's court at the next higher level. Second judgments or orders given at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. If the Supreme People's Court finds some definite error in a legally effective judgment or ruling of the people's court at any levels or if the people's court at a higher level finds

such error in a legally effective judgment or ruling of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the president of a people's court finds, in a legally effective judgment or ruling of his court, some definite error in the determination of facts or application of law, he must submit such judgment or ruling to the judicial committee for processing.

The Civil Procedure Law of the PRC ("Civil Procedure Law") adopted by the Standing Committee of the NPC on April 9, 1991 and amended on October 28, 2007 and August 31, 2012 sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law of the PRC. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of the Civil Procedure Law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

Generally, a foreign national or enterprise has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. The period of applying for such enforcement shall be two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognised and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country on the mutual recognition and enforcement of judgments and rulings, or if the judgment or ruling satisfies the court's examination based on the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in the violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons related to the public interests.

The PRC Company Law, Special Regulations and Mandatory Provisions

A joint stock limited company which is incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in China:

the Company Law of the People's Republic of China (the "PRC Company Law"), which was promulgated by the Standing Committee of the NPC on 29 December 1993, revised as of 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013 respectively and the latest revision of the Company Law was implemented on 1 March 2014;

the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the "Special Regulations"), which was promulgated and implemented by the State Council on 4 August 1994 and was applicable, to the overseas share offering and listing of joint stock limited companies;

the "Mandatory Provisions for Articles of Association of Companies to be Listed Overseas" (the "Mandatory Provisions"), which was jointly promulgated by the former Securities Committee of the State Council and the State Economic Restructuring Commission on 27 August 1994, and stated the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in Appendix V of this prospectus.

The following is a summary of the provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

General Provisions

A joint stock limited company ("company") refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the shares held by them and the company is liable for its liabilities with all of its assets.

A joint stock limited company must conduct its business in accordance with law and professional ethics. A joint stock limited company may invest in other limited liability companies and joint stock limited companies. The liabilities of the company to such invested enterprises are limited to the assets invested. Unless otherwise provided by laws, a joint stock limited company cannot be the capital contributor who has the joint liability associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or public offering.

A company may be incorporated by more than two but less than 200 promoters, and at least half of the promoters must have residence within the PRC.

A company incorporated by promotion is one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, the promoters are required to subscribe for a portion of the shares which shall be issued by the company, generally not less than 35% of the total number of the shares of the company, and the remaining shares can be offered to the public or specific objects.

For company established by promotion, the registered capital is the total capital registered under the relevant Administration for Industry and Commerce and being subscribed for by all the promoters. Shares in the company shall not be offered to other persons unless the share capital subscribed for by the promoters has been paid up. For company established by subscription, the registered capital is the amount of its total paid-up capital as registered with the relevant Administration for Industry and Commerce.

Pursuant to the Securities Law of the People's Republic of China ("the Securities Law") promulgated by the Standing Committee of the NPC on 29 December 1998 and revised on 28 August 2004, 27 October 2005 and 29 June 2013 respectively, the total share capital of a company which applies for listing of shares shall not be less than RMB30 million. The promoters must convene an inaugural meeting within 30 days after the shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the meeting 15 days before the inaugural meeting is convened. The inaugural meeting may be convened only with the presence of promoters or subscribers representing more than 50% of the total number of shares. The authorities exercised at the inaugural meeting include the adoption of articles of association the Company, the election of members of the board of directors and members of the board of supervisors (the directors and supervisors taken up by staff representatives shall be elected by way of democratic election). Above-mentioned resolutions of the inaugural meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the company registration authority for registration of the establishment of the company. A company is established, and has the status of a legal person, after the company has been approved to register and the business licence has been issued by the company registration authority.

During the establishment of a company, promoters of the company shall bear joint liability for the following matters: (i) the undertaking of all expenses and debts incurred in the incorporation action if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) the compensation of damages suffered by the company as a result of their default in the course of incorporation of the company. Pursuant to Provisional Regulations on the Administration of Share Issuance and Trading (only applicable to share issuance and trading activities and related activities conducted in the PRC) promulgated by the State Council on 22 April 1993, all the promoters or directors and principal underwriters shall sign on the prospectus to guarantee that there is not any false, material misleading statement or material omission and guarantee to undertake joint liabilities for it.

Share Capital

The promoter of the Company may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land use rights that may be valued in monetary term and may be transferred in accordance with the law. The non-monetary assets used for contribution shall be valued and verified.

A company may issue registered or bearer shares. However, shares issued to a promoter or a legal person shall be registered shares and shall bear the name of such promoter or legal person. No separate account with a different name may be opened for such shares, nor may such shares be registered in the name of a representative.

Pursuant to the requirements of the Special Regulations and the Mandatory Provisions, shares issued to foreign investors (including investors from foreign countries, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) and listed overseas are defined as overseas listed foreign invested shares, shall be issued in registered form and shall be denominated in RMB and subscribed for in foreign currency, and those issued to investors within the PRC other than the aforementioned areas by a company are defined as domestic shares, shall be issued in registered form and subscribed for in RMB.

Under the PRC Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;

- the serial numbers of shares held by each shareholder;
- the date on which each shareholder acquired the shares.

A company may offer its shares to foreign investors with approval by the securities administration department of the State Council. According to the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement on issuing overseas listed foreign invested shares, to retain not more than 15% of the aggregate amount of overseas listed foreign invested shares proposed to be issued.

The share offering price may be equal to or in excess of par value, but shall not be less than par value.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. The transfer of registered shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by Chinese laws or by administrative regulations; the name and address of the transferee should be registered in the shareholders' registers upon transfer. No changes caused by the transfer of registered shares may be made to the shareholders' registers within 20 days prior to a shareholders' general meeting or 5 days prior to the benchmark date set by the Company for the purpose of distribution of dividends. But if it is otherwise prescribed in relevant provisions of the laws with respect to the registration of change to the register of shareholders of listed companies, then such relevant provisions shall apply. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to convening of shareholders' general meeting or 5 days prior to any base date for determination of dividend distributions. The transfer of bearer shares is effective when the shareholder has delivered the stock to the transferee.

Pursuant to the PRC Company Law, Shares held by the promoter(s) of a company shall not be transferred within one year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of its shares being listed on a stock exchange. Directors, supervisors and senior management of the company shall not transfer over 25% of the total shares they hold in the company each year during their term of office, and shall not transfer any share of the company held by each of them within one year from the listing date, and shall not transfer the shares they hold in the company within six months after they leave office.

Increase in Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- The company shall prepare a balance sheet and an inventory of property;
- The reduction of registered capital must be considered and approved at the shareholders' general meeting;
- The company shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in newspapers within 30 days once the resolution approving the reduction in capital being passed at the shareholders' general meeting;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- The company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a company may not purchase its shares other than for one of the following purposes:

- to reduce the registered capital;

- to merge with another company(s) holding the company's shares;
- to grant shares as a reward to the staff of the company;
- to purchase the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a shareholders' general meeting.

The shares repurchased by the company as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any fund for the repurchase shall be paid out of after-tax profits of the company, and the shares repurchased shall be transferred to the staff of the company within one year. The Mandatory Provisions stipulate that upon approval in accordance with the articles of association of the company and obtaining approvals from relevant supervisory authorities in the PRC, a company may repurchase its issued shares by way of: (a) a general offer to all of its shareholders to repurchase the same proportion; (b) on a stock exchange by way of open trading; (c) through agreement outside the stock exchange.

A company may not accept its own shares as the subject matter of a pledge.

Shareholders

The articles of association of a company set forth the shareholders' rights and obligations and are binding on all the shareholders. Pursuant to the PRC Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to receive dividends and other profit distributions based on the number of shares held;
- the right to attend in person or appoint a representative to attend the shareholders' general meeting and to vote in respect of the amount of shares held;
- the right to inspect the Article of Association, register of shareholders, bond records of the company, minutes of the general meetings, resolutions of the board of the directors, resolutions of the supervisor's meetings and financial and accounting reports and propose and doubt in relation to the company's operations;
- the right to transfer his/her shares in accordance with laws and regulations as well as the articles of association of the company;

- the right to obtain surplus assets of the company upon its termination or liquidation based on the number of shares held;
- the right to claim against other shareholders who abuse their rights of shareholders for the damages;
- If the procedure for convening the shareholders' general meeting or the meeting of the board of directors, or the method of voting violates laws, administrative regulations or the articles of association of the company, or if the contents of a resolution violate the articles of association of the company, a shareholder may present a petition to a court for cancellation of resolution;
- other rights specified in laws and regulations and the articles of association of the company.

The obligations of shareholders include: abide by the articles of association of the company; pay the subscription monies in respect of shares subscribed for; be liable for the debt and liabilities of the company to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up; no abuse of shareholders' rights to damage the interests of the company or other shareholders of the company; no abuse of the independent status and limited obligations of the company as a legal person to damage the interests of the creditors of the company; and any other obligations specified in the articles of association of the company.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises the following powers in accordance with the PRC Company Law:

- to decide on the company's business plans and investment plans;
- to elect and replace the directors and supervisors who are not representatives of the employees and to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the supervisory committee;
- to review and approve the company's proposed annual financial budgets and final accounts;

- to review and approve proposals for profit distribution and for recovery of losses of the company;
- to decide on the increase or reduction of the company's registered capital;
- to decide on the issue of corporate bonds;
- to decide on merger, division, dissolution, liquidation or change the form of the company;
- to amend the articles of association of the company;
- other functions and powers specified in the articles of association of the company.

The shareholders' general meeting must be convened once a year. An extraordinary shareholders' meeting shall be held within two months after the occurrence of any of the following circumstances:

- the number of directors is less than the number provided for in the PRC Company Law or less than two thirds of the number specified in the articles of association of the company;
- the losses of the company which are not made up reach one third of the total paid-up share capital of the company;
- as requested by a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the company;
- when deemed necessary by the board of directors;
- as suggested by the supervisory committee;
- other circumstances required by the articles of association.

Shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the supervisory committee shall convene and preside over such meeting in a timely manner. In case the supervisory committee fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of our extraordinary shareholders' general meetings shall be given to all shareholders 15 days prior to the meeting. Under the Special Regulations and the Mandatory Provisions, such notice shall be delivered to all the registered shareholders 45 days in advance to the meeting, and the matters to be considered and time and venue of the meeting shall be specified. The written reply of shareholders planning to attend the meeting shall be delivered to the company 20 days in advance of the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Special Regulations and the Mandatory Provisions, shareholders' general meeting may be convened where the number of voting shares held by the shareholders present at the meeting reaches one-half or more of the company's total voting shares in accordance with the results calculated based on the written reply received 20 days prior to the shareholders' general meeting of the company. If this is not attained, the company shall within 5 days notify the shareholders again of the matters to be considered and time and venue of the meeting to shareholders in the form of public announcement. The company may convene the shareholders' general meeting after such public announcement.

Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Pursuant to the requirements of the PRC Company Law, a shareholder holding, or shareholders holding in aggregate, more than 3% of the shares of the company may propose interim resolution ten days prior to the general meeting and present it to the board of directors in writing. According to the Special Regulations, at the annual shareholders' general meeting of the company, shareholders with 5% or more of the voting rights in the company are entitled to propose to the company in writing new resolutions, which if within the functions and powers of the shareholders' general meeting, are required to be added to the agenda of the general meeting.

Pursuant to the PRC Company Law, shareholders present at the shareholders' general meeting possess one vote for each share they hold. However, the company shall have no vote for any shares of the company. A shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorisation scope. Resolutions proposed at the shareholders' general meeting shall be approved by more than half of the voting rights cast by shareholders present (including attend in person or represented by proxies) at the general meeting. Pursuant to the PRC Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two thirds of the voting rights held by the shareholders present at the meeting: (1) amendments to the articles of association; (2) the increase or decrease of registered capital; (3) the issue of any types of shares, warrants or other similar securities; (4) the issue of debentures; (5) the merger, division, dissolution, liquidation or change in the form of the company.

In accordance with the Mandatory Provisions, other matters considered to be of a nature which may have a material impact on the company and should be adopted by a special resolution shall be approved by the shareholders' general meeting by way of an ordinary resolution.

Board of Directors

A company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected.

Under the PRC Company Law, the board of directors exercises the following powers:

- to convene the shareholders' general meeting and report on its work to the shareholders' general meeting;
- to implement the resolution of the shareholders' general meeting;
- to decide on the company's business plans and investment plans;
- to formulate the company's proposed annual financial budgets and final accounts;

- to formulate the company's proposals for profit distribution and for recovery of losses;
- to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- to prepare plans for the merger, division, dissolution or changes in the forms of the company;
- to decide on the company's internal management structure;
- to appoint or dismiss the company's general manager and to decide on the remuneration, and based on the general manager's nomination, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;
- to formulate the company's basic management system;
- other functions and powers as specified in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one third of the directors or the supervisors. The chairman shall convene and preside over such meeting within ten days after receiving such proposal. Meetings of the board of directors could be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorisation for another director to attend the meeting on his behalf. Resolutions of the board of directors require the approval of more than half of all directors.

The directors are responsible for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association or resolutions of shareholders' general meeting as a result of which the company suffer serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Supervisory Committee

A joint stock limited company shall have a supervisory committee of no fewer than three members. The supervisory committee shall include representatives of the shareholders and an appropriate ratio of the representatives of the company's staff and workers, where the ratio of the staff and workers' representatives shall not be less than one third. Directors and senior management personnel may not concurrently serve as supervisors.

The supervisory committee shall appoint a chairman. The chairman of the supervisory committee is elected with approval of more than half of all the supervisors. The chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. In the event that the chairman of the supervisory committee is incapable of performing or not performing his duties, the vice chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. In the event that the vice chairman of the supervisory committee is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the supervisory committee.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected upon expiry of the term of office. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

According to the PRC Company Law, the supervisory committee shall exercise the following functions and powers:

- check the company's financial affairs;

- supervise the directors and senior management in the performance of their duties, and put forward proposals on the removal of any director or senior management who violates laws, administrative regulations, the articles of association or resolution of the shareholders' meeting;
- require the director or senior management to make corrections if his act is detrimental to the interests of the company;
- propose the convening of extraordinary shareholders' meetings, and convene and preside over the Shareholders' General Meetings when the board of directors fails to perform the duties of convening and presiding over the Shareholders' General Meetings;
- put forward proposals at Shareholders' General Meetings;
- institute proceeding against the directors and senior management upon shareholders' request if a director or senior management violates the provisions of laws, administrative regulations or the articles of association in the performance of company duties, thereby causing losses to the company;
- other functions and powers specified in the Articles of Association of the company.

Supervisors may attend board of directors' meetings and make enquiries or proposals in respect of such board resolutions. The supervisory committee may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Other Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- manage the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;
- arrange for the implementation of the company's annual business plans and investment plans;
- draft the plan for the establishment of the company's internal management organisation;

- draft the basic management system of the company;
- formulate the specific rules and regulations of the company;
- recommend the appointment or dismissal of the deputy manager(s) and person(s) in charge of financial affairs of the company;
- decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the board of directors;
- other functions and powers delegated by the board of directors.

It is also specified by the PRC Company Law that where the articles of association have other provisions on the functions and powers of the manager, such provisions shall prevail.

Pursuant to the PRC Company Law, besides the manager, the other senior management shall include deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Qualifications and Duties of Directors, Supervisors and Senior Management

According to the PRC Company Law, a person may not serve as a director, supervisor or senior management if he or she is:

- a person with no or limited capacity for civil acts;
- a person that was sentenced to criminal punishment for the crime of corruption, bribery, encroachment of property, misappropriation of property or disruption of the order of the socialist market economy, and not more than five years has elapsed since the expiration of the enforcement period; or a person that was deprived of his political rights for committing a crime, and not more than five years has elapsed since the expiration of the enforcement period;
- a director or factory director, manager of a company or enterprise liquidated upon bankruptcy that was personally responsible for the bankruptcy of the company or enterprise, and not more than three years has elapsed since the date of completion of the bankruptcy liquidation;

- legal representative of a company or enterprise that had its business licence revoked and had been closed down by order for violation of law, for which such representative bears individual liability, and not more than three years has elapsed since the date on which the business licence of the company or enterprise was revoked;
- a person with a comparatively large amount of personal debts due and unsettled.

A director, supervisor and senior management shall comply with the provisions of relevant laws and regulations, administrative regulations and the articles of association, perform their duties honestly and protect the interests of the company. The PRC Company Law and the Mandatory Provisions provide that a director, supervisor and senior management bear duties to act honestly and diligently for the company. The fiduciary duties of the directors, supervisors, managers and other senior management may not cease with the termination of their office. Their confidentiality obligation in relation to the company's business secrets shall remain effective upon termination of their office.

A director, supervisor and senior management who violate the provisions of laws, administrative regulations or the articles of association in the performance of his duties shall be liable to indemnify the company for the losses caused to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, a limited liability company shall deliver its financial report to all shareholders within the term under the articles of association. A joint stock company shall make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. A company that issue shares to the public must publish its financial and accounting reports.

When a company distributes its after-tax profits for a given year, it shall allocate 10% of profits to its statutory common reserve. A company shall no longer be required to make allocations to its statutory common reserve once the aggregate amount of such reserve exceeds 50% of its registered capital.

If a company's statutory common reserve is insufficient to make up its losses of the previous years, such losses shall be made up from the profits for the current year prior to making allocations to the statutory common reserve.

A company may, if so resolved by the Shareholders' General Meeting, make allocations to the discretionary common reserve from its after-tax profits after making allocations to the statutory common reserve from the after-tax profits.

A company's after-tax profits remaining after it has made up its losses and made allocations to its common reserve shall be distributed in proportion to the shareholdings of its shareholders, unless the articles of association stipulate that the profits shall not be distributed in proportion to the shareholdings.

A company shall enter under its capital common reserve the premium over the nominal value of the shares of the company on issue, and such other income as the finance department of the State Council requires to be entered under the capital common reserve.

A company's common reserves shall be used for making up losses, expanding the production and business operation or increasing its capital by means of conversion, but the capital common reserve shall not be used for making up the company's losses. Where the funds from the statutory common reserve are converted to registered capital, the remaining funds in such reserve shall not be less than 25% of the company's registered capital after such conversion.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Special Regulations provide that a company shall employ an independent accounting firm complying with the relevant regulations of the State to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. The Special Regulations and the Mandatory Provisions provide that the dividends or other amounts to be paid to holders of overseas listed foreign invested shares by a company shall be calculated and declared in RMB and paid in foreign currency. The payment of foreign currency to shareholders shall be made through a receiving agent.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved in any of the following events: (1) when the term of operation set down in a company's articles of association has expired or events of dissolution specified in the company's articles of association have occurred; (2) the shareholders in a Shareholders' General Meeting have resolved to dissolve a company; (3) a company is dissolved by reason of its merger or demerger; (4) a company is subject to the revocation of business licence, a closure order or dismissal in accordance with laws; (5) in the event that a company encounters substantial difficulties in its operation and management and its continual existence shall cause a significant loss to the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the voting rights of all shareholders of a company present a petition to the court for dissolution of the company.

Where a company is to be dissolved in the circumstances described in (1), it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where a company is to be dissolved in the circumstances described in (1), (2), (4) and (5) above, a liquidation group must be formed within 15 days from the date of dissolution. Such liquidation group shall be composed of directors or persons decided upon by the shareholders' general meeting. If no liquidation group is established within the time limit, the company's creditors may request the court to designate relevant persons to form a liquidation group.

The liquidation group shall exercise the following functions and powers during the liquidation period:

- thoroughly examine the company's properties and prepare a balance sheet and an inventory of properties, respectively;
- notify creditors by notice or public notices;

- dispose of and liquidate relevant outstanding business of the company;
- pay outstanding taxes and taxes arising in the course of liquidation;
- clear the claims and debts;
- dispose of the surplus properties of the company after its debts have been paid off;
- participate in civil lawsuits on behalf of the company.

The liquidation group shall notify the company's creditors within 10 days after its establishment, and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of properties, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation. The company's remaining assets after payment of liquidation expenses, staff' wages, social insurance expenses and statutory compensation, outstanding taxes and debt shall be distributed to shareholders according to their shareholding proportion.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of properties, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. The report shall be submitted to the relevant administration bureau for industry and commerce in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abuse of their powers to accept bribes or other unlawful income and from misappropriating the company's properties. A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed and foreign invested shares and domestic listed domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issue within 15 months after approval is obtained from the CSRC.

Loss of H Share Certificates

If a registered share certificate is lost, stolen or destroyed, the respective shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court for a declaration that such certificate will no longer be valid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

The Mandatory Provisions provide other procedures regarding the loss of H share certificates (which are set out in the Articles of Association of the Company and the summary of which is set out in Appendix V).

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of Securities and information disclosure. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was the competent authority in charge of unified macro administration of national securities market; its major responsibilities include coordinating the drafting of draft securities laws and regulations, researching into and formulating guidelines, policies and rules on securities market, formulating the development plans of securities market and offering plans and advice, directing, coordinating, supervising and inspecting all securities market-related work and administering the CSRC. The CSRC was the regulatory and implementing body of the Securities Committee and responsible for the drafting of rules of the

securities market, supervising securities companies, regulating the offering and trading of marketable securities and companies that issue shares to the public, and regulating public offering of shares by domestic companies overseas. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Provisional Regulations on the Administration of Share Issuance and Trading stipulates the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement. In accordance with the Regulations, the overseas issuance of shares is subject to approval by the Securities Committee. In addition, if a company plans to issue ordinary shares denominated in RMB and special shares denominated in RMB, it is required to comply with the Provisional Regulations on the Administration of Share Issuance and Trading.

The Securities Law comprehensively regulates activities in the PRC securities market. This law involves, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law provides that a PRC company must obtain prior approval from the State Council's regulatory authorities to conduct the overseas offering of securities directly or indirectly and list its securities outside the PRC.

Article 239 of the Securities Law provides that specific measures in respect of shares of companies in the PRC that are to be subscribed for and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issuance and trading of foreign issued shares (including H Shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC. The Securities Law also regulates short swing trading conducted by a director, supervisor, executive or a shareholder of a listed company in China in the PRC securities market.

Article 47 of the Securities Law provides that the gains made by a director, supervisor, executive or a shareholder of a listed company in China holding 5% or more of the shares of the listed company from selling shares of the company within six months from the purchase of such shares or buying shares of the company within six months from the sale of such shares shall belong to the company and the board of directors of the company shall collect such gains. However, an underwriter which holds 5% or more of the shares of a listed company in China from buying the unsold shares in accordance with the underwriting agreement shall not be subject to the six-month moratorium for selling of such shares. Where the board of directors of the company fails to perform the duties stipulated in the preceding sentence, the shareholders shall have the right to demand that the board of directors perform the duties within 30 days. Where the board of directors of the company fails to

perform the duties within the aforesaid period, the shareholders shall have the right to file a lawsuit directly in their own name with a People's court to protect the interests of the company. Where the board of directors of the company fails to perform the duties in accordance with the provisions of the preceding sentence, the directors who are accountable shall bear joint liability in accordance with the provisions of the law.

Article 195 of the Securities Law provides that directors, supervisors, senior management personnel of a listed company and shareholders holding 5% or more of the shares of a listed company who buy and sell the company's shares in violation of the provisions of Article 47 shall be issued a warning and may be subject to a fine ranging from RMB30,000 to RMB100,000.

On 20 December 2012, the CSRC has promulgated the Regulatory Guidelines for the Application Documents and Examination Procedures for Overseas Share Issuance and Listing by Joint Stock Companies which sets out the provisions on the application documents, application and examination procedures for overseas share issuance and listing by companies.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (the "Arbitration Law") was passed by the Standing Committee on 31 August 1994, became effective on 1 September 1995 and revised on 27 August 2009. It is applicable to contract disputes and other property interest disputes between equal citizens, legal person and other organisations where the parties have entered into a written agreement to refer the matter to arbitral award. Where the parties entered into arbitration agreement, the court will refuse to handle the proceedings appealed by a party unless the arbitration agreement is null and void.

Under the Civil Procedure Law and the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an arbitral award, the other party to the award may apply to the court for enforcement in accordance with relevant provisions of the Civil Procedure Law. A people's court may refuse to enforce an arbitral award if a party can testify that there is procedural or membership irregularity provided by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award against a party who, or whose property, is not within the PRC, may apply directly to a foreign court with jurisdiction for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body to be recognised and enforced by the PRC courts shall be applied by a party to the intermediate courts of the place where the enforcee is domiciled or the property is located, and the PRC courts shall deal with in accordance with any international treaty or the principles of reciprocity concluded or acceded to by the PRC.

On 2 December 1986, the Standing Committee of the National People's Congress approved the Decision on Accession of the PRC to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "New York Convention"), pursuant to which the PRC acceded to the New York Convention. This Convention provides that all arbitral awards made in a member country of the Convention shall be recognised and enforced by other member countries of the Convention with exception of certain circumstances the member country can refuse to enforce. It was declared by the Standing Committee of the National People's Congress simultaneously with the approval of the Convention that (1) the PRC will only recognise and enforce foreign arbitral awards on the principle of equality; and (2) the PRC will only apply the New York Convention in disputes considered under PRC laws to be arising from contractual and non-contractual mercantile legal relations.

Pursuant to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitration Awards between the Mainland and Hong Kong, which was promulgated by the Supreme People's Court on 24 January 2000 and became effective on 1 February 2000, award made by the PRC arbitral authorities recognised under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong.

Judicial Judgment and its Enforcement

Under the Arrangement of the Supreme People's Court between the Courts of the Mainland and the Hong Kong on Mutual Recognition and Enforcement of Judgments of Civil and Commercial Cases under the Jurisdiction as Agreed to by the Parties Concerned issued by the Supreme People's court on 3 July 2008 and became effective on 1 August 2008, in the case of final judgment, defined with payment amount and enforcement power, made between mainland People's Court and the court of Hong Kong Special Administrative Region in civil and commercial case with written jurisdiction agreement, the parties concerned shall apply to mainland people's court or Hong Kong court for recognition and enforcement based on this arrangement. "Written jurisdiction agreement" in this arrangement refers to a written agreement defining the exclusive jurisdiction of either the mainland people's court or Hong Kong SAR in order to revolve dispute with particular legal relation occurred or likely to occur by the parties concerned since effective date of this arrangement. Accordingly, the parties concerned may apply to the counterparties' courts to recognise and enforce the final judgment made by the courts in the mainland or Hong Kong that meet conditions.

OVERSEAS INVESTMENT REGULATIONS

Pursuant to the Regulations on the Administration of Overseas Investments (境外投資管理辦法) promulgated by the MOFCOM on 6 September 2014 which became effective on 6 October 2014, enterprises shall obtain approval from the MOFCOM for conducting overseas investments involving sensitive countries and regions and sensitive sectors, or otherwise, file the investments with the MOFCOM and provincial commerce administrative authorities. In case of a change in overseas investment after being approved or filed, the enterprise shall complete the procedures for the change with the authority by which the investment was approved or filed.

Pursuant to the Administrative Measures on Approval and Filing of Overseas Investment (境外投資項目核准和備案管理辦法), which was promulgated on 8 April 2014 and amended on 27 December 2014 by the NDRC, and the Catalogue of Government-endorsed Investment Projects (version 2016) (《政府核准的投資項目目錄(2016年本)》) published by the State Council on 12 December 2016, enterprises shall obtain approval from the NDRC for conducting overseas investments involving sensitive countries and regions and sensitive sectors. Where the amount of domestic investment is USD2 billion or above, the NDRC shall offer an examination opinion and report it to the State Council for approval. Investments by enterprises under central government not applicable to the preceding requirements and investments by local enterprises with Chinese investment amounting USD300 million or above shall be filed with the NDRC, and investments by local enterprises with Chinese investment below USD300 million shall be filed with investment administrative authorities of provincial government.

Pursuant to Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (境內機構境外直接投資外匯管理規定) which was promulgated by the SAFE on 13 July 2009 and became effective on 1 August 2009, upon obtaining approval for overseas investment, a PRC enterprise shall apply for foreign exchange registration for its overseas direct investments with the foreign exchange administrative authorities. Pursuant to the Notice on Further Simplifying and Improving Foreign Exchange Control Policies on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) promulgated by the SAFE on 13 February 2015, the SAFE shall cancel administrative approval requirements on foreign exchange registration under overseas direct investment, which shall instead be directly reviewed and handled by banks in accordance with the notice and the Guides on Foreign Exchange Business Operation attached thereto whilst indirectly supervised by the SAFE and its branches through banks.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was established as a foreign invested limited liability company in the PRC under the Company Law on 12 January 2010, which was subsequently converted into a joint-stock company with limited liability on 11 January 2016. Our Company has established its principal place of business in Hong Kong at Room 1602A, Kenbo Commercial Building, 335 Queen's Road West, Hong Kong and has registered as a non-Hong Kong company with the Registrar of Companies in Hong Kong under Part 16 of the Companies Ordinance. Mr. Chan Yat Lui has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

Our Company was established in PRC and is subject to the laws and regulations of the PRC. A summary of our Company's Articles of Association is set out in Appendix IV of this prospectus. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix V to this prospectus.

2. Changes in share capital of our Company

- (a) Our Company was established as a limited liability company with an initial registered capital of US\$3,000,000 under the Company Law on 12 January 2010;
- (b) On 23 September 2015, our Company completed the redenomination of its registered capital from US Dollars to RMB, and the registered capital of our Company was changed from US\$3,000,000 to RMB19,265,024 accordingly;
- (c) On 23 September 2015, our Company completed the increase in its registered capital to RMB85,000,000;
- (d) On 11 January 2016, our Company was converted into a joint stock limited company with no change in its shareholding structure;
- (e) On 16 May 2016, our Company completed the increase in its registered capital to RMB100,000,000;
- (f) On 27 December 2016, our Company completed the increase in its registered capital to RMB110,000,000; and

- (g) On 20 March 2018, our Company completed the increase in its registered capital to RMB115,000,000.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions of our Shareholders passed on 26 April 2018

Pursuant to the general meeting held on 26 April 2018, the following resolutions, among other things, were duly passed by our Shareholders:

- (a) the issuance by our Company of the H-Shares of nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;
- (b) the number of H-Shares to be issued shall not be more than 25% of the total issued share capital of our Company as enlarged by the issuance of such H-Shares;
- (c) subject to the approvals of the CSRC and the Stock Exchange in relation to the Listing, the Articles of Association be adopted and shall become effective on the Listing Date; and
- (d) the Board be authorised to handle all matters relating to, among other things, the Share Offer, the issue and listing of the H-Shares, and the fixing of the Offer Price for and on behalf of our Company.

4. Corporate Reorganisation

The companies comprising our Group did not undergo any reorganisation or restructuring in preparation for the listing of our H Shares on the Stock Exchange. For information relating to the development of our Group, please refer to the section headed “History, development and corporate structure” of this prospectus.

5. Changes in share capital of our subsidiaries

Our Company’s subsidiaries are referred to in the Accountants’ Report as set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountants’ Report and in the section headed “History, development and corporate structure” of this prospectus, our Company has no other subsidiaries.

Save as disclosed in the section headed “History, development and corporate structure” of this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

B. INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) were entered into by us or any of our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) the equity transfer agreement dated 30 June 2017 entered into among Tianjin Baoliying Investment Advisory Co., Ltd.* (天津寶立盈投資諮詢有限公司) (as transferor), Mingda Century Technology Development (Tianjin) Co., Ltd.* (銘大世紀科技發展(天津)有限公司) (as transferor) and Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferee) pursuant to which (i) Tianjin Baoliying Investment Advisory Co., Ltd.* transferred 90% equity interests in Jiasheng Ruixin (Tianjin) Fund Distribution Co., Ltd.* (嘉晟瑞信(天津)基金銷售有限公司) to Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) for a consideration of RMB18,000,000 and (ii) Mingda Century Technology Development (Tianjin) Co., Ltd.* (銘大世紀科技發展(天津)有限公司) transferred 10% equity interests in Jiasheng Ruixin (Tianjin) Fund Distribution Co., Ltd.* (嘉晟瑞信(天津)基金銷售有限公司) to Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) for a consideration of RMB2,000,000;
- (b) the voting right delegation agreement dated 10 April 2017 entered into between Zhou Baodong (周保東) and Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) in relation to the delegation of 25% voting rights in Realway Capital Business Consultancy (Wuhan) Co., Ltd.* (武漢瑞威商務諮詢有限公司) by Zhou Baodong to Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司);

- (c) the equity transfer agreement dated 27 February 2017 entered into between Jiangsu Realway Equity Investment Fund Management Co., Ltd* (江蘇瑞威股權投資基金管理有限公司) (as transferor) and Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferee) pursuant to which Jiangsu Realway Equity Investment Fund Management Co., Ltd* (江蘇瑞威股權投資基金管理有限公司) transferred 51% equity interests in Shanghai Qiaofang Investment Management Company Limited* (上海喬方投資管理有限公司) to Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) for a consideration of RMB1,530,000;
- (d) the equity transfer agreement dated 28 February 2018 entered into between Wang Jing (王靜) (as transferor) and Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferee) pursuant to which Wang Jing (王靜) transferred 15% equity interests in Realway Capital Business Consultancy (Wuhan) Co., Ltd* (武漢瑞威商務諮詢有限公司) to Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) for a consideration of RMB750,000;
- (e) the equity transfer agreement dated 26 December 2016 entered into between Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferor) and Beijing Zhonghui Xinde Investment Consultancy Co., Ltd* (北京中匯信德投資諮詢有限公司) (as transferee) pursuant to which Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) transferred 100% equity interests in Shanghai Ruiwei Investment Management Co., Ltd* (上海芮威投資管理有限公司) to Beijing Zhonghui Xinde Investment Consultancy Co., Ltd* (北京中匯信德投資諮詢有限公司) for a consideration of RMB5,000,000;
- (f) the equity transfer agreement dated 9 November 2016 entered into between Zheng Yurun (鄭雨潤) (as transferor) and Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferee) pursuant to which Zheng Yurun (鄭雨潤) transferred 25% equity interests in Shanghai Maijue Investment Management Co., Ltd.* (上海麥珏投資管理有限公司) to Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) for a consideration of RMB10,000;

- (g) the equity transfer agreement dated 9 November 2016 entered into between Wang Zhiyu (王智煜) (as transferor) and Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferee) pursuant to which Wang Zhiyu (王智煜) transferred 24% equity interests in Shanghai Maijue Investment Management Co., Ltd.* (上海麥珏投資管理有限公司) to Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) for nil consideration;
- (h) the equity transfer agreement dated 8 June 2017 entered into between Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferor) and Shanghai Jian'ai Management and Consultancy L.L.P.* (上海兼愛管理諮詢合夥企業(有限合夥)) (as transferee) pursuant to which Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) transferred 30% equity interests in Shanghai Ruifu Investment Management Co., Ltd.* (上海芮富投資管理有限公司) to Shanghai Jian'ai Management and Consultancy L.L.P.* (上海兼愛管理諮詢合夥企業(有限合夥)) for a consideration of RMB300,000;
- (i) the equity transfer agreement dated 8 June 2017 entered into between Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferor) and Shanghai Yunheng Assets Management Co., Ltd.* (雲恒(上海)資產管理有限公司) (as transferee) pursuant to which Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) transferred 20% equity interests in Shanghai Ruifu Investment Management Co., Ltd.* (上海芮富投資管理有限公司) to Shanghai Yunheng Assets Management Co., Ltd.* (雲恒(上海)資產管理有限公司) for a consideration of RMB200,000;
- (j) the shareholders' agreement (股東決定) and acknowledgement (同意聲明) dated 19 May 2017 in respect of (i) the transfer of 95% equity interests in Shanghai Jinkai Dongrui Assets Management Co., Ltd.* (上海金開東瑞資產管理有限公司) by Wang Cong (王聰) (as transferor) to Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferee) and (ii) the transfer of 5% equity interests in Shanghai Jinkai Dongrui Assets Management Co., Ltd.* (上海金開東瑞資產管理有限公司) by Yuan Cuiling (袁萃玲) (as transferor) to Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferee);
- (k) the equity transfer agreement dated 5 June 2018 entered into between Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferor) and Bangxin Assets Management Co., Ltd.* (邦信資產管理有限公司) (as transferee) pursuant to which Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) transferred 27.5% equity interests in Shanghai Jinkai Dongrui Assets Management Co., Ltd.* (上海金開東瑞資產管理有限公司) to Bangxin Assets Management Co., Ltd.* (邦信資產管理有限公司) for a consideration of RMB2,750,000;

- (l) the equity transfer agreement dated 5 June 2018 entered into between Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (as transferor) and Wuxi Jinkong Investment Management Development Co., Ltd.* (無錫金控投資管理開發有限公司) (as transferee) pursuant to which Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) transferred 27.5% equity interests in Shanghai Jinkai Dongrui Assets Management Co., Ltd.* (上海金開東瑞資產管理有限公司) to Wuxi Jinkong Investment Management Development Co., Ltd.* (無錫金控投資管理開發有限公司) for a consideration of RMB2,750,000;
- (m) the loan agreement dated 1 July 2017 entered into between Shanghai Ruiwei Investment Management Centre LLP* (上海睿威投資管理中心(有限合夥)) (as borrower) and Jiasheng Ruixin (Tianjin) Fund Distribution Co., Ltd.* (嘉晟瑞信(天津)基金銷售有限公司) (as lender) in respect of a loan of not more than RMB55,000,000;
- (n) the deed of indemnity dated 22 October 2018 entered into by Shanghai Shengxuan Investments Advisory Company Limited* (上海盛軒投資諮詢有限公司), Shanghai Weimian Investments Partnership (Limited Partnership)* (上海威冕投資合夥企業(有限合夥)) and Zhu Ping (朱平) in favour of Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (for itself and as trustee for each of its present subsidiaries);
- (o) the deed of non-competition dated 22 October 2018 entered into by Shanghai Shengxuan Investments Advisory Company Limited* (上海盛軒投資諮詢有限公司), Shanghai Weimian Investments Partnership (Limited Partnership)* (上海威冕投資合夥企業(有限合夥)) and Zhu Ping (朱平) in favour of Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司) (for itself and as trustee for each of its present subsidiaries);
- (p) the Public Offer Underwriting Agreement;
- (q) the cornerstone investment agreement dated 28 October 2018 entered into among Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司), Alliance Capital Partners Limited (同人融資有限公司) and Everbright Focused Value Fund;
- (r) the cornerstone investment agreement dated 28 October 2018 entered into among Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司), Alliance Capital Partners Limited (同人融資有限公司) and Leung Fung Shing (梁峯誠); and
- (s) the cornerstone investment agreement dated 28 October 2018 entered into among Shanghai Realway Capital Assets Management Co., Ltd. (上海瑞威資產管理股份有限公司), Alliance Capital Partners Limited (同人融資有限公司) and Wang Youlin (汪友林).

APPENDIX VI STATUTORY AND GENERAL INFORMATION

2. Intellectual property rights of our Group



(a) Trademarks

As at the Latest Practicable Date, our Group was the registered proprietor of the following trademark in the PRC which we believe is material to our Group's business:

Trademark	Place of registration	Registration number	Name of registrant	Class(es)	Registration date	Expiry date
	PRC	14672303	The Company	35, 36	21 June 2015	20 June 2025
	PRC	14671538	The Company	36	21 June 2015	20 June 2025
瑞威资本	PRC	10776405	The Company	36	28 June 2013	27 June 2023
瑞威资本	PRC	10776376	The Company	35	14 September 2013	13 September 2023
REALWAY CAPITAL	PRC	10776396	The Company	35	28 June 2013	27 June 2023
REALWAY CAPITAL	PRC	10776427	The Company	36	28 June 2013	27 June 2023

APPENDIX VI STATUTORY AND GENERAL INFORMATION

As at the Latest Practicable Date, our Group was the registered proprietor of the following trademark in Hong Kong which, in the opinion of our Directors, is material to our business:

Trademark	Place of registration	Registration number	Name of registrant	Class	Registration date	Expiry date
 瑞威資本 <small>REALWAY CAPITAL</small>	Hong Kong	304158388AA	The Company	36	1 June 2017	31 May 2027
 瑞威資本 <small>REALWAY CAPITAL</small>	Hong Kong	304158388AB	The Company	36	1 June 2017	31 May 2027

(b) Domain names

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain names which we believe is material to our Group’s business:

Domain name	Name of registered proprietor	Date of registration	Expiry date
www.realwaycapital.com	The Company	26 March 2010	26 March 2022

Information contained in the above website does not form part of this prospectus. Save as disclosed above, there is no other trade or service mark, patent, and other intellectual or industrial property rights which is material to the business of our Group.

C. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) *Interests and short positions of the Directors, Supervisors and the chief executive of our Company in the Shares, underlying shares and debentures of our Company and its associated corporations*

Immediately following the completion of the Share Offer, without taking into account of any H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, our Directors, Supervisors and senior management will have the following interests and/or short positions in the Shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our 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

APPENDIX VI STATUTORY AND GENERAL INFORMATION

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 Companies under the Listing Rules to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

Name	Company/name of associated corporation	Capacity/Nature of interest	Interests in Shares (Note 1)	Approximate percentage shareholding
Mr. Zhu (Note 2).	Company	Interest in controlled corporation	115,000,000 (L) Domestic Shares	75.0%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. Shares in which Mr. Zhu is deemed to be interested consist of (i) 79,012,675 Domestic Shares held by Weimian Partnership; (ii) 13,875,000 Domestic Shares held by Weihui Partnership; (iii) 7,112,325 Domestic Shares held by Shanghai Zunwei; and (iv) 15,000,000 Domestic Shares held by Weiye Partnership.

Weimian Partnership holds 79,012,675 Domestic Shares and is controlled by Mr. Zhu and Shanghai Shengxuan, each acting as a general partner of Weimian Partnership. By virtue of the SFO, each of Mr. Zhu and Shanghai Shengxuan are deemed to be interested in all of the Shares which Weimian Partnership is interested in under the SFO.

Weihui Partnership holds 13,875,000 Domestic Shares and is controlled by Shanghai Shengxuan, acting as the general partner of Weihui Partnership. By virtue of the SFO, Shanghai Shengxuan is deemed to be interested in all of the Shares which Weihui Partnership is interested in under the SFO.

Shanghai Zunwei holds 7,112,325 Domestic Shares and is owned as to 10% and 90% by Mr. Zhu and Shanghai Shengxuan, respectively. By virtue of the SFO, Shanghai Shengxuan is deemed to be interested in all of the Shares which Shanghai Zunwei is interested in under the SFO.

Weiye Partnership holds 15,000,000 Domestic Shares and is controlled by Shanghai Shengxuan, acting as the general partner of Weiye Partnership. By virtue of the SFO, Shanghai Shengxuan is deemed to be interested in all of the Shares which Weiye Partnership is interested in under the SFO.

Shanghai Shengxuan is wholly owned by Mr. Zhu. By virtue of the SFO, Mr. Zhu is deemed to be interested in all the Shares which Shanghai Shengxuan is interested in under the SFO, which in aggregate represents 75.0% of our issued Shares.

APPENDIX VI STATUTORY AND GENERAL INFORMATION

(b) *Interests and short positions of substantial shareholders in the Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO*

So far as our Directors are aware, immediately following the completion of the Share Offer and without taking into account of any H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the following persons (other than our Directors, Supervisors and chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interest	Number of Shares (Note 1)	Approximate percentage shareholding
Weimian Partnership ^(Note 2)	Beneficial owner	79,012,675 (L) Domestic Shares	51.5%
Weihui Partnership ^(Note 3)	Beneficial owner	13,875,000 (L) Domestic Shares	9.1%
Shanghai Zunwei ^(Note 4)	Beneficial owner	7,112,325 (L) Domestic Shares	4.6%
Weiye Partnership ^(Note 5)	Beneficial owner	15,000,000 (L) Domestic Shares	9.8%
Shanghai Shengxuan ^(Notes 2, 3, 4, 5 and 6)	Interest in controlled corporation	115,000,000 (L) Domestic Shares	75.0%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. Weimian Partnership holds 79,012,675 Domestic Shares and is controlled by Mr. Zhu and Shanghai Shengxuan, each acting as a general partner of Weimian Partnership. By virtue of the SFO, each of Mr. Zhu and Shanghai Shengxuan are deemed to be interested in all of the Shares which Weimian Partnership is interested in under the SFO, which in aggregate represents approximately 51.5% of our issued Shares.
3. Weihui Partnership holds 13,875,000 Domestic Shares and is controlled by Shanghai Shengxuan, acting as the general partner of Weihui Partnership. By virtue of the SFO, Shanghai Shengxuan is deemed to be interested in all of the Shares which Weihui Partnership is interested in under the SFO, which in aggregate represents 9.1% of our issued Shares.
4. Shanghai Zunwei holds 7,112,325 Domestic Shares and is owned as to 10% and 90% by Mr. Zhu and Shanghai Shengxuan, respectively. By virtue of the SFO, Shanghai Shengxuan is deemed to be interested in all of the Shares which Shanghai Zunwei is interested in under the SFO, which in aggregate represents approximately 4.6% of our issued Shares.

5. Weiye Partnership holds 15,000,000 Domestic Shares and is controlled by Shanghai Shengxuan, acting as the general partner of Weiye Partnership. By virtue of the SFO, Shanghai Shengxuan is deemed to be interested in all of the Shares which Weiye Partnership is interested in under the SFO, which in aggregate represents approximately 9.8% of our issued Shares.
6. Shares in which Shanghai Shengxuan is deemed to be interested consist of (i) 79,012,675 Domestic Shares held by Weimian Partnership; (ii) 13,875,000 Domestic Shares held by Weihui Partnership; (iii) 7,112,325 Domestic Shares held by Shanghai Zunwei; and (iv) 15,000,000 Domestic Shares held by Weiye Partnership which in aggregate represents 75.0% of our issued Shares.

Shanghai Shengxuan is wholly owned by Mr. Zhu. By virtue of the SFO, Mr. Zhu is deemed to be interested in all the Shares which Shanghai Shengxuan is interested in under the SFO, which in aggregate represents 75.0% of our issued Shares.

2. Particulars of Directors' and Supervisors' service contracts

Each of our executive Directors has entered into a service agreement with our Company for an initial term of three years commencing from their respective dates of appointment, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with our Company for an initial term of one year commencing from their respective dates of appointment and such letter of appointment may be terminated by either party giving at least three months' notice in writing.

Each of our Supervisors has entered into a letter of appointment with our Company for an initial term of one year commencing from their respective dates of appointment, and such letter of appointment may be terminated by either party giving at least three months' notice in writing.

Aggregate remuneration payable to our Directors and Supervisors are subject to approval by the Shareholders at our Company's annual general meeting. Each executive Director may also receive a discretionary bonus in respect of each financial year of our Company commencing from the financial year of 2015. The amount of such bonus will be determined by the remuneration committee of the Board, subject to the approval by the Shareholders in a general meeting. All reasonable expenses properly incurred by our Directors and the Supervisors in the process of discharging their duties on behalf of our Group will be borne by our Company.

Save as disclosed herein, none of our Directors and Supervisors has or is proposed to have a service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors and Supervisors***(a) Directors' remuneration***

The remuneration of each Director is determined by reference to market terms, seniority, his experiences, duties and responsibilities within our Group. Our Directors are entitled to statutory benefits as required by law from time to time.

The aggregate Directors' remuneration (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) incurred for the three years ended 31 December 2017 and the four months ended 30 April 2018 were approximately RMB1.0 million, RMB2.2 million, RMB3.2 million and RMB1.0 million, respectively.

Save as disclosed in the paragraph above, no other emoluments have been paid or are payable during the Track Record Period by our Company and our subsidiaries to the Directors. Further information in respect of our Directors' remuneration is set out in note 7 to the Accountants' Report set out in Appendix I to this prospectus.

Under the arrangement currently in force, the aggregate remuneration (including salaries, contributions to pension scheme, housing allowances and other allowances and benefits in kind) of our Directors (excluding discretionary bonus) for the year ending 31 December 2018 is estimated to be approximately RMB3.0 million.

Supervisors' remuneration

The remuneration of each Supervisor is determined by reference to market terms, seniority, his experiences, duties and responsibilities within our Group. Our Supervisors are entitled to statutory benefits as required by law from time to time.

The aggregate Supervisors' remuneration (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) incurred for the three years ended 31 December 2017 and the four months ended 30 April 2018 were approximately RMB0.2 million, RMB0.2 million, RMB0.5 million and RMB0.1 million, respectively.

Save as disclosed in the paragraph above, no other emoluments have been paid or are payable during the Track Record Period by our Company and our subsidiaries to the Supervisors.

Under the arrangement currently in force, the aggregate remuneration (including salaries, contributions to pension scheme, housing allowances and other allowances and benefits in kind) of our Supervisors (excluding discretionary bonus) for the year ending 31 December 2018 is estimated to be approximately RMB0.4 million.

4. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Save as disclosed in the Accountants' Report set out in Appendix I to this prospectus, our Group has not entered into any related party transaction within the three years immediately preceding the date of this prospectus.

6. Disclaimers

Save as disclosed herein:

- (a) none of our Directors, Supervisors or chief executive of our Company has any interest or short position in the Shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies under the Listing Rules once the H Shares are listed;
- (b) none of our Directors or Supervisors or experts referred to under the paragraph headed "Other information — Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (c) none of our Directors or Supervisors or experts referred to under the paragraph headed “Other information — Consents of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) taking no account of H Shares which may be taken up under the Share Offer, none of our Directors knows of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following completion of the Share Offer, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (e) none of the experts referred to under the paragraph headed “Other information — Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (f) so far as is known to our Directors, none of our Directors, Supervisors, their respective close associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION**1. Tax and other indemnities**

Pursuant to the Deed of Indemnity dated 22 October 2018 referred to in the section headed “Information about the business — Summary of material contracts” in this Appendix, the Controlling Shareholders have given indemnities in favour of our Company (for itself and as trustee for its subsidiaries) in connection with, inter alia:

- (i) estate duty which might be payable by any member of our Group by reason of any transfer of property on or before the date on which the conditions of the Share Offer are fulfilled or waived (as applicable) (the “**Effective Date**”);
- (ii) any tax liabilities falling on any member of our Group resulting from or by reference to any income, profits or gains, transactions, events, matters or things earned, accrued or received, entered into or occurring (or deemed to be so earned, accrued or received, entered into or occurring) on or before the Effective Date;
- (iii) all reasonable expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including, but not limited to, legal and other professional costs), charges, liabilities, fines, penalties and tax (collectively the “**Costs**”) which any member of our Group may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with the investigation, assessment, review or contesting of any claim in respect of the above paragraph (ii); the settlement of any claim under the deed of indemnity; any legal proceedings in which any member of our Group claims under or in respect of the deed of indemnity and in which judgment is given for any of them; the enforcement of any such settlement or judgment falling on any member of our Group resulting from or by reference to any income, profits or gains, transactions, events, matters or things earned, accrued or received, entered into or occurring on or before the Effective Date;
- (iv) any and all Costs which any member of our Group may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with:
 - (a) any default, failure or delay of the subsidiary of our Group established in the PRC (“**PRC Subsidiary**”) in setting up, or making contributions towards all kinds of insurance, funds, contributions or otherwise required to be insured or made by the PRC Subsidiary under the laws in the PRC for the benefits of its employees including, without limitation, social insurance and housing provident fund, or any part thereof, on or before the Effective Date; and

- (b) any non-compliance with the applicable laws, rules or regulations of Hong Kong and the PRC on all matters and any non-compliance disclosed in this prospectus by any member of our Group which took place before the Listing Date; and

save that the Controlling Shareholders will not be liable under the Deed of Indemnity under the following circumstances:

- (i) in respect of the indemnities contained in paragraphs (i), (ii) and (iii) above to the extent that:
 - (a) provision or reserve has been made for such taxation in the audited consolidated accounts of our Group as set out in Appendix I to this prospectus (the “**Accounts**”); or
 - (b) such taxation or liability falling on any member of our Group arising from any act or omission of, or transaction voluntarily effected by, any member of our Group without the prior written consent or agreement of the Controlling Shareholders, otherwise than in the ordinary course of business after the Effective Date or carried out, made or entered into pursuant to a legally binding commitment created before the Effective Date; or
 - (c) any taxation and taxation claim for which any member of our Group is liable as a result of any event occurring or income or profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring or disposing of capital assets after 30 April 2018; or
 - (d) such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or interpretation or practice thereof by the SAT or any other relevant authority coming into force after the Effective Date or to the extent that such claim arises or is increased by an increase in tax rates after such date with retrospective effect; or
 - (e) any provision or reserve made for any taxation in the Accounts which is finally established to be an over-provision or excessive reserve, then the Controlling Shareholder’s liability (if any) in respect of taxation shall be reduced by an amount not exceeding such over-provision or excessive reserve, provided that the amount of any such over-provision or excessive reserve applied pursuant to this paragraph to reduce the Controlling Shareholders’ liability in respect of such taxation shall not be

available in respect of any liability arising thereafter in which event the Controlling Shareholders shall be obliged to indemnify each member of our Group against any liability, loss or damage arising from such liability;

- (ii) in respect of the indemnities contained in paragraph (iv) above to the extent that:
 - (a) provision or reserve has been made for such Costs in the Accounts; or
 - (b) any Costs falling within paragraph (iv) above arises or is incurred as a consequence of any retrospective change in the applicable law or the interpretation or practice thereof by the relevant authority coming into force after the Effective Date or to the extent that the same arises or is increased by reason of such retrospective changes.

The provisions contained in the Deed of Indemnity are conditional upon all the conditions stated in the section headed “Structure and conditions of the Share Offer — Conditions of the Public Offer” of this prospectus being fulfilled or waived on or before the date which is 30 days after the date of this prospectus, failing which the Deed of Indemnity shall become null and void and cease to have any force and effect.

2. Estate duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries.

3. Taxation of Holders of H Shares

The sale, purchase and transfer of H shares are subject to Hong Kong stamp duty.

Potential investors on H Shares in the Share Offer are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in the H Shares (or exercising rights attached to them). None of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any Underwriter, any of their respective directors or any other person or party involved in the Share Offer accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, the H Shares.

4. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

5. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, all the H Shares in issue and to be issued as mentioned in this prospectus (including all H Shares which may be issued pursuant to the exercise of the Over-allotment Option). All necessary arrangements have been made by our Company to enable such H Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, the Sole Sponsor's fees are HK\$6.0 million (excluding underwriting commission and expenses) and are payable by our Company.

6. Preliminary expenses

The Company has not incurred any preliminary expenses.

7. Compliance adviser

In accordance with the requirements of the Listing Rules, the Company will appoint Alliance Capital as its compliance adviser to provide advisory services to the Company to ensure compliance with the Listing Rules for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the Listing Date.

8. Promoter

Our Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

APPENDIX VI STATUTORY AND GENERAL INFORMATION

9. Qualifications of experts

The qualifications of the experts who have given their opinion or advice which are contained in, or referred to in this prospectus are as follows:

Name	Qualifications
Alliance Capital Partners Limited	a corporation licensed under the SFO to carry out type 1 (dealing in securities), and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Grandall Law Firm (Shanghai)	PRC legal advisor
Ernst & Young	Certified public accountant
Frost and Sullivan	Industry consultant

10. Consents of experts

Each of the experts named in the paragraph headed “Other information — Qualifications of experts” in this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

11. Interests of experts in our Company

None of the persons named in the paragraph headed “Other information — Qualifications of experts” in this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

12. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

13. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) our Directors confirm that save as disclosed in the sections headed “Financial Information” and “Summary — Recent developments” of this prospectus, there has been no material adverse change in the financial or trading position of our Group since 30 April 2018 (being the date to which the latest audited consolidated financial statements of our Group were made up) up to the date of this prospectus;
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 24 months preceding the date of this prospectus;
- (e) a register of members of our Company will be maintained in Hong Kong. Unless our Directors otherwise agree, all transfer and other documents of title of H Shares must be lodged for registration with, and registered by the Hong Kong H Share Registrar;
- (f) all necessary arrangements have been made to enable the H Shares to be admitted to CCASS;

- (g) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (h) no securities of our Group are listed, and no listing of any of such securities is proposed to be sought, on any other stock exchange; and
- (i) our Company has no outstanding convertible debt securities or debentures.

14. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

The English language version of this prospectus has been translated into the Chinese language, and the English and Chinese versions of this prospectus are being published separately. If there is any inconsistency between English and Chinese versions of this prospectus, the English version shall prevail.

However, the translated English names of entities or enterprises established in the PRC included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. To the extent there is any inconsistency between the Chinese names of such entities or enterprises and their English translations, the Chinese names shall prevail.

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were among other documents:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) copies of the written consents of the experts referred to in the section headed “Statutory and general information — Other information — Consents of experts” set out in Appendix VI to this prospectus; and
- (c) copies of the material contracts referred to in the section headed “Statutory and general information — Information about the business — Summary of material contracts” set out in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Howse Williams Bowers at 27/F Alexandra House, 18 Chater Road, Central, Hong Kong SAR during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association of our Company;
- (b) the Accountants’ Report from Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the report from Ernst & Young in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (d) the legal opinions issued by our PRC Legal Advisers, in relation to our general matters and property interests of our Group;
- (e) the Frost & Sullivan Report;
- (f) the material contracts referred to in the section headed “Statutory and general information — Information about the business — Summary of material contracts” set out in Appendix VI to this prospectus;

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

- (g) the service agreements with each of our Directors and Supervisors referred to in the section headed “Statutory and general information — Further information about Directors, Supervisors and Substantial Shareholders — Particulars of Directors’ and Supervisors’ service contracts” set out in Appendix VI to this prospectus;
- (h) the written consents of the experts referred to in the section headed “Statutory and general information — Other information — Consents of experts” in Appendix VI to this prospectus; and
- (i) all the laws and regulations mentioned in Appendix V of this prospectus.

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