上海瑞威資產管理股份有限公司

SHANGHAI REALWAY CAPITAL ASSETS MANAGEMENT CO., LTD.

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

Stock code : 1835.HK

2021 ANNUAL REPORT

瑞威资管

REALWAY CAPITAL

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Corporate Information

DIRECTORS

Executive Directors

Mr. ZHU Ping (朱平) *(Chairman and Chief Executive Officer)*
Mr. DUAN Kejian (段克儉)
Ms. CHEN Min (陳敏) (appointed on 15 March 2021)
Ms. SU Yi (蘇怡) (resigned on 15 March 2021)

Non-executive Directors

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

Independent non-executive Directors

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

SUPERVISORS

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

Mr. LIU Yunsheng (劉雲生) *(Chairman)*
Ms. YANG Huifang (楊惠芳)
Ms. CHEN Min (陳敏) (appointed on 15 March 2021)
Ms. SU Yi (蘇怡) (resigned on 15 March 2021)

COMPANY SECRETARY

Ms. LAU Wai Yee (劉惠儀)

REGISTERED OFFICE

Room 26G–3,
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Zhangyang Road (Even numbers)
Pilot Free Trade Zone,
Shanghai,
PRC

PRINCIPAL PLACE OF BUSINESS IN PRC

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No. 1198 Century Avenue
Pudong New District
Shanghai 200122
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 26/F
235 Wing Lok Street Trade Centre
235 Wing Lok Street
Hong Kong

AUTHORISED REPRESENTATIVES

Ms. CHEN Min (陳敏) (appointed on 15 March 2021)
Ms. LAU Wai Yee (劉惠儀)
Ms. SU Yi (蘇怡) (resigned on 15 March 2021)

H SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISOR (AS TO HONG KONG LAW)

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

AUDITOR

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

PRINCIPAL BANKER

China Merchants Bank
Shanghai Gubei Branch
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Changning District
Shanghai, PRC

STOCK CODE

1835

COMPANY'S WEBSITE

http://www.realwaycapital.com

Chairman's Statement

Dear shareholders,

On behalf of the board (the "**Board**"), I am pleased to present the annual report for the year ended 31 December 2021 (the "**Year**" or "Reporting Period") of Shanghai Realway Capital Assets Management Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**").

MARKET AND PERFORMANCE REVIEW

The Group was established in 2010 and is principally engaged in fund management, investment management and investment consultation services in the People's Republic of China (the "**PRC**") focusing on real estate and distressed assets.

The PRC encounters a huge challenge as the coronavirus disease (COVID-19) pandemic (the "**Pandemic**") continues to spread and the macro-economic environment becomes increasingly uncertain. In the face of a complex and volatile financial environment at home and abroad and under the country's strong regulatory policies, the real estate industry experienced a year of ups and downs, the momentum of the market in the late 2020 continued in the first half of 2021. In the second half of the Year, a downward adjustment for the entire industry was triggered by the debt defaults of some large scale property development enterprises.

In the asset management business sector, in the face of multiple factors such as the financial environment, regulatory policies and client expectations and demand, the chaotic pattern of wild growth and disordered competition in the past has been gradually eliminated after the industry under years of normative guidance. A large number of unqualified products and services were taken down from the market, resulting in a rise of entry barrier for real estate private equity fund managers.

For the Year, the Group adhered to the principle of providing financial services to the real economy in carrying out its asset management business. However, the uncertainties and risk challenges in the internal and external environment were numerous, exposing the Group to unprecedented impacts and tests. During the Year, the Group completed the exit and distribution of three urbanisation and redevelopment projects and one FoF on schedule, and make additional investments in two urbanisation and redevelopment projects and one commercial real estate project. The Group recorded a revenue of approximately RMB54.2 million for the Year. However, due to the negative factors such as the impact of the Pandemic and the shrinking market in the real estate industry, the impairment loss on receivables increased and the fair value of investments in associates or joint ventures decreased, resulting in a net loss for the Group and a overall financial performance which is below expectation.

Under the above impacts and challenges, the Group has adopted a number of strategic initiatives, including (i) continuing to seek innovation and breakthrough by leveraging on its existing strengths in order to seek new growth points; (ii) deepening its product portfolio and building a diversified product system to enhance its core competitiveness; and (iii) controlling operating expenses to reduce operating costs. Moreover, under the current trend of systematic and marketisation of the asset management business, strengthening investor protection, compliance and risk control are also important elements of the Group's business development. The management of the Group will seek opportunities amidst the crisis, lead our team to overcome difficulties and challenges, and adapt to the new economic norm with a positive attitude.

FUTURE OUTLOOK

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

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

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

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

- Urban construction

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

- Distressed assets

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

- Private securities investment

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

(ii) Investment management: In addition to continuing to develop the area of private equity fund sales, the Group is building a public equity fund sales system to provide mid-to-high-end clients with a wide range of products for souring fund investment. On the one hand, we will meet the needs of our clients for wealth enhancement and preservation through our professional asset management capabilities, and select various asset management products from the perspective of wealth management to match their risk-return limit. On the other hand, we will meet the personal needs of our clients in addition to wealth preservation and enhancement, and provide professional financial asset management services to our high-net-worth clients in areas such as legal, tax planning, wealth enhancement, education and retirement.

(iii) Investment consultation: leverage on its assets management capabilities in the professional field of more than ten years, the Group will help large enterprises and financial institutions in their new development and construction projects and distressed asset projects by acting as an investment advisor and providing pre-investment advisory and post-investment management services.

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

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank the management and staff for their efforts and contributions during this difficult time. They have shown great resilience and cooperation spirit when facing different challenges. I would also like to take this opportunity to express my sincere gratitude to all of our investors, partners and shareholders for their support and trust in the Group.

Zhu Ping
Chairman and Chief Executive Officer
Shanghai, 30 March 2022

Financial Summary

	As at and for the year ended 31 December				
	2021 (audited)	2020 (audited)	2019 (audited)	2018 (audited)	2017 (audited)
OPERATING RESULTS					
Revenue (RMB'000)	**54,200**	69,074	125,234	157,417	130,875
(Loss)/profit for the year (RMB'000)	**(39,382)**	7,764	6,774	46,478	63,346
Net (loss)/profit attributable to:					
Owners of the parent (RMB'000)	**(39,227)**	4,426	9,451	45,735	65,014
EARNINGS					
Basic and diluted (loss)/earnings per share attributable to ordinary equity holders of the parent (RMB cents)	**(25.58)**	2.89	6.16	38.41	59.10
ASSETS, LIABILITIES AND EQUITY					
Total assets (RMB'000)	**391,556**	443,582	434,826	469,844	282,881
Total liabilities (RMB'000)	**25,192**	37,780	34,869	68,344	59,267
Total equity (RMB'000)	**366,364**	405,802	399,957	401,500	223,614
FINANCIAL RATIO					
Current ratio	**10.5 times**	5.9 times	3.7 times	4.6 times	3.2 times
Return on total assets	**(10.1%)**	1.8%	1.6%	9.9%	22.4%
Return on equity	**(10.7%)**	1.9%	1.7%	11.6%	28.3%
Net profit margin	**(72.7%)**	11.2%	5.4%	29.5%	48.4%

Biographical Details of Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors

Mr. ZHU Ping (朱平) ("**Mr. Zhu**"), aged 50, has been the chief executive officer ("**Chief Executive Officer**") and executive director of the Company (the "**Director**") since January 2010. Mr. Zhu is also the chairman of the nomination committee of the Company (the "**Nomination Committee**"). Mr. Zhu is involved in the day-to-day management of the Group and is primarily responsible for the Group's development, strategy planning, positioning and overall business management. Mr. Zhu has obtained the PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in April 2016, a qualification which only became a compulsory requirement for the senior management of investment fund managers in February 2016 pursuant to the Announcement of the Asset Management Association of China ("**AMAC**") on Matters Concerning Further Regulating Several Issues for the Registration of Private Fund Managers (中國基金業協會關於進一步規範私募基金管理人登記若干事項的公告) published by the AMAC and is qualified to practice in fund investment and management. Prior to his joining of the Group, Mr. Zhu became a member of All China Lawyers Association (中國律師協會) in 1996 and had been practising law for over 20 years. From August 1993 to February 1995, Mr. Zhu worked as a clerk in Shanghai Railway Transportation Intermediate Court (上海鐵路運輸中級法院) and from March 1995 to November 1998, Mr. Zhu worked as an associate at Zhenghan Law Firm (虹橋正瀚律師事務所) (previously known as Shanghai Hongqiao Law Firm* (上海虹橋律師事務所)). In May 1999, Mr. Zhu joined the Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所) and Shanghai Zhongjian Zhonghui Law Firm* (上海中建中匯律師事務所)), where he has been the managing partner of Boss & Young from December 2008 until January 2014, where he ceased to be the managing partner and took up an honorary role at the firm in order to devote more time towards the management of the Group. In addition to his main practice, Mr. Zhu had been engaged in various commitments. From October 2006 to December 2008, Mr. Zhu served as a senior vice president in E-House China (易居中國). From January 2009 to December 2009, Mr. Zhu served at Tianjin Binhai Lianchuang Fund Management Company Limited* (天津濱海聯創投資基金管理有限公司) as a general manager, and accumulated work experience in fund investment and management. Throughout his career as a legal practitioner as well as serving as management personnel of various private companies, Mr. Zhu had handled numerous private equity fund or related transactions including various investments in real estate assets.

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

Mr. DUAN Kejian (段克儉) ("**Mr. Duan**"), aged 52, joined the Group in January 2012 as a general manager of one of the Group's project development teams and was appointed as an executive Director in May 2012. Mr. Duan is primarily responsible for leading project operation of the Group's project development department. Mr. Duan has obtained the PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in September 2015 and is qualified to practice in fund investment and management. Mr. Duan obtained the Qualifications for Constructor* (一級建造師職業資格) in March 2005. Prior to his joining of the Group, he worked as an authorised representative and an executive director of Shanghai Feiding Decoration and Construction Company* (上海飛鼎建築裝飾工程有限公司), a construction company of the PRC, from June 2002 to October 2005. From January 2009 to December 2009, Mr. Duan worked at Tianjin Binhai Lianchuang Fund Management Company Limited* (天津濱海聯創投資基金管理有限公司), and accumulated substantial experience in fund investment and management. Throughout his career as a professional within the construction industry as well as serving as management personnel of various private companies, Mr. Duan was involved in various real estate related private equity fund transactions including acquisitions of real estate assets.

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

Ms. CHEN Min (陳敏) ("**Ms. Chen**"), aged 42, was appointed as the chief risk management officer of the Company in January 2010 and was appointed as our executive Director on 15 March 2021. She is also a member of the remuneration committee of the Company (the "**Remuneration Committee**"). Ms. Chen is primarily responsible for overseeing the legal compliance and risk management of the Group. From August 2001 to May 2004, Ms. Chen worked at Shanghai United Law Firm (上海市聯合律師事務所) with her last position being a practicing lawyer. From February 2004 to October 2019, Ms. Chen has been working at Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所) and Shanghai Zhongjian Zhonghui Law Firm* (上海中建中匯律師事務所)) with her last position being a partner. Since March 2017, Ms. Chen has been an independent director of Shenzhen Jiahong Dental Co., Ltd (深圳家鴻口腔醫療股份有限公司), a company whose shares were listed on the National Equities Exchange and Quotations System until September 2017 (stock code: 834566).

Ms. Chen obtained a bachelor of laws degree from Fudan University (復旦大學) in July 2001, a master of international laws degree from Shanghai University of International Business and Economics (上海對外經貿大學) in March 2007, and a master of laws degree from Emory University School of Law in the United States in December 2015. Ms. Chen became a member of All China Lawyers Association (中國律師協會) in 2002, and obtained a Fund Management Qualification Certificate (中國證券投資基金業從業證書) in 2017. Ms. Chen has over 20 years of experience in corporate compliance and management, private equity funds and trusts.

Non-Executive Directors

Mr. WANG Xuyang (王旭陽) ("**Mr. Wang**"), aged 52, joined the Group in June 2015, and was appointed as a non-executive Director in December 2015. Mr. Wang is mainly responsible for advising the Group on strategic development and corporate governance. Prior to his joining of the Group, he has over 16 years of experience in the real estate asset management industry. From December 1992 to July 2004, Mr. Wang worked at Shanghai Yangming Real Estate Limited Company* (上海陽明房地產有限公司) and his last position with Shanghai Yangming Real Estate Limited Company was the general manager. From August 2004 to August 2015, Mr. Wang served as a director and the general manager at Shanghai Gezhouba Yangming Zhiye Limited Company* (上海葛洲壩陽明置業有限公司). Since August 2015, Mr. Wang has been serving as the chairman of the board of Shanghai Tengjun Investment Company* (上海騰駿投資有限公司).

Mr. Wang graduated from Zhejiang University (浙江大學) in December 1991 and obtained a bachelor's degree in architecture. He also obtained a master of business administration degree from China Europe International Business School (中歐國際工商學院) in August 2014.

Mr. CHENG Jun (成軍) ("**Mr. Cheng**"), aged 54, joined the Group in January 2010, and was appointed as a non-executive Director in December 2015. Mr. Cheng is mainly responsible for advising the Group on strategic development and corporate governance. Prior to his joining of the Group, Mr. Cheng had over 17 years of management experience. From September 1989 to February 1993, Mr. Cheng worked as a clerical manager at China Eastern Airlines Company (中國東方航空公司). Mr. Cheng worked as a senior vice president at Ctrip Computer Technology (Shanghai) Co., Ltd.* (携程計算機技術(上海)有限公司) from July 1999 to September 2001. From November 2004 to April 2010, Mr. Cheng served as chief development officer and the chief strategy officer of Huazhu Group Limited, a company whose shares are listed on NASDAQ (stock code: HTHT). From May 2017 to September 2020, Mr. Cheng served as an independent director of HY Energy Group Co., Ltd. (海越能源集團股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600387).

Mr. Cheng graduated from Shanghai 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.

Biographical Details of Directors, Supervisors and Senior Management

Independent Non-Executive Directors

Mr. LIU Yunsheng (劉雲生) ("**Mr. Liu**"), aged 55, was appointed as an independent non-executive Director on 22 October 2018 and is also the chairman of the Remuneration Committee and a member of the Nomination Committee and the audit committee of the Company (the "**Audit Committee**"). From June 2003 to April 2013, he served as the associate dean of the civil and commercial law department of the school of law of Southwest University of Political Science & Law (西南政法大學). From March 2006 to April 2008, Mr. Liu acted as a postdoctoral fellow of law from East China University of Political Science and Law (華東政法大學). Since November 2013, Mr. Liu has been the director of real estate research centre of the Southwest University of Political Science & Law. From March 2014 to March 2018, Mr. Liu acted as a legal consultant of the government office of Nanchuan, Chongqing, the PRC. Since April 2018, Mr. Liu has been the dean of Real Estate Research Institute of Guangzhou University (廣州大學不動產研究院) and the academic leader of civil and commercial law. Mr. Liu was the chief editor of the book "Analysis of the Real Estate in China". Since December 2018, Mr. Liu has served as a part-time legal advisor for the Guangzhou Municipal Government and a member of the Expert Committee of Guangdong Three Old Renovation Association (廣東省三舊改造協會). Since November 2019, Mr. Liu has served as the vice chairman of the Civil and Commercial Law Research Society of the Guangdong Law Society (廣東省法學會民商法學研究會) Mr. Liu has been the legal adviser to the People's Government of Huadu District, Guangzhou (廣州市花都區人民政府) since March 2021. Mr. Liu has been the Vice Chairman of the Chinese Institute of Business Environment and Rule of Law in Baiyun District, Guangzhou (廣州市白雲區華商法治營商環境研究院) since August 2021.

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

Mr. SHANG Jian (尚健) ("**Mr. Shang**"), aged 54, was appointed as an independent non-executive Director on 22 October 2018 and is also a member of the Audit Committee and Nomination Committee of the Company. From January 2002 to February 2004, Mr. Shang served at Hua'an Fund Management Co., Ltd. (華安基金管理有限公司) in January 2002, and was employed as the deputy general manager in June 2002 and quitted in February 2004. From January 2004 to April 2006, he served as the general manager of Yinhua Fund Management Co., Ltd. (銀華基金管理有限公司). From September 2006 to November 2012, Mr. Shang served as the general manager of UBS SDIC Fund Management Co., Ltd. (國投瑞銀基金管理有限公司). Since September 2013, Mr. Shang has been serving as the general manager of Shanghai HSAM Management Company* (上海弘尚資產管理中心(有限合夥)). Since May 2014, Mr. Shang has also been serving as an independent director of Huazhu Group Limited, a company whose shares are listed on NASDAQ (stock code: HTHT) and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 1179).

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

Ms. YANG Huifang (楊惠芳) ("**Ms. Yang**"), aged 45, was appointed as an independent non-executive Director on 22 October 2018 and is also the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Ms. Yang is mainly responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Group. Prior to her joining of the Group, From September 2001 to August 2004, Ms. Yang served as an associate director in the department of audit in Zhejiang Zhongzhou Accounting Limited Company* (浙江中州會計師事務所有限公司). From September 2004 to August 2011, Ms. Yang served as a deputy general manager in the financial department of Greentown Real Estate Group Co., Ltd* (綠城房地產集團有限公司). From August 2011 to February 2013, Ms. Yang worked as a finance manager of Zhejiang Jiaotong Real Estate Group Co., Ltd* (浙江省交通地產集團有限公司). From February 2013 to December 2015, Ms. Yang served as a deputy general manager of Shanghai Sunac Greentown Investment Holdings Limited* (上海融創綠城投資控股有限公司). From January 2016 to July 2018, Ms. Yang served as a general manager of the financial department of Greentown Service Group Co., Ltd. (綠城服務集團有限公司), a company whose shares are listed on the Stock Exchange (stock code: 2869). From August 2018 to November 2020, Ms. Yang had been serving as a vice president and general manager of the finance department at a regional branch of Xiangsheng Real Estate Group Limited* (祥生地產集團有限公司), the parent company of which is Shinsun Holdings (Group) Co., Ltd. (祥生控股(集團)有限公司) with its shares listed on the Main Board of the Stock Exchange (stock code: 2599). Since February 2021, Ms. Yang has served as the investment director of Shanghai Daohe Long-term Investment Management Co., Ltd.* (上海道禾長期投資管理有限公司).

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

SUPERVISORS

Ms. CAI Luyi (蔡璐懿) ("**Ms. Cai**"), aged 42, joined the Group as a manager of the Group's archives department in August 2016, and was appointed as a supervisor of the Company (the "**Supervisor**") in July 2017. Ms. Cai is mainly responsible for supervising and providing independent judgement to the Board. From December 2003 to March 2010, Ms. Cai served as the administrative director of the Shanghai office of Boss & Young (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)). From May 2010 to July 2016, Ms. Cai served as the administrative director in Shanghai Zunwei.

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

Mr. LU Xili (陸希立) ("**Mr. Lu**"), aged 38, was appointed as a Supervisor in January 2016. Mr. Lu became a member of All China Lawyers Association (中國律師協會) in March 2009 and has over 10 years of legal practice experience. From July 2006 to March 2011, Mr. Lu worked as an assistant associate at Jin Mao Law Firm* (上海市金茂律師事務所). Since March 2011, Mr. Lu has been working at Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所) and Shanghai Zhongjian Zhonghui Law Firm* (上海中建中匯律師事務所)), and is currently serving as a partner at the firm. While he was serving at the firm, he joined in the international high performers internship programme offered by A&L Goodbody, an international law firm headquartered in the Republic of Ireland, from September 2012 to March 2013 and completed it successfully.

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

Ms. WANG Juanping (王娟萍) ("**Ms. Wang**"), aged 53, was appointed as a Supervisor in January 2016. Before Ms. Wang joined the Group, she was the financial controller of the Shanghai office of Boss & Young (上海邦信陽 • 中建中匯律師事務所) (previously known as Shanghai Zhonghui Law Firm* (上海中匯律師事務所) and Shanghai Zhongjian Zhonghui Law Firm* (上海中建中匯律師事務所)) from February 2002 to April 2015.

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

SENIOR MANAGEMENT

Mr. Song Hao (宋昊) ("**Mr. Song**"), aged 35, joined the Company in January 2011 and was appointed as the Group's Chief Operating Officer in January 2021, responsible for the Group's project underwriting, property investment, special assets, post-investment management and wealth management business operations. Prior to joining the Company, he was a paralegal of 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)) from July 2009 to December 2010. Mr. Song has obtained PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in May 2017 and is qualified to practice in fund investment and management. Mr. Song has extensive investment experience and has profound attainments in product design, fund operation and wealth management.

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

Mr. WAN Fang (萬方) ("**Mr. Wan**"), aged 43, was appointed as the project manager of the Group's project department No.1 in May 2013, and is primarily responsible for managing distressed assets management projects of the Group. Mr. Wan has over 10 years of experience in asset management industry. From July 2001 to May 2002, Mr. Wan worked in a management position at China Vanke Co., Ltd. (萬科企業股份有限公司), and from May 2004 to April 2005, Mr. Wan worked as a sales executive at Forte Land Company Limited (復地(集團)股份有限公司). From November 2004 to October 2005, Mr. Wan worked as a marketing director at Shanghai office of Chengquan Real Estate Consulting Limited* (上海成全置業顧問有限公司). From December 2007 to December 2008, Mr. Wan worked as a branding and marketing manager in Shanghai Zhongkai Real Estate Development Co., Ltd.* (上海中凱房地產開發管理有限公司). From August 2009 to April 2010, Mr. Wan worked at Tianjin Binhai Lianchuang Fund Management Company Limited* (天津濱海聯創投資基金管理有限公司) as the general manager. From October 2010 to May 2013, Mr. Wan worked as a vice general manager and general manager at Shanghai Jiaheng Haofa Real Estate Development Co., Ltd. (上海嘉恒浩發房地產開發管理有限公司). Mr. Wan has obtained the PRC Fund Qualification Certificate* (基金從業人員資格考試成績合格證) in April 2016 and is qualified to practice in fund investment and management. Throughout his career within the private sector, Mr. Wan had handled private equity fund transactions including acquisitions of real estate assets.

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

Mr. SUN Mao (孫懋) ("**Mr. Sun**"), aged 38, joined the Company in December 2010 and is currently serving as the chief financial officer and the vice president of the Group responsible for the Group's accounting and financial management, strategic development and operational planning of the Group. Prior to joining the Company, from January 2008 to March 2010, he has been working at Ernst & Young Hua Ming LLP with his last position being a senior auditor. From April 2010 to December 2010, he has been working at Siemens Shanghai Medical Equipment Ltd. (上海西門子醫療器械有限公司) as a senior financial analyst.

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

COMPANY SECRETARY

Ms. LAU Wai Yee (劉惠儀) ("**Ms. Lau**"), aged 56, was appointed as the company secretary of the Group on 13 October 2019. Ms. Lau has over 34 years of experience in corporate secretarial and compliance fields. She started working as a company secretarial assistant in KPMG in 1987. Thereafter, she was employed as an assistant company secretarial manager of Deloitte in 1994 and a corporate services manager under the Tax Division of Arthur Andersen in 1999. Ms. Lau also worked as a corporate services manager of PricewaterhouseCoopers (PwC) and Tricor Services Limited in 2002 and 2003 respectively. In 2004, she started her first own business consulting company providing corporate and compliance consulting services to multinational clients, offshore companies as well as private and listed companies. She sold the company in 2012 and started a new consulting company in 2014, namely Immanuel Consulting Limited, a professional service company specializing in integrated business and corporate services. She is currently the director of Immanuel Consulting Limited.

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

* *For identification purpose only*

INDUSTRY REVIEW

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

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

BUSINESS REVIEW

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

Set out below is a breakdown of the assets under management ("**AUM**") by fund as at the end of relevant years:

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

Set out below is a breakdown of project fund assets under management by portfolio asset type as at the end of relevant years:

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

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

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

(i) the Group completed the distribution and exit of three urbanisation and redevelopment projects, namely the CIFI Changzhou Project* (旭輝常州項目), CIFI Wenzhou Project* (旭輝温州項目) and CIFI Beijing Project* (旭輝北京項目) on schedule.

(ii) the Group completed the distribution and exit of FOF X (Hangzhou Fuyang Huiqin Investment Management Partnership (Limited Partnership)*(杭州富陽匯欽投資管理合夥企業(有限合夥)) on schedule.

(iii) the Group acquired two urbanisation and redevelopment projects and one commercial real estate project. The urbanisation and redevelopment projects are the Zhongnan Foshan Project* (中南佛山項目) and Kangqiao Wenzhou Project* (康橋温州項目). Zhongnan Foshan Project* (中南佛山項目) has total gross floor area of over 120,000 sq.m. jointly constructed and operated by the Group and Shanghai Zhongnan Jinshi Real Estate Co., Ltd.* (上海中南錦時置業有限責任公司), a subsidiary of Jiangsu Zhongnan Construction Group Co.,Ltd.* (江蘇中南建設集團股份有限公司) ("**Zhongnan Construction**", a company with its A shares listed on the main board of the Shenzhen Stock Exchange, Stock Code: 000961.SZ). The Kangqiao Wenzhou Project* (康橋温州項目) is jointly constructed by the Group and Wenzhou Kangqiao Real Estate Development Co., Ltd.* (温州康橋房地產開發有限責任公司) (the "**Kangqiao Group**", one of the top 100 real estate enterprises of the PRC) in Wenzhou, Zhejiang. The commercial real estate project is Dalian Project* (大連項目) and its underlying asset is a underground commercial complex located in Dalian.

(iv) the Group continued to focus on identifying high-net-worth and ultra-high-net-worth clients and establish an elite and professional marketing team. As at 31 December 2021, the Group provided wealth management services to 305 high-net-worth clients and institutional investors.

(v) the Group continued to strictly follow various laws and regulations, abide by the professional ethics of fund managers, perfect the results of fund operation management, optimize the management system of fund business, strengthen the post-investment management of invested projects and accelerate the exiting of existing projects.

(vi) for organizational structure, based on market changes, business development and the need to improve the efficiency of the Company's internal operation management, the Group proactively optimized the Company's internal organizational structure, further encouraged a flat management structure, reduced levels of authorization, and improved overall operation management capacity and decision-making efficiency to ensure the effective execution and full implementation of the Company's strategy.

FINANCIAL REVIEW

REVENUE

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

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

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

Regular management fees

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

Performance fees

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

One-off fund establishment fees

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

Advisory fees

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

OTHER INCOME AND GAINS

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

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

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

DIVIDEND INCOME FROM IAFV AT FAIR VALUE THROUGH PROFIT OR LOSS

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

ADMINISTRATIVE EXPENSES

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

IMPAIRMENT LOSS ON TRADE RECEIVABLES

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

Since the second half of 2021, the outbreak of debt defaults by a number of real estate companies affected the confidence of overseas bond investors. The regulatory policies of the real estate industry have tightened rapidly, and the market situation has turned drastically downward. Real estates companies experienced low sales, difficulty in raising financing and debt repayment pressure continued to increase, coupled with the peak in debt maturity, the liquidity risk and credit risk faced by real estate companies became more fierce. Meanwhile, in the second half of 2021, the local development of the Pandemic was yet to settle, and prevention and control policies were strengthened in many places, which had put the domestic economy under considerable downward pressure. The underlying assets invested by the funds managed by the Group mainly included real estates in the form of residential properties, commercial complexes, and long-term rental apartments. Due to the overlapping effects of negative factors such as the increased regulatory control in the real estate industry, the enhanced financial supervision, and the Pandemic, which slowed down the disposal progress of underlying assets and realisation of the related funds, the cash flow available for distribution remained at a low level. This, to a certain extent, extended the collection cycle of the Group's receivable management fees due from Project Funds and FOFs. During the Year, receivables of approximately RMB37.2 million was recovered by the Group, representing a decrease of approximately 60.9% as compared to the previous year.

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

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

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

DECREASE IN IAFV AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

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

SHARE OF LOSSES OF JOINT VENTURES

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

SHARE OF LOSS OF AN ASSOCIATE

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

INCOME TAX CREDIT

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

LOSS FOR THE YEAR

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

LIQUIDITY AND FINANCIAL RESOURCES

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

GEARING RATIO

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

TREASURY POLICIES

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

PLEDGE OF ASSETS

As at 31 December 2021, the Group did not have any pledge on its assets.

FOREIGN EXCHANGE RISK

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

CAPITAL STRUCTURE

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

FINAL DIVIDEND

In order to reserve resources for the business development of the Group, the Board did not recommend the declaration of a final dividend for the Year (2020: Nil).

COMMITMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

CAPITAL EXPENDITURES

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

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group employed a total of 105 employees (31 December 2020: 103 employees). The Group has adopted an employee compensation policy which takes into account factors such as external market competitiveness and internal fairness, and provides diversified training and individual development plans for its employees. The Group has a clear promotion policy that gives eligible employees career progression opportunities.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2021, IAFV of the Group was approximately RMB239.2 million, representing an increase of approximately RMB20.4 million as compared to approximately RMB218.8 million as at 31 December 2020. Details are as follows:

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

Notes:

1. FOF IV refers to Shanghai Weiyi Investment Limited Partnership* (上海威弋投資合夥企業(有限合夥)), a FOF established and jointly managed by the Group in the form of limited partnership in September 2016.

2. FOF IX refers to Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership)* (杭州富陽匯嶸投資管理合夥企業(有限合夥)), a FOF established and jointly managed by the Group in the form of limited partnership in January 2019.

3. FOF III refers to Realway Development No. 3 Unit Trust Fund* (瑞威發展三號契約型私募基金), a FOF established by the Group in the form of trust fund in August 2016.

4. FOF VIII refers to Realway Development No. 5 Unit Trust Fund* (瑞威發展五號契約型私募基金), a FOF established by the Group in the form of trust fund in December 2017.

5. FOF X refers to Hangzhou Fuyang Huiqin Investment Management Partnership (Limited Partnership)* (杭州富陽匯欽投資管理合夥企業(有限合夥)), a FOF established and managed by the Group in the form of limited partnership in August 2019.

6. Share offer refers to the share offer conducted by the Company in connection with its listing on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in 2018.

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

ARBITRATION RELATING TO OUR SIGNIFICANT INVESTMENTS HELD

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

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

As of 30 March 2022, Fuyang Huiguan Fund has not received the amount involved in the Settlement Execution Agreement from Hai Shi Urban Renew. Shanghai Ruixiang, the fund manager, has frozen the bank account and part of the property of Hai Shi Urban Renew through judicial preservation procedures, and will continue to negotiate and communicate with Hai Shi Urban Renew and urge it to settle the payments as soon as possible. At the same time, Shanghai Ruixiang will actively assist Hai Shi Urban Renew in fulfilling its payment obligations by sourcing and referring investors to jointly acquire the equity interests in Shenzhen Xinqiaowei Project* (深圳新喬圍項目).

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

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

ADVISING ON SECURITIES AND ASSET MANAGEMENT BUSINESS IN HONG KONG

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

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

EVENTS AFTER THE REPORTING PERIOD

There is no significant event occurring after the Reporting Period.

PRINCIPAL PLACE OF BUSINESS

The Company is a company established and has its registered office in the People's Republic of China. The Company's principal place of business in Hong Kong was changed from Unit, 1305, 13/F Office Plus@Sheung Wan, 93–103 Wing Lok Street, Sheung Wan, Hong Kong to Unit B, 26/F, 235 Wing Lok Street Trade Centre, 235 Wing Lok Street, Hong Kong with effect from 1 August 2021.

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the Year and the financial information of the Group as at 31 December 2021 are set out in the audited financial statements of this annual report.

BUSINESS REVIEW

A review of the business of the Group during the Year, a discussion on the Group's future business development and an analysis of the Group's performance during the Reporting Period using financial key performance indicators are contained in the "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Discussions on the Group's environmental policies and performance, compliance with the relevant laws and regulations that have a significant impact on the Group, and key relationships with its customers and suppliers that have a significant impact on the Group and on which the Group's success depends are set forth in the sections headed "Environmental Policies and Performance", "Compliance with Relevant Laws and Regulations" and "Major customers and suppliers" in this report of the Directors. The abovementioned discussions form parts of the business review as contained in this report of the Directors.

FINANCIAL SUMMARY

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

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 27 May 2022. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility to attend and vote at the AGM, the register of members of the Company ("**Register of Members**") will be closed from Wednesday, 27 April 2022 to Friday, 27 May 2022, both days inclusive, during which period no transfer of the shares of the Company (the "**Shares**") will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's H Share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for H shareholders) or to the Company's principal place of office in the PRC at Unit 706-707, 7th Floor, Century Link Tower 1, No. 1198 Century Avenue, Pudong New District, Shanghai (for domestic shareholders), no later than 4:30 p.m. on Tuesday, 26 April 2022 for registration.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

MAJOR CUSTOMERS AND SUPPLIERS

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

— the largest customer	6.5%
— the five largest customers combined	20.9%

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

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

TAXATION

Please see the section headed "Income tax credit" contained in the Management Discussion and Analysis of this annual report.

SUBSIDIARIES

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

- there is no guarantee that our measures will continue to be effective in ensuring the adequacy of the expertise of our Directors, senior management and professional staff for our fund management business;
- there are inherent uncertainties associated with the fair value measurement of our IAFV and the fair value changes of our IAFV may materially and adversely affect our financial position and results of operations;
- we are subject to extensive and evolving regulatory requirements, and any changes in or non-compliance of which, may result in penalties, prohibitions on our future business activities or suspension or revocation of our licences, and may consequently have a material and adverse effect on our business operations and prospects; and
- fluctuations in the value of Renminbi could have an adverse effect on our business, results of operations and financial condition.

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

SHARE CAPITAL

The share capital structure of the Company as at 31 December 2021 is as follows:

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

Detail of the shares issued during the Year are set out in note 22 to the financial statements.

PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of its Directors, for the Year and as at the date of this annual report, the Company had maintained sufficient public float as required under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out on page 89 in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserve available for distribution amounted to approximately RMB193.3 million.

Details of movements in the reserves of the Company during the Year are set out in note 33 to financial statements of this annual report.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2021 the Group had no outstanding loans or borrowings.

DIRECTORS

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

Executive Directors

Mr. ZHU Ping (朱平) *(Chairman and Chief Executive Officer)*
Mr. DUAN Kejian (段克儉)
Ms. CHEN Min (陳敏) (appointed on 15 March 2021)
Ms. SU Yi (蘇怡) (resigned on 15 March 2021)*

Non-executive Directors

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

Independent non-executive Directors

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

SUPERVISORS

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

* Ms. Su Yi resigned as Director due to devote more time on her personal business.

DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors, supervisors and senior management are disclosed in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 6 to 10 in this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the Year.

DIRECTORS' SERVICE CONTRACT

All Directors have signed a service contract with the Company for a term of three years commencing from 28 May 2021, which may be renewable subject to both parties' agreement. All Supervisors have signed an appointment letter with the Company for a term of three years commencing from 28 May 2021, which may be renewable subject to both parties' agreement. None of the Directors or Supervisors has entered or has proposed to enter into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

MANAGEMENT CONTRACTS

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

EMOLUMENT POLICY

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

REMUNERATION OF THE DIRECTORS AND SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and five highest paid individuals during the Reporting Period are set out in notes 8 and 9 to the financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

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

As at 31 December 2021, the interests or short positions of the Directors, Supervisors and the chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**") which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") to be notified to the Company and the Stock Exchange are as follows:

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

Notes:

1. (L) denotes a long position.

2. The calculation is based on the percentage of shareholdings in the Domestic Shares in issue as at 31 December 2021.

3. The calculation is based on the total number of 153,340,000 Shares in issue as at 31 December 2021.

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

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

As at 31 December 2021, so far as the Directors, Supervisors and the chief executive of the Company are aware of, as indicated on the register of interests and/or short positions required to be maintained pursuant to section 336 of the SFO, the substantial Shareholders and other persons (other than Directors, Supervisors and the chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of the Company:

Name of Shareholder	Class of Shares held	Nature of interest	Number of Shares (1)	Approximate percentage of shareholdings in the relevant class of Shares (2)	Approximate percentage of shareholdings in the total share capital of the Company (3)
Shanghai Shengxuan Investments Advisory Company Limited* (上海盛軒投資諮詢有限公司)	Domestic Shares	Interest in a controlled corporation	115,000,000(L)	100.0	75.0
Shanghai Weimian Investments Partnership (Limited Partnership)* (上海威冕投資合夥企業(有限合夥))	Domestic Shares	Beneficial owner	79,012,675(L)	68.7	51.5
Shanghai Weiye Investments Partnership (Limited Partnership)* (上海威燁投資合夥企業(有限合夥))	Domestic Shares	Beneficial owner	15,000,000(L)	13.0	9.8
Shanghai Weihui Investments Partnership (Limited Partnership)* (上海威滙投資合夥企業(有限合夥))	Domestic Shares	Beneficial owner	13,875,000(L)	12.1	9.0
Shanghai Zunwei Industrial Development Co. Limited (上海尊威實業發展有限公司)	Domestic Shares	Beneficial owner	7,112,325(L)	6.2	4.6
Sun Jinyong	H Shares	Beneficial owner	4,132,000(L)	10.8	2.7
Gao Yue	H Shares	Beneficial owner	3,985,600(L)	10.4	2.6
Wang Youlin	H Shares	Beneficial owner	3,375,200(L)	8.8	2.2
Great Rainbow Investment Fund Series SPC (acting for and on behalf of Great Rainbow Series 1 SP)	H Shares	Beneficial owner	3,280,000(L)	8.6	2.1
Wu Jie(4)	H Shares	Interest in a controlled corporation	3,280,000(L)	8.6	2.1
Yao Peifang(5)	H Shares	Interest in a controlled corporation	3,280,000(L)	8.6	2.1
Wang Qiong	H Shares	Beneficial owner	2,392,800(L)	6.2	1.6
Dai Yanmin	H Shares	Beneficial owner	2,258,800(L)	5.9	1.5
Yin Bo	H Shares	Beneficial owner	2,010,000(L)	5.2	1.3
Everbright Focused Value Fund	H Shares	Beneficial owner	2,000,000(L)	5.2	1.3
China Everbright Fund Management Limited(6)	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
China Everbright Assets Management Holdings Limited(7)	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
China Everbright Limited(8)	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
Honorich Holdings Limited(9)	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
Datten Investments Limited(10)	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3

Name of Shareholder	Class of Shares held	Nature of interest	Number of Shares [(1)]	Approximate percentage of shareholdings in the relevant class of Shares [(2)]	Approximate percentage of shareholdings in the total share capital of the Company [(3)]
China Everbright Holdings Company Limited[(11)]	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
China Everbright Group Ltd. [(12)]	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
Central Huijin Investment Ltd. [(13)]	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3
Everbright Absolute Return Investment Holdings Limited[(14)]	H Shares	Interest in a controlled corporation	2,000,000(L)	5.2	1.3

Notes:

1. (L) denotes a long position.

2. The calculation is based on the percentage of shareholdings in the relevant class of Shares in issue as at 31 December 2021.

3. The calculation is based on the total number of 153,340,000 Shares in issue as at 31 December 2021.

4. Wu Jie is the management share shareholder and director of Great Rainbow Investment Fund Series SPC and the investment manager of Great Rainbow Series 1 SP. By virtue of the SFO, Wu Jie is deemed to be interested in all the H Shares which Great Rainbow Investment Fund Series SPC (acting for and on behalf of Great Rainbow Series 1 SP) is interested in.

5. Yao Peifang is the management share shareholder and director of Great Rainbow Investment Fund Series SPC. By virtue of the SFO, Yao Peifang is deemed to be interested in all the H Shares which Great Rainbow Investment Fund Series SPC (acting for and on behalf of Great Rainbow Series 1 SP) is interested in.

6. China Everbright Fund Management Limited is the investment manager and holds all the management shares of Everbright Focused Value Fund. By virtue of the SFO, China Everbright Fund Management Limited is deemed to be interested in all the H Shares which Everbright Focused Value Fund is interested in.

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

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

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

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

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

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

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

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

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

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

EQUITY-LINKED AGREEMENTS

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

SHARE OPTION SCHEME

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

RELATED PARTY TRANSACTIONS

The Company had not entered into any non-exempt connected transaction during the Year, which is required to be disclosed under the Listing Rules. Related party transactions entered into by the Group during the Year which are disclosed in note 28 to the financial statements do not constitute non-exempt connected transactions required to be disclosed under the Listing Rules.

DONATION

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

DEED OF NON-COMPETITION

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

NON-COMPETITION

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

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

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

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

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

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

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

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

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

The Company's independent non-executive Directors have reviewed the compliance with the Deed of Non-Competition by the Controlling Shareholders and were satisfied that the terms of the Deed of Non-Competition had been duly complied with during the Year and up to the date of this annual report. The measures which the Company has adopted to ensure the compliance with the Deed of Non-competition include:

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

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

(3) The Company and the Board are not aware of any breach of the Deed of Non-Competition by the Controlling Shareholders during the Year and up to the date of this annual report.

DIRECTORS' COMPETING INTERESTS

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

SIGNIFICANT LEGAL PROCEEDINGS

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

PERMITTED INDEMNITY PROVISION

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

POST BALANCE SHEET EVENTS

There was no material post balance sheet events.

AUDIT COMMITTEE

The Audit Committee of the Company had, together with the management and external auditor of the Company (the "**Auditor**"), reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the Year.

AUDITORS

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

By order of the Board
Shanghai Realway Capital Assets Management Co., Ltd.
Mr. Zhu Ping
Chairman
Shanghai, PRC, 30 March 2022

* *For identification purpose only*

1. COMPOSITION OF THE SUPERVISORY COMMITTEE

As of 31 December 2021, the supervisory committee of the Company (the "**Supervisory Committee**") consisted of three members (the "**Supervisors**") comprising one employee representative Supervisor and two external Supervisors. The terms of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of his/her term in accordance with the requirements of Articles of Association.

The composition of the Supervisory Committee is as follows:

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

2. MAJOR WORKS OF THE SUPERVISORY COMMITTEE IN 2021

In 2021, being accountable to all Shareholders, the members of the Supervisory Committee strengthened the coordination and cooperation between the Board and the senior management and seriously performed the duties of supervision, for purposes of better playing a supervisory role of the Supervisory Committee, promoting the standardised operation and healthy development of the Company, and safeguarding the rights and interests of the Company and the Shareholders.

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

In 2021, the Supervisory Committee held a total of 2 committee meetings.

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

Supervisors	Actual Attendance/ Expected Attendance
Ms. CAI Luyi *(Chairman)*	2/2
Mr. LU Xili	2/2
Ms. WANG Juanping	2/2

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

In 2021, the members of the Supervisory Committee reviewed the resolutions of the Board by attending Board meetings, examined the daily operation and management of the Company and supervised the Directors and senior management of the Company in their performance of duties.

(iii) Monitoring Company's Operation

In 2021, the members of the Supervisory Committee participated in discussions of major operating decisions, reviewed proposals submitted to the Board for consideration and examined and monitored the operation of the Company through attending Board meetings and general meetings of the Shareholders held by the Company. The Supervisory Committee is of the opinion that the business activities of the Company complied with relevant laws and regulations and the Articles of Association. Meanwhile, the Directors and senior management of the Company have diligently performed their duties and earnestly implemented the resolutions of the general meetings of the Shareholders to safeguard the interests of the Shareholders and the benefit of the Company. In the course of examining the operation of the Company and supervising the performance of duties of the Directors and senior management, the Supervisory Committee has not found any of their behaviors that contravened any applicable laws and regulations or the Articles of Association or any issues that has caused damage to the interests of the Shareholders and the Company.

3. INDEPENDENT OPINIONS ON RELEVANT MATTERS

(i) Lawful operation

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

(ii) Financial position

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

(iii) Internal control system

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

4. MAJOR INITIATIVES FOR 2022

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

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

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

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

On behalf of the Supervisory Committee
CAI Luyi
Chairman
Shanghai, PRC, 30 March 2022

CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTORS

Responsibilities

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

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

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

Composition

The Board has established three Board committees, being the Audit Committee, the Remuneration Committee and the Nomination Committee (each a "**Board Committee**" and collectively the "**Board Committees**"), to oversee different areas of the Company's affairs.

During the year ended 31 December 2021 and up to the date of this annual report, except that Ms. Su resigned from her office as the Company's executive Director with effect from 15 March 2021, and that Ms. Chen was appointed as the Company's executive Director with effect from the same date, there was no change in the structure of the Board, which currently comprises eight Directors and its composition is set out as follows:

Executive Directors

Mr. ZHU Ping (朱平) *(Chairman and Chief Executive Officer)*
Mr. DUAN Kejian (段克儉)
Ms. CHEN Min (陳敏) (appointed on 15 March 2021)
Ms. SU Yi (蘇怡) (resigned on 15 March 2021)

Non-executive Directors

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

Independent non-executive Directors

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

Their biographical details of the Directors are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 6 to 10 in this annual report.

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

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

BOARD DIVERSITY POLICY

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

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

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

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

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

Objective

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

Policy statement

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

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

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and make suggestions on any proposed appointments to the Board taking into account the strategies of the Company and the full Board, taking into account the recommendation of the Nomination Committee, is responsible for the appointment of new Directors from time to time to ensure that it has a balanced composition of skills, experience and expertise appropriate to the requirements of the businesses of the Company, with due regard to the benefits of diversity on the Board. The Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular, the Chairman of the Board.

Review and monitoring

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

Disclosure and publication

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

The Diversity Policy is summarised below:

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

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

For the Year, the positions of the Chairman and the Chief Executive Officer of the Company was held by Mr. Zhu.

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

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years and is subject to termination by either party by giving not less than three months' written notice.

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years and is subject to termination by either party by giving not less than one month's written notice.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and make suggestions on any proposed appointments to the Board taking into account the strategies of the Company and the full Board, taking into account the recommendation of the Nomination Committee, is responsible for the appointment of new Directors from time to time to ensure that it has a balanced composition of skills, experience and expertise appropriate to the requirements of the businesses of the Company, with due regard to the benefits of diversity on the Board. The Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular, the Chairman of the Board.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

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

Name of Director	Type of continuous professional development programmes
Executive Directors	
Mr. ZHU Ping	A, B
Mr. DUAN Kejian	A, B
Ms. CHEN Min (appointed on 15 March 2021)	A, B
Ms. SU Yi (resigned on 15 March 2021)	N/A

Name of Director	Type of continuous professional development programmes
Non-executive Directors	
Mr. CHENG Jun	A, B
Mr. WANG Xuyang	A, B
Independent non-executive Directors	
Mr. LIU Yunsheng	A, B
Mr. SHANG Jian	A, B
Ms. YANG Huifang	A, B

A — Attending seminars/conferences/forums/briefings/programmes relevant to the business or director's duties
B — Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

BOARD MEETINGS

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

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

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

	Actual Attendance/Expected Attendance				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Executive Directors					
Mr. ZHU Ping	8/8	N/A	N/A	2/2	1/1
Mr. DUAN Kejian	8/8	N/A	N/A	N/A	1/1
Ms. CHEN Min (appointed on 15 March 2021)	6/8	N/A	1/2	N/A	1/1
Ms. SU Yi (resigned on 15 March 2021)	2/8	N/A	1/2	N/A	N/A
Non-executive Directors					
Mr. CHENG Jun	8/8	N/A	N/A	N/A	1/1
Mr. WANG Xuyang	8/8	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. LIU Yunsheng	8/8	2/2	2/2	2/2	1/1
Mr. SHANG Jian	8/8	2/2	N/A	2/2	1/1
Ms. YANG Huifang	8/8	2/2	2/2	N/A	1/1

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

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

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

DELEGATION BY THE BOARD

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

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

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

BOARD COMMITTEES

Audit Committee

As at 31 December 2021, the Audit Committee comprises three members, namely Ms. Yang (chairman), Mr. Shang and Mr. Liu. All of them are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

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

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

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

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

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

- review the Auditor's report in relation to the audit plan and strategy of the Group; and

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

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

Directors	**Actual Attendance/ Expected Attendance**
Ms. YANG Huifang *(Chairman)*	2/2
Mr. SHANG Jian	2/2
Mr. LIU Yunsheng	2/2

Nomination Committee

As at 31 December 2021, the Nomination Committee comprises three members, namely Mr. Zhu (chairman), Mr. Shang and Mr. Liu. Mr. Zhu is an executive Director while Mr. Shang and Mr. Liu are independent non-executive Directors.

The principal duties of the Nomination Committee include the following:

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

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

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

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

5. to establish a list of qualified candidates for senior management positions, to formulate procedures and standards for selection and appointment of senior management personnel, and to conduct preliminary reviews on the qualifications and conditions of relevant candidates, and make suggestions to the Board; and

6. to review the Diversity Policy.

Nomination Policy

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

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

For the Year, 2 meeting of the Nomination Committee were held to review the structure, composition, size and diversity of the Board and relevant recommendations were made to the Board, which included the appointment of additional Director and re-election of retiring Directors.

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

Directors	**Actual Attendance/ Expected Attendance**
Mr. ZHU Ping *(Chairman)*	2/2
Mr. SHANG Jian	2/2
Mr. LIU Yunsheng	2/2

Remuneration Committee

As at 31 December 2021, the Remuneration Committee comprises three members, namely Mr. Liu (chairman), Ms. Chen and Ms. Yang. Mr. Liu and Ms. Yang are independent non-executive Directors while Ms. Chen is an executive Director. The principal duties of the Remuneration Committee include the following:

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

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

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

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

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

6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable;

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

8. to review the incentives schemes and service contracts of the Directors; and

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

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

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

- the remuneration policy of the Company and its subsidiaries; and

- the remuneration of Directors and proposed adjustment to the Board.

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

Directors	**Actual Attendance/ Expected Attendance**
Mr. LIU Yunsheng *(Chairman)*	2/2
Ms. YANG Huifang	2/2
Ms. CHEN Min (appointed on 15 March 2021)	1/2
Ms. SU Yi (resigned on 15 March 2021)	1/2

Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographies are set out on pages 6 to 10 of this annual report, for the Year are set out below:

Remuneration band (RMB)	**Number of individual**
0–1,000,000	9
1,000,000–2,000,000	2
2,000,000–3,000,000	0

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

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

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

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

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 80 to 85 of this annual report.

AUDITOR'S REMUNERATION

For the Year, the remuneration paid to the external auditors of the Group amounted to approximately RMB2.2 million for audit services.

SUPERVISORY COMMITTEE

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

COMPANY SECRETARY

Ms. Lau has been serving as the company secretary of the Company since 13 October 2019, in possession of the qualifications and experience required as a company secretary under Rule 3.28 of the Listing Rules. Her biographical details are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" in this annual report.

During the Year, Ms. Lau has received relevant professional training of no less than 15 hours.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

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

Internal controls and risk management

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

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

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

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

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

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

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

For the Reporting Period, the Risk Management Committee of the Group reviewed and assessed the sufficiency and effectiveness of the risk management and internal control system and the internal audit function every half year, reviewed the risk management plans for the second half of 2021 and the year of 2022, discussed whether there were any major investigation findings on new risks arising from the business, strategical and risk management affairs of the Company, and advised on improvements to the risk management system of the Company.

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

Shareholders' Rights

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

Right to convene extraordinary general meeting

According to article 72 of the Articles of Association:

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

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

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

(d) if the Supervisory Committee agrees to hold an EGM, a notice of such meeting shall be dispatched within five days upon receipt of such request. Changes made to the original proposal in the notice shall be approved by the relevant Shareholders; and

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

Putting Forward Proposals at Shareholders' General Meetings

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

Enquiries to the Board

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

DIVIDEND POLICY

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

INVESTOR RELATIONS AND COMMUNICATION

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

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

Environmental, Social and Governance Report

1. SCOPE OF THIS REPORT

This environmental, social and governance report (the "**Report**") describes the environmental, social and governance performance of the Group in the Year.

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

The Report covered the following 3 locations generating major revenues from fund management, investment management and financial consulting services business of the Group, disclosing the Group's the performance on environmental, social and governance for the year:

(1) Shanghai

(2) Beijing

(3) Tianjin

2. REPORTING PRINCIPLES

- Materiality: The Group regularly makes reference to the industry sustainability standards of the local and international peers and strives to be in line with them. At the same time, regular communication with stakeholders of various aspects is conducted to identify the most concerned and important sustainability topics for the Group. Those sustainability topics will also be incorporated into the Company's development policies under the overall strategy of the Company's operations. During the Year, the Group also conducted stakeholder surveys to identify their expectations on the Group and developed appropriate strategies to respond to their views and needs.

- Quantitative: The Group is committed to quantifying and disclosing key performance indicators and data within the environmental and social categories, and whenever feasible, explaining the methods of data collection and calculation to enhance transparency of the data.

- Balance: In order to maintain the balance of reporting content, fair disclosure of sustainability performance and challenges concerned by the Group and stakeholders is made with impartial information provided to the public.

- Consistency: The Group adheres to the "Environmental, Social and Governance Reporting Guide" of the Hong Kong Stock Exchange for disclosure, which allows the Company to make meaningful annual comparisons of past performance under the same framework, and to disclose updated calculation methods of relevant data when necessary.

3. BOARD'S GOVERNANCE ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

The Board of Directors of the Group ("**we**") oversees the relevant environmental, social and governance (ESG) aspects within the framework of the current business strategy in order to ensure that operations are in continued compliance with local laws and regulations in the local regions of the business, thereby safeguarding the interests of the Group and its stakeholders and enhancing the brand image of the Company.

The Group collects environmental, social and governance information on a regular basis through different functional departments and working groups, and consolidates, analyses and discloses our performance in the ESG report. At the annual meeting of the Board, members of the Board will review ESG performance disclosed in the Report and assess the status of suitability and compliance with the Group's business strategy and identifying the sustainability topics which are material to the Group and stakeholders, so as to make appropriate decisions and adjust the relevant strategies as necessary.

ESG Governance Structure

The Board will evaluate the potential risks disclosed from the ESG information, to prioritize the management of the ESG topics with significant impacts, and formulate effective preventive and control measures in order to ensure the sustainable development of the Group, the vision and strategies of which may include but are not limited to:

- Funds and investment products are designed with priority over principles that are environmentally friendly or supporting climate change mitigation
- Collaboration with business partners is in place to explore development and sales of products in green finance
- Goals are set for responsible investment

Given the business challenges of the current Year, the Board will evaluate on an annual basis those ESG measures that need to be improved and will determine the employee trainings to be strengthened for continued improvement in the performance. From the Board's evaluation in the current Year, it was confirmed that we had overcome the impacts of the Pandemic and that the Group had strengthened occupational health and safety measures on employees, enabling the Group to resume operations at a faster pace and take the lead in meeting market demand.

On the other hand, we believe that the main factors affecting the Group's ESG performance in the coming year would still be the health risks incurred by the novel coronavirus pandemic as well as the global economic downturn. In addition, in view of the responsible investment requirements and other compliance risks posed by the global response to climate change, the Board will formulate relevant policies or targets and regularly review progress and performance to align with the Group's sustainable development direction.

4. COMMUNICATION WITH STAKEHOLDERS

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

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

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

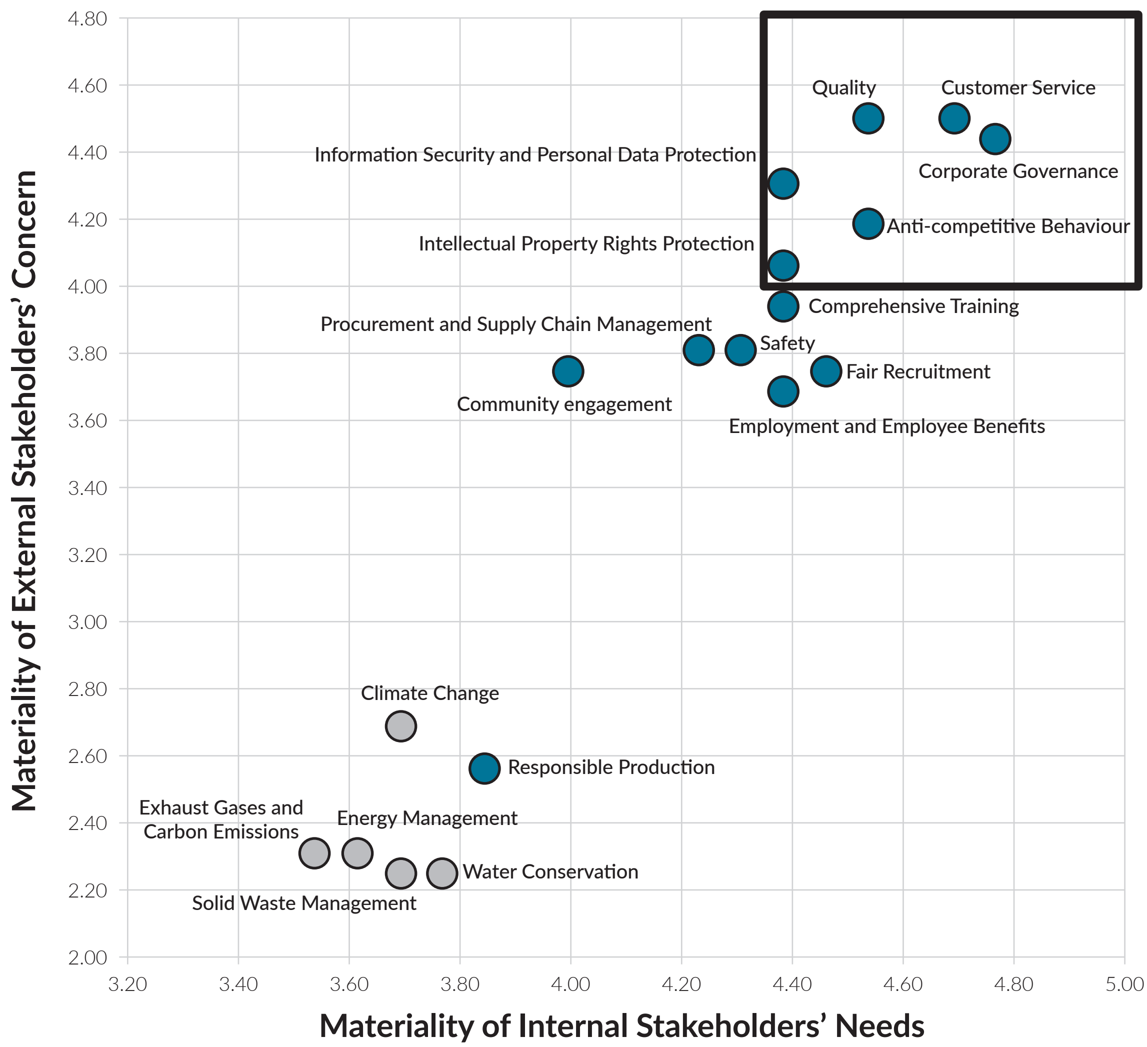
5. MATERIALITY ASSESSMENT

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

Step 1 Identify topics on environmental, social and governance	In accordance with the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide as the framework for materiality assessment, and taking into account factors such as corporate development strategies, industry trends, regulatory and market requirements, the stakeholder questionnaire was developed to proceed survey on 18 sustainability topics in four categories: environmental protection, employment and labour management, operating practices and community investment.
Step 2 Identify stakeholders and set up questionnaires	The stakeholders identified as utmost important to the Group are our customers, suppliers and employees. According to their respective perceptions and expectations, specific content of the topics was formulated in their respective questionnaires. The questionnaires were then distributed to the sampled stakeholders, whose feedback was collected within the specified time frame.
Step 3 Evaluate and identify material topics	Through statistical analysis of survey feedback from external stakeholders, and review of the Group's strategies and the priorities of internal stakeholders, data of both external and internal demands was consolidated for plotting the "ESG Materiality Matrix". From the aforesaid 18 ESG topics, the material topics in relation to the Group were identified (in **blue** text in the table below, and within the **black** square in the upper right corner of the matrix).

Environmental Protection	Employment and Labour Management	Operating Practices	Community Investment
Energy Management	Employment and Employee Benefits	**Customer Service**	Caring for Community
Exhaust Gases and Carbon Emissions	Fair Recruitment	**Quality**	
Water Conservation	Safety	**Corporate Governance**	
Solid Waste Management	Comprehensive Training	**Information Security and Personal Data Protection**	
Climatic Change		**Anti-Competitive Behaviour**	
		Intellectual Property Right Protection	
		Procurement & Supply Chain Management	
		Responsible Production	

ESG Materiality Matrix



6. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

6.1 Environmental

6.1.1 Environment and Natural Resources

In a non-polluting industry, the Group does not discharge large amount of exhaust gas and waste water, nor does it generate hazardous waste during business operations. Although water consumption in the office operation was insignificant and consequently it was not necessary to establish targets on water use efficiency, the Group still devoted to set the following environmental targets for contributing to environmental protection:

Environmental targets	Directional statements	Measures taken during the year
Energy use efficiency	1. Reduce the number of office equipment that consume energy; 2. Adopt alternative means to reduce the number of times that the company's vehicles are used, in order to reduce fuel consumption.	1. Streamlined the office setting and reduced the operation of Guangzhou office, thereby reducing the number of power consumption equipment; 2. Purchased video conferencing software "263 Cloud Vision (263 雲視)" for the Company's internal meeting, thereby reducing the number of business trips for intra-group meetings and hence reducing the use of vehicles.
Emission reduction	1. Reduce the need in purchase of external electricity, thereby reducing the generation of indirect greenhouse gases ("GHG"); 2. Reduce emissions from direct sources of GHG.	1. Streamlined the office setting and reduced the operation of Guangzhou office, thereby reducing GHG generated indirectly from power consumption; 2. Reduced the use of vehicles and hence reduced gas emissions incurred from fuel consumption, at the same time reduced the number of oversea meeting through the use of video, teleconferencing or other electronic online communication tool in order to reduce GHG emission incurred from use of transportation.
Waste reduction	1. Reduce paper waste generated from the office	1. Strengthened electronic operations and file management to reduce paper consumption in offices; 2. Used both sides of paper when possible ; 3. Recycled scrap papers

6.1.2 Use of Resources

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

(i) Statistics of resource consumption

The main resources consumed by the Group in 2021 were power and paper consumption in office as well as gasoline consumption by vehicles. Relatively, water consumption was not significant. Total consumption of various resources consolidated from all operating sites for the year were as follows:

POWER CONSUMPTION
51,415 KWH

GASOLINE CONSUMPTION
2,919 LITRES

PAPER CONSUMPTION
560 KG

Owing to streamlined operations in the Year, the consumption of municipal electricity, gasoline and paper was reduced by about 20%, 18% and 33% respectively as compared with last year.

Resource consumption	Unit	2021	2020
Electricity	kWh	51,415	63,927
Gasoline	litre	2,919	3,547
Paper	kilogram	560	830

(ii) Energy conservation measures

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

(iii) *Water conservation measures*

Water equipment in the office areas of the Group was managed by the property management offices of the premises. Under the general office operations, water consumption is relatively insignificant and consequently the Group has not put in any specified water conservation measures.

(iv) *Paper conservation measures*

During the year, paper was mainly consumed for general office operations and printing of product promotional materials. No packaging materials are required for the products.

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

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

6.1.3 Emission

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

(i) *Control of greenhouse gases emission*

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

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

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

Total GHG emission[1]
51.55
tonnes carbon dioxide equivalent

Direct GHG emission[2] (Scope 1)
6.62
tonnes carbon dioxide equivalent

Energy Indirect GHG emission[3] (Scope 2)
44.93
tonnes carbon dioxide equivalent

GHG emission intensity[4] per capita
0.52
tonnes carbon dioxide equivalent/person

As compared with last year, owing to the reduction in office areas and hence reduction in electricity consumption in the Year, the total GHG emission volume of the Group was reduced by about 15%. As a result the GHG emission intensity per capita for the Year decreased by about 17% as compared with last year.

	Unit	2021	2020
Direct GHG Emission (Scope 1)	tonne carbon dioxide equivalent	**6.62**	8.04
Energy Indirect GHG Emission (Scope 2)	tonne carbon dioxide equivalent	**44.93**	52.87
Total GHG Emission	**tonne carbon dioxide equivalent**	**51.55**	60.91
GHG Emission Intensity[5] per Capita	**tonne carbon dioxide equivalent/person**	**0.52**	0.63

1 Global Warming Potential (GWP) adopted in this GHG calculation were based on the values disclosed in the Fifth Assessment Report (AR5) of Intergovernmental Panel on Climate Change (IPCC).

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

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

4 The base unit for calculating GHG emission intensity is the monthly average number of employees in the year.

5 GHG emission intensity per capita was calculated on the basis of monthly average number of employees in the year.

(ii) Control of solid wastes

The Group's business operations generally do not generate hazardous waste. For non-hazardous domestic garbage, the Group is striving to classify the recyclable waste such as office scrap paper and collect them for handling by qualified agencies[6]. The Group strictly adheres to the local waste disposal regulations in the areas of business, including the waste classification regulations in the cities where the operating offices located. Pursuant to the relevant requirements, the Group conducted training to all employees, and allocated rubbish bins configurated for classification. In the Year, the Group keeps on monitoring and assures that employees proceed waste collection and disposal in accordance with the four categories of wastes: dry wastes, wet wastes, hazardous wastes and recyclable wastes.

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

6.1.4 Climate Change

The Group is fully aware of extreme weather being the main risk incurred by climate change, which ultimately leads to damage caused by typhoons and rainstorms. Management assesses the risks incurred by climate change and has identified the possible impacts of climate change on business operations, and hence adopted the following policies to address climate change:

(i) Response to operational impacts incurred from climate change

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

(ii) Mitigation against operational impacts incurred from climate change

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

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

6.2 Social

6.2.1 Employment

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

(i) *Recruitment and promotion*

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

The Group requires employees participating in all stages of recruitment to observe the principle of friendly communication on the basis of mutual respect and equality. Equal treatment of job candidates in the interview process is one of the important rules.

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

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

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

(ii) *Compensation and benefits*

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

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

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

(iii) Statistical information related to employment

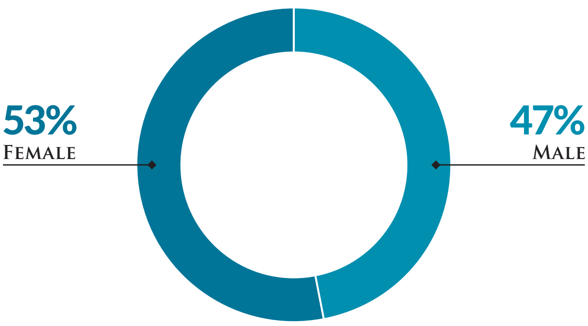
During the Reporting Period, the Group did not identify any legal violations or complaints regarding discrimination or other employment issues.

As of 31 December 2021, there was a total of 101 employees, amongst which 95 employees were on full-time basis and the remaining was part-time employees. All employees located in mainland China. In the Year, the overall monthly average employee turnover rate was 1.69%, a decrease of approximately 52% as compared with the turnover rate of 3.50% in the previous year.

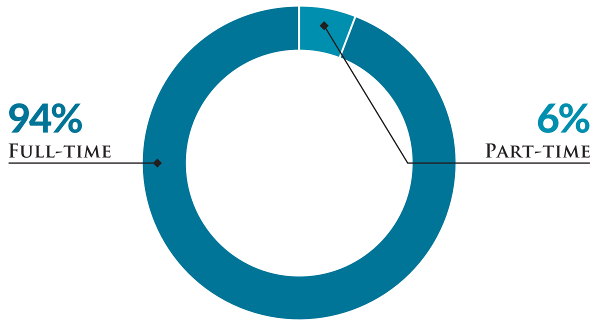
	Number of employees[7]	
	2021	2020
Gender		
Male	**47**	43
Female	**54**	54
Employee category		
Senior management	**19**	17
Middle management	**21**	17
Supervisor	**21**	25
General staff	**40**	38
Age group		
16-24 years old	**4**	2
25-34 years old	**45**	44
35-44 years old	**38**	35
45-54 years old	**13**	15
55-64 years old	**1**	1

[7] The statistics was disclosed for the number of persons as of the end of December in the reporting year.

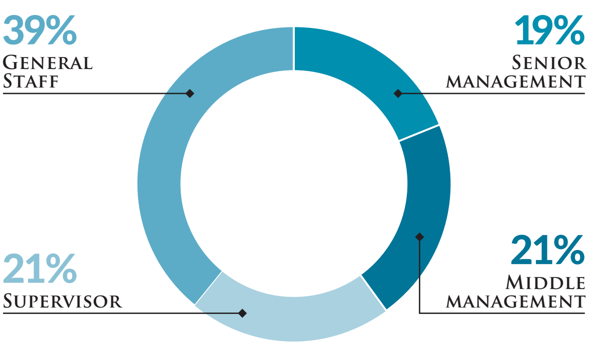
Proportion of Employees by Gender



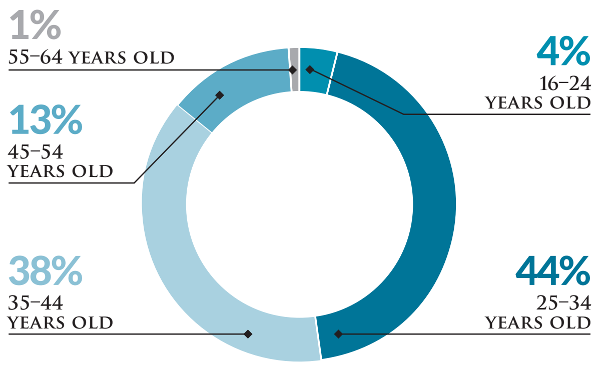
Proportion of Employees by Employment Type



Proportion of Employees by Employee Category



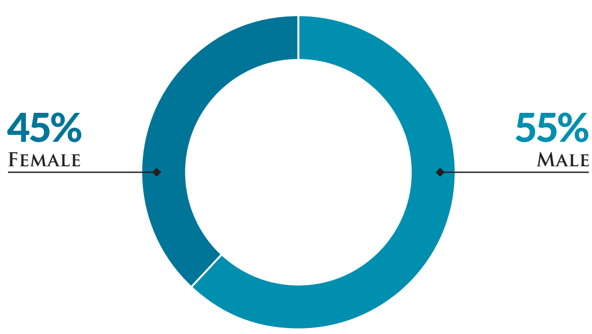
Proportion of Employees by Age Group



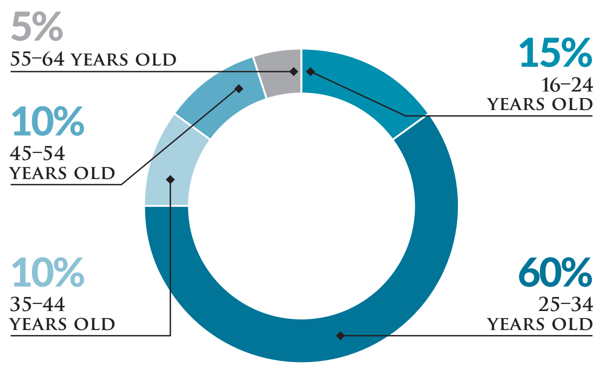
Based on monthly average calculation, the following diagrams and tables set forth the statistical number of employees and employee turnover rate of the various classifications:

	Monthly Average Employee Turnover Rate	
	2021	2020
Gender		
Male	**2.09%**	4.70%
Female	**1.40%**	2.47%
Employee category		
Senior management	**0.46%**	1.84%
Middle management	**0.98%**	3.23%
Supervisor	**2.38%**	3.49%
General staff	**2.29%**	4.41%
Age group		
16-24 years old	**3.63%**	8.33%
25-34 years old	**2.35%**	4.18%
35-44 years old	**0.46%**	3.46%
45-54 years old	**1.28%**	1.11%
55-64 years old	**8.33%**	8.33%

EMPLOYEE TURNOVER BY GENDER



EMPLOYEE TURNOVER BY AGE GROUP



6.2.2 Health and Safety

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

(i) Workplace management

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

(ii) Employee training

In addition to the management of premises and equipment, the Group endeavours to provide adequate training for employees. Office-related safety training is provided to new employees. Employees are arranged annually to participate in fire drills held in the office building and attend fire service courses organized by the local agencies. In addition, in preparation for the extreme weather incurred from climate change in recent years, the Group has established clear guideline for governing the working arrangement in response to weather warnings of typhoon and rainstorm.

(iii) Caring of employee health

The Group has provided office employees with appropriate equipment, for example: chairs with armrests and height adjustment, for mitigating health risks incurred to employees from inappropriate equipment. Also, the Group is concerned about the mental health of employees, grievance communication channel is set up for employees to voice out any issues which inhibit their family life and work-life balance. During the Reporting Period, the Group did not receive any grievance case in this regard.

(iv) Performance on occupational health and safety

During the Reporting Period, the Group did not identify any violation of occupational health and safety regulations in the regions of business operations, and there was no working day lost due to work-related injuries. In each of the past three years (including the reporting year), there was no incident of work-related fatality.

6.2.3 Development and Training

(i) Employee Training System

The Group has established comprehensive staff training system. The arrangement of training courses will vary in accordance with different functions and ranks. Whenever appropriate, external tutor will be considered for provision of training on particular topics. In the year, the Group provided trainings on the following topics:

1) "Legal Compliance Issues in Transaction Structures" theme training: mainly for the Investment Business Department, with an aim to enhance their business capabilities;

2) "Management of Operating Practices on Industrial and Commercial Registration Affairs" theme training: mainly for the Investment Business Department, Risk Control Department, Financial Management Department and the President's Office, with an aim to acquire knowledge on the practices related to industrial and commercial affairs;

3) "Practices for Establishment of Enterprise Internal Control System" theme training: an online live programme, mainly for the Financial Management Department, with an aim to help the Group establish a scientific and reasonable internal control system, and enhance the capability of resilience against the enterprises risks through the deployment of internal control system and practices.

For new employees, the Group provides trainings covering topics of corporate culture, company introduction, internal control measures, financial processes, etc., and arranges experienced employees to provide guidance in their daily work for supporting their integration into the company's culture. For individuals in special positions, such as new management trainees, mentors will be arranged to engage them in quarterly communication and provide appropriate recommendation for raising their competence in an efficient manner.

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

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

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

In response to the training needs identified in employee surveys and enhancement of training efficiency, the Group continued the deployment of online training platform and this facilitated employees to learn independently for enhancing efficiency of learning. Apart from those courses with confidentiality requirements, such as external courses and relevant courses conducted by external tutors, in-house courses will be provided online as much as possible for easy access by employees.

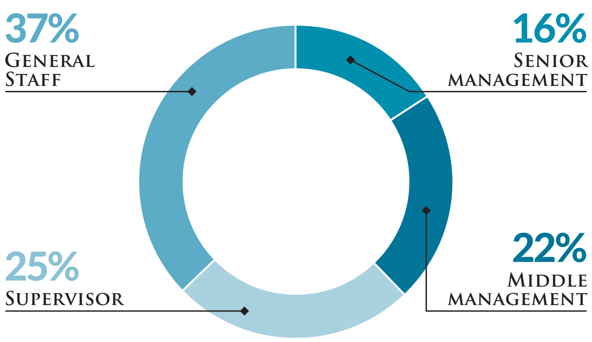
In addition, according to job requirements, the Group is striving to extension of appropriate training scope to cover topics on: new product knowledge, customer service, sales techniques, management skill trainings such as leadership, communication skills, etc.

(ii) *Employee training performance*

For the operating locations covered by the Report, there was a total of 73 trained employees who attended 1,406 hours of training in the Year. As compared with last year, the average proportion of trained employees to the total workforce and the average training hours per employee were slightly decreased by around 3% and 1% respectively.

	Average proportion of trained employees[8]	
	2021	2020
Gender		
Male	**73.33%**	66.67%
Female	**74.07%**	84.48%
Employee category		
Senior management	**66.36%**	55.56%
Middle management	**85.71%**	100.00%
Supervisor	**84.05%**	66.67%
General staff	**67.08%**	80.95%
Overall average	**73.74%**	76.15%

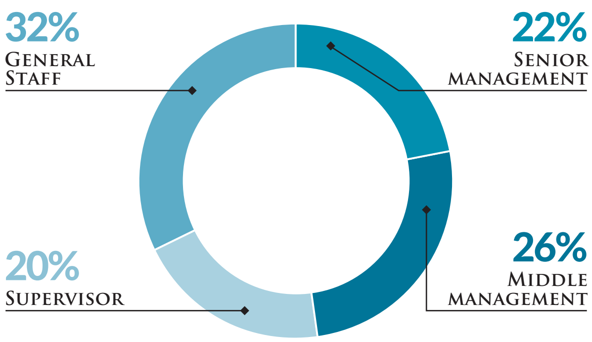
Proportion of trained employees by employee category



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

	Average training hours per employee[9]	
	2021	2020
Gender		
Male	13.33	13.61
Female	14.93	15.05
Employee category		
Senior management	17.03	7.33
Middle management	19.98	23.16
Supervisor	13.12	13.35
General staff	11.03	14.15
Overall average	14.20	14.38

PROPORTION OF TRAINING HOURS BY EMPLOYEE CATEGORY



6.2.4 Labour Standards

(i) Prohibition of child labour

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

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

9 This calculation is based on the monthly average number of persons in the year.

(ii) *Prohibition of forced labour*

The policies of the Group prohibit all forms of forced labour, including: request for deposit or collateral upon recruitment of employees, withholding of identity documents, withholding of wages, forcing employees to work overtime, bonded labour, and restricting personal freedom through threats of violence or other illegal means. Relevant policies ensure all employees to work on voluntary basis. All employees have the rights to resign within the employment period in accordance with the notice period as stipulated in the employment contracts.

(iii) *Handling of non-compliance*

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

During the Reporting Period, the Group did not identify any case of child labour employment or violation of laws related to forced labour.

6.2.5 Supply Chain Management

(i) *Supplier Distribution*

In accordance to the practices of the asset management industry, the suppliers of the Group are generally defined as professional service providers and intermediaries related to financial assets, such as fund sales agencies and law firms. In 2021, there was a total of 56 suppliers with whom the Group was in business partnership. Amongst these suppliers, 50 suppliers were located in Mainland China and the remaining 6 suppliers were situated in Hong Kong.

(ii) *Supplier evaluation and screening*

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

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

For intermediary suppliers such as law firms, the Group shall evaluate their qualification, project performance, lawyer certificates, etc. For suppliers responsible for fund sales, the Group shall evaluate their background, scale, business types, sales performance, business process, legitimacy, fund sales qualifications, etc. Owing to business needs, 6 new suppliers have been engaged in the reporting year and all of them have passed through the aforesaid evaluation prior to business partnership.

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

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

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

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

(iv) Green procurement

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

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

6.2.6 Product Responsibility

(i) Product compliance

The Group strictly abides by the relevant legal regulations and industry self-discipline rules. During the Reporting Period, the Group was not subject to any penalties by the regulatory authorities or industry associations as a result of violations of any laws or regulations.

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

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

(ii) Quality management

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

The Group discloses the information on fund operations to investors in a timely and accurate manner in accordance with relevant regulatory policies, and clearly defines the requirements for information disclosure and regular return visits to investors in its own policies. In addition, the Group shall conduct audit on its business operations regularly to ensure continued compliance with relevant requirements. Whenever necessary, investigation will be conducted to evaluate any risks of non-compliance with the relevant laws and regulations.

The Group's asset management services are honoured to be recognised by the industry and awarded the "Top 10 Influential Property Fund Brand of the Year" during the Reporting Period.

"Top 10 Influential Property Fund Brand of the Year" is the award issued at the 5th New Gravity Summit, hosted by China Real Estate Information Corp. ("**CRIC**"), the largest real estate information and consulting company in China. The award has been held for many years, and the enterprises are evaluated on their comprehensive capabilities, including management scale, influential power, level of activity, operational strength, media promotion, product promotion, exposure, investor relations and other auxiliary indicators. For assuring objectivity, accuracy and authenticity of the information, the indicators of the checklist are composed of objective quantitative indicators and subjective judgement indicators to ensure objective accuracy and subjective authenticity. Objective quantitative indicators mainly come from enterprise announcements, CRIC and China Real Estate Survey Centre. The subjective judgement indicators are valued by interviews and surveys of parties such as real estate practitioners, investors, securities companies, media, owners, as well as in-depth analysis of publicized information.

(iii) Product recall procedure

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

(iv) Handling of customer complaints

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

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

(v) Product promotion

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

(vi) Service/product awareness training

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

(vii) Information security management

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

The Group has strict confidentiality measures, pursuant to which employees and suppliers are required to sign confidentiality agreement when they join in and sign contract with the Group respectively. The Group has documented rules requesting employees not to disclose nor replicate confidential information without prior authorization. Business partners who have signed confidential agreements are required not to disclose any product information to external parties.

(viii) Maintenance of customer information

The Group attaches great importance to the storage of customer information and endeavours to maintain the security of customer information. All customer information is kept by dedicated personnel under strict access policy. For those confidential information and documentation related to products and customers' intellectual properties, they must be secured and stored by the designated department. Without approval, employees are not allowed to make photocopies or to take the documentation away from the company's premises. In daily operations, the access to customer information is strictly restricted through access rights. All customer information is closely monitored by the Group for safeguarding the security of personal information and only authorised personnel have access to customer information.

During the Reporting Period, the Group did not identify any case of unauthorized disclosure of company's information to external parties.

6.2.7 Anti-corruption

(i) Anti-business bribery policy

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

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

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

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

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

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

(ii) Anti-money laundering policy

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

(iii) *Principle of fair procurement*

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

(iv) *Declaration for conflict of interest*

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

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

(v) *Whistleblowing policy*

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

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

(vi) *Confidentiality of information*

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

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

(vii) Anti-corruption related training

In order to ensure that employees at all levels understand and clearly fulfill the above-mentioned policies related to anti-corruption, the Group arranges training from time to time for employees who implement the relevant policies, thus covering board members and general staff. The training topics for Directors and general staff in the Year were the same, including:

- Integrity requirements for fund operating institutions and their staff
- Integrity requirements for securities and futures operating institutions and their staff
- Code of business ethics for fund practitioners
- Introduction and case studies of typical illegal acts in the private equity fund industry
- Fiduciary obligations of fund management institutions and practitioners

During the Reporting Period, there was a total of 46 training participants including both Directors and general staff closely related to integrity practices, who were trained up to 214 hours in total. As compared to the previous year, the training hours has been raised by around 21%.

	Directors	Non-Director employees	Total
Number of trainees	8	38	46
Hours of training	19	195	214

(viii) Internal control system

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

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

(1) feasibility of the Group's objectives;

(2) scientificity of internal control awareness and attitude;

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

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

(5) effectiveness of the risk management mechanism;

(6) effectiveness of the information system implementation.

6.2.8 Community Contribution

The Group has been making use of our owned charitable donation platform–"Jane•Love", for promoting the development of multi-faceted public welfare undertakings. One of the key community contributions was to support the educational development of the asset management industry. During the four consecutive years between 2018 and the Year, the Group has been sponsoring RMB one million annually to "Shanghai Jiaotong University" and "Shanghai Advanced Institute of Finance" for exploring education, research and practices related to finance programme.

Educational Sponsorship
RMB1,000,000
per year from 2018 to 2021

On the other hand, the Group has established a volunteer team, contributed by the multi-faceted efforts of the Group's employees and their family members as well as the Group's partners and investors, for supporting a number of charity projects. In addition to previous events such as visits to elderly centre, education sponsorship, community improvement, the volunteer team has been dedicated during the Year to support the preliminary preparation work for the relevant industry forums and seminars, which aid relevant stakeholders to understand market opportunities and risks, and enhance public awareness of the industry.

In order to enhance the awareness of stakeholders in the asset management industry, the Group continued the efforts in the reporting year to organise relevant external communication activities, certain kinds of forums and seminars are as follows:

(1) Seminar on sustainable development of real estate enterprises

(2) Seminar on the development of the asset management industry

(3) Summit on real estate finance in China

(1) China Real Estate Finance CFO50 Forum — Seminar on sustainable development of real estate enterprises

For assistance of the industry in coping with regulatory changes in the second half of the year 2021, the seminar explored the business strategies under the dilemma of declining real estate sales, increasing financing pressure, and debt repayment pressure confronted by real estate enterprises. The Group partnered with Ernst & Young Hua Ming LLP and Shanghai Advanced School of Finance of Shanghai Jiaotong University for organizing the event to industry stakeholders, including chief financial officers (CFOs) and financial controllers of real estate enterprises, the upstream and downstream enterprises of the real estate industry's value chain and scholars. The seminar aimed to discuss how real estate enterprises could use their financial capabilities, technological capabilities as well as green and low-carbon capabilities for resolving to a sustainable roadmap.

(2) "Exploring the Development Pathway in the China's Asset Management Industry" — Thematic Roundtable Dialogue

Focusing on the opportunities in the development and transformation of China's real estate economy under the current situation, the seminar aimed to discuss how to grasp the trend. On the one hand, the approach to operate under the unified regulatory supervision, and on the other hand, the opportunities for reshaping and breaking through the challenges of the downward trend in the growth of asset management industry and the continued tightening of regulatory supervision. The Group and Shanghai Advanced School of Finance of Shanghai Jiaotong University jointly organised the seminar with the academic support from the industry think tank platform "Gao Jin-Ruiwei Lecture Hall" and the live broadcast support from Shanghai Jiaotong University Gaojin B-Station. The seminar aimed to provide information to industry peers about the major changes brought about by today's macro policies and the continuous regulatory tightening on the asset management industry as well as the approach of seizing opportunities in the current situation.

(3) China Real Estate Finance Summit

For enhancement in the industry peers' understanding on the plight of the real estate downturn in the post-epidemic era and the slow recovery of the global economy, the Group partnered in a strategic way in the initiation and organization of the 2021 China Real Estate Finance Summit, which was co-organized by Shanghai Advanced School of Finance of Shanghai Jiaotong University and Shanghai Chenxi Equity Investment Fund Management Co., Ltd.. The summit focused on the opportunities of the real estate finance industry in its development and transformation, and promoted the stable and healthy development of the real estate industry.

APPENDIX 1: HKEX ESG REPORTING GUIDE INDEX TABLE — "ENVIRONMENTAL" AREA

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

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

APPENDIX 2: HKEX ESG REPORTING GUIDE INDEX TABLE — "SOCIAL" AREA

Environmental, Social and Governance Reporting Guide	Description	Section of This Report
B1 Employment General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6.2.1 Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	6.2.1 (iii) Statistical information related to employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	6.2.1 (iii) Statistical information related to employment
B2 Health and Safety General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6.2.2 Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6.2.2 (iv) Performance on occupational health and safety
KPI B2.2	Lost days due to work injury.	6.2.2 (iv) Performance on occupational health and safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	6.2.2 (i) Workplace management 6.2.2 (ii) Employee training 6.2.2 (iii) Caring of employee health

Environmental, Social and Governance Reporting Guide	Description	Section of This Report
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.2.3 Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.2.3 (ii) Employee training performance
KPI B3.2	The average training hours completed per employee by gender and employee category	6.2.3 (ii) Employee training performance
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	6.2.4 Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.2.4 (i) Prohibition of child labour 6.2.4 (ii) Prohibition of forced labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.2.4 (iii) Handling of non-compliance
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of supply chain.	6.2.5 Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	6.2.5 (i) Supplier distribution
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	6.2.5 (ii) Supplier evaluation and screening
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.2.5 (iii) Management of environmental and social risks in supply chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.2.5 (iv) Green procurement

Environmental, Social and Governance Reporting Guide	Description	Section of This Report
B6 Product Responsibility General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6.2.6 Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.2.6 (i) Product compliance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	6.2.6 (iv) Handling of customer complaints
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.2.6 (vii) Information security management
KPI B6.4	Description of quality assurance process and recall procedures.	6.2.6 (ii) Quality management 6.2.6 (iii) Product recall procedure
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	6.2.6 (viii) Maintenance of customer information

Environmental, Social and Governance Reporting Guide	Description	Section of This Report
B7 Anti-corruption General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	6.2.7 Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6.2.7 (i) Anti-business bribery policy
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	6.2.7 (ii) Anti-money laundering policy 6.2.7 (iii) Principle of fair procurement 6.2.7 (iv) Declaration for conflict of interest 6.2.7 (v) Whistleblowing policy 6.2.7 (vi) Confidentiality of information 6.2.7 (viii) Internal control system
KPI B7.3	Description of anti-corruption training provided to directors and staff.	6.2.7 (vii) Anti-corruption related training
B8 Community Investment General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.2.8 Community Contribution
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6.2.8 Community Contribution
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6.2.8 Community Contribution

EY 安永

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

OPINION

We have audited the consolidated financial statements of Shanghai Realway Capital Assets Management Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 86 to 138, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Consolidation of structured entities	
During the year, the Group acted as an asset manager for or invested in a few structured entities, mainly limited partnerships. Management makes significant judgement on whether the Group controls these structured entities and these structured entities should be consolidated in the consolidated financial statements. Judgement is required to consider whether the Group can exercise the power so as to direct the relevant activities of the entity, has exposure or rights to obtain variable returns, and has the ability to influence the Group's returns from the entity. As at 31 December 2021, the amount of investments in unconsolidated structured entities disclosed in the consolidated statement of financial position was RMB239.2 million. Due to the significance of the unconsolidated structured entities and the complexity of judgement exercised by management, consolidation of investments in funds managed by the Group is considered a key audit matter. The Group's disclosures of the interests in unconsolidated structured entities are detailed in note 2.4, note 3, note 18 and note 29 to the consolidated financial statements.	We assessed and evaluated the design and operating effectiveness of the key controls of management in determining the consolidation scope of interests in structured entities. We obtained and checked the contracts, documents and other public information of the structured entities on a sample basis to assess management judgement in determining whether a structured entity was required to be consolidated by considering whether the Group (1) had the power to exercise so as to direct the relevant activities of the entity, (2) had exposure or rights to obtain variable returns and (3) had the ability to influence the Group's returns from the entity. We assessed the disclosures related to interests in unconsolidated structured entities in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of investments classified as level 3 in the fair value hierarchy	
As at 31 December 2021, the Group's investments classified as level 3 in the fair value hierarchy included investments in associates or joint ventures at fair value through profit or loss, amounting to RMB239.2 million, which involved assessment of the fair value of the associates and joint ventures' underlying investments in real estate properties or financial assets as at 31 December 2021. The Group recorded losses of RMB8.1 million from changes in the fair value of investments in associates or joint ventures in year 2021. The determination of such fair value is considerably subjective, given the lack of availability of market observable data. We focused on the valuation of investments in associates or joint ventures at fair value through profit or loss due to the significance of the amounts and the judgement involved in determining the values of the underlying investments in real estate properties or financial assets held by the associates or joint ventures. The Group's disclosures of the investments in structured entities are detailed in note 2.4, note 3, note 18, and note 31 to the consolidated financial statements.	We assessed and evaluated the design and operating effectiveness of the key controls of management in performing the valuation of the associates' or joint ventures' underlying investments in real estate properties or financial assets. We evaluated the appropriateness of the valuation methodology and valuation technique used by management for the joint ventures' underlying investments in real estate properties or financial assets; and we evaluated and tested the key inputs and assumptions used by management against supporting documentation and relevant valuation sources. We assessed the disclosures related to the valuation of investments classified as level 3 in the fair value hierarchy in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses on trade receivables	
As at 31 December 2021, the Group's provision for expected credit losses on trade receivables was RMB40.7 million which was significant to the Group. The Group applied a forward-looking expected credit loss ("**ECL**") approach to assess the recoverability of trade receivables. The measurement of ECL involves significant judgement and assumptions used in the ECL approach as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions. The Group's disclosures about trade receivables are included in note 2.4, note 3 and note 16 to the consolidated financial statements.	We assessed and evaluated the design and operating effectiveness of the key controls of management in determining the impairment on trade receivables. We evaluated management's assessment of the recoverability of trade receivables by reviewing the detailed analysis of the ageing of trade receivables and testing if payments had been received subsequent to the year end, historical payment patterns along with other economic information, any disputes between the parties involved and the correspondence with customers on expected settlement dates. We reviewed the estimates used to determine the expected credit losses by considering cash collection performance against historical trends and the forward-looking adjustments used in the ECL approach and checked the mathematical accuracy of the calculations. We assessed the disclosures related to impairment on trade receivables in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young
Certified Public Accountants
Hong Kong
30 March 2022

Consolidated Statement of Profit or Loss

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	5	**54,200**	69,074
Other income and gains	5	**3,987**	21,211
Administrative expenses		**(51,286)**	(58,071)
Impairment losses on trade receivables	16	**(30,062)**	(1,567)
Decrease in fair value of investments in associates or joint ventures at fair value through profit or loss	18	**(8,093)**	(17,117)
Other expenses		**(979)**	(1,313)
Finance costs	7	**(269)**	(145)
Share of losses of:			
Joint ventures		**(8,029)**	(1,211)
An associate		**(897)**	(2,141)
(LOSS)/PROFIT BEFORE TAX	6	**(41,428)**	8,720
Income tax credit/(expense)	10	**2,046**	(956)
(LOSS)/PROFIT FOR THE YEAR		**(39,382)**	7,764
Attributable to:			
Owners of the parent		**(39,227)**	4,426
Non-controlling interests		**(155)**	3,338
		(39,382)	7,764
LOSS/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For (loss)/profit for the year (RMB cents)	12	**(25.58)**	2.89

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

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

Consolidated Statement of Financial Position

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**823**	1,076
Right-of-use assets	13(a)	**4,471**	954
Other intangible assets		**643**	739
Investments in joint ventures	14	**2,814**	15,128
Investment in an associate	15	**5,249**	6,146
Investments in associates or joint ventures at fair value through profit or loss ("**IAFV**")	18	**126,789**	189,084
Deferred tax assets	21	**13,828**	7,719
Total non-current assets		**154,617**	220,846
CURRENT ASSETS			
Trade receivables	16	**87,452**	89,239
Prepayments, deposits and other receivables	17	**7,340**	38,795
Loan receivables		**–**	6,873
Investments in associates or joint ventures at fair value through profit or loss ("**IAFV**")	18	**112,370**	29,736
Dividend receivables		**2,931**	2,931
Cash and cash equivalents	19	**26,846**	55,162
Total current assets		**236,939**	222,736
CURRENT LIABILITIES			
Trade payables		**–**	300
Other payables and accruals	20	**15,858**	30,691
Advances from funds managed		**–**	668
Lease liabilities	13(b)	**2,303**	830
Tax payable	10	**4,504**	5,154
Total current liabilities		**22,665**	37,643
NET CURRENT ASSETS		**214,274**	185,093
TOTAL ASSETS LESS CURRENT LIABILITIES		**368,891**	405,939
NON-CURRENT LIABILITIES			
Lease liabilities	13(b)	**2,527**	137
Total non-current liabilities		**2,527**	137
NET ASSETS		**366,364**	405,802
EQUITY			
Equity attributable to owners of the parent			
Share capital	22	**153,340**	153,340
Reserves	23	**210,700**	249,683
		364,040	403,023
Non-controlling interests		**2,324**	2,779
TOTAL EQUITY		**366,364**	405,802

Zhu Ping
Director

Chen Min
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Attributable to owners of the parent									
	Share capital RMB'000	**Share premium*** RMB'000	**Capital reserve*** RMB'000	**Share-based payment reserve*** RMB'000	**Statutory surplus reserves*** RMB'000	**Exchange fluctuation reserve*** RMB'000	**Retained profits*** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
As at 31 December 2019 and 1 January 2020	153,340	158,200	–	4,800	20,994	208	61,223	398,765	1,192	399,957
Profit for the year	–	–	–	–	–	–	4,426	4,426	3,338	7,764
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(168)	–	(168)	–	(168)
Total comprehensive income for the year	–	–	–	–	–	(168)	4,426	4,258	3,338	7,596
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(1,751)	(1,751)
Appropriations to statutory surplus reserves	–	–	–	–	102	–	(102)	–	–	–
As at 31 December 2020	153,340	158,200*	–*	4,800*	21,096*	40*	65,547*	403,023	2,779	405,802
As at 31 December 2020 and 1 January 2021	153,340	158,200	-	4,800	21,096	40	65,547	403,023	2,779	405,802
Loss for the year	-	-	-	-	-	-	(39,227)	(39,227)	(155)	(39,382)
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(56)	-	(56)	-	(56)
Total comprehensive loss for the year	-	-	-	-	-	(56)	(39,227)	(39,283)	(155)	(39,438)
Liquidation of a subsidiary	-	-	300	-	-	-	-	300	(300)	-
Appropriations to statutory surplus reserves	-	-	-	-	130	-	(130)	-	-	-
As at 31 December 2021	153,340	158,200*	300*	4,800*	21,226*	(16)*	26,190*	364,040	2,324	366,364

* These reserve accounts comprise the consolidated reserves of RMB210,700,000 (2020: RMB249,683,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES			
(Loss)/profit before tax:		**(41,428)**	8,720
Adjustments for:			
Finance costs	7	**269**	145
Interest income	5	**(179)**	(102)
Impairment losses on trade receivables	6,16	**30,062**	1,567
Impairment losses on loan receivables	6	**(34)**	(15)
Net gain on disposal of items of property, plant and equipment		**(99)**	–
Gain on disposal of a joint venture	5	**(15)**	(17)
Depreciation of property, plant and equipment	6	**533**	1,350
Depreciation of right-of-use assets	6,13(a)	**2,659**	3,832
Amortisation of other intangible assets	6	**96**	195
Share of profits and losses of:			
Joint ventures	14	**8,029**	1,211
An associate	15	**897**	2,141
Dividend income from IAFV	5	**(1,784)**	(17,526)
Gain on disposal of distressed assets	5	**–**	(1,673)
Exchange gain		**–**	(24)
Decrease in fair value of IAFV	18	**8,093**	17,117
Increase in trade receivables		**(28,275)**	(40,740)
Decrease/(increase) in prepayments, deposits and other receivables		**31,585**	(746)
Decrease in advances from funds managed		**(668)**	(3,123)
(Decrease)/increase in trade payables		**(300)**	300
Decrease in other payables and accruals		**(2,958)**	(763)
(Decrease)/increase in amounts due to related parties		**(9,427)**	17,418
Cash used in operations		**(2,944)**	(10,733)
Interest received		**87**	63
Taxes paid		**(4,714)**	(12,733)
Net cash flows used in operating activities		**(7,571)**	(23,403)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Disposal of a subsidiary		**–**	(1,751)
Disposal of a joint venture		**4,500**	–
(Increase)/decrease in investments in IAFV	18	**(28,432)**	43,420
Dividend income from IAFV		**1,784**	14,695
Purchases of items of property, plant and equipment		**(521)**	(54)
Purchases of other intangible assets		**–**	(168)
Investments in joint ventures	14	**(200)**	–
Repayment of advances to a third party		**7,000**	3,000
Cash receipts from returns of investments relating to liquidation of a joint venture		**–**	1,019
Disposal of items of property, plant and equipment		**340**	24
Net cash flows (used in)/from investing activities		**(15,529)**	60,185

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Advances from related parties	28	–	414
Repayment of advances from related parties	28	(2,448)	(475)
Advances to related parties		(132)	(1)
Repayment of advances to related companies		2	163
Principal portion of lease liabilities	13(b),24(b)	(2,582)	(3,874)
Net cash flows used in financing activities		(5,160)	(3,773)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(28,260)	33,009
Cash and cash equivalents at beginning of year		55,162	22,296
Effect of foreign exchange rate changes, net		(56)	(143)
CASH AND CASH EQUIVALENTS AT END OF YEAR		26,846	55,162
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position and statement of cash flows		26,846	55,162

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

Information about subsidiaries

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

Name	Note	Place of incorporation/ registration and business	Nominal value of registered share capital	Percentage of equity attributable to the Company	Principal activities
上海瑞襄投資管理有限公司 Shanghai Ruixiang Investment Management Co., Ltd. ("**Shanghai Ruixiang**")		PRC/ Mainland China	RMB10,000,000	100%	Fund 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)	PRC/ Mainland China	RMB10,000,000	51%	Investment management
嘉晟瑞信（天津）基金銷售有限公司 Jiasheng Ruixin (Tianjin) Fund Distribution Co., Ltd. ("**Jiasheng Ruixin**")		PRC/ Mainland China	RMB55,000,000	100%	Investment management
上海芮楚商務咨詢有限公司 Shanghai Ruichu Business Advisory Co., Ltd. ("**Shanghai Ruichu**")		PRC/ Mainland China	RMB10,000,000	100%	Investment management
瑞威（香港）資產管理有限公司 Realway (Hong Kong) Assets Management Limited ("**Hong Kong Realway**")		Hong Kong	HKD5,000,000	100%	Investment management
成都瑞威資產管理有限公司 Realway Capital Assets Management (Chengdu) Co., Ltd. ("**Chengdu Realway**")	(1)	PRC/ Mainland China	RMB10,000,000	55%	Investment management

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021. 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

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

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

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

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 4]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

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

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

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

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

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

Structured entities

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

Fair value measurement

The Group measures its investments in associates or joint ventures 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets, deferred tax assets, and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (continued)

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

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

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss 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.

Intangible assets are amortised evenly over the following periods:

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Office buildings	2 to 3 years

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

(b) Lease liabilities

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash follows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

Financial assets at fair value through profit or loss

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

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

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets (continued)

General approach (continued)

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include other payables and amounts due to related parties.

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

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

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

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

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

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

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

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

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

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

Government grants

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

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

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

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

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

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

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

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

(d) Consulting service income is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Other income

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee retirement benefits

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The only obligation of the Company with respect to the central pension scheme is to make the required contributions. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

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

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

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Investment funds managed by the Group

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

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

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a function to calculate ECLs for trade receivables. The key inputs used for the function are probability of default, loss given default and exposure at default which are generally derived from internally developed statistical models and other historical data. At each reporting date, they are adjusted incorporation of forward-looking information to reflect probability-weighted average credit loss. Estimation of ECLs reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 16 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

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

Fair value

The fair value of investments in associates at fair value through profit or loss that are not quoted in an active market is measured by using observable market prices or rates, the recent transaction price and internal assessment based on modelling. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The resulting accounting estimates may not be equal to the related actual results. Further details are given in note 29.

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 21 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

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

Information about a major customer

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

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

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers	**54,200**	69,074

Revenue from contracts with customers

(i) Disaggregated revenue information

	2021 RMB'000	2020 RMB'000
Timing of revenue recognition		
Services transferred over time	**54,200**	69,074
Types of services		
Rendering of fund management services	**44,421**	53,941
Rendering of fund establishment services	**5,611**	12,686
Rendering of consulting services	**4,168**	2,447
	54,200	69,074

(ii) Performance obligations

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

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

An analysis of other income and gains is as follows:

	2021 RMB'000	2020 RMB'000
Other income		
Dividend income from IAFV	**1,784**	17,526
Interest income	**179**	102
Gain on disposal of a joint venture	**15**	17
Gain on disposal of distressed assets	**–**	1,673
Others	**–**	24
Subtotal	**1,978**	19,342
Gains		
Government grants	**1,910**	1,862
Gain on disposal of items of property, plant and equipment	**99**	7
Subtotal	**2,009**	1,869
Total	**3,987**	21,211

6. (LOSS)/PROFIT BEFORE TAX

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

	Notes	2021 RMB'000	2020 RMB'000
Depreciation of property, plant and equipment		**533**	1,350
Depreciation of right-of-use assets	13(a)	**2,659**	3,832
Amortisation of other intangible assets		**96**	195
Impairment losses on trade receivables	16	**30,062**	1,567
Impairment losses on loans receivable		**(34)**	(15)
Lease payments not included in the measurement of lease liabilities	13(c)	**472**	173
Auditor's remuneration		**2,196**	2,457
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**28,108**	32,685
Pension scheme contributions and social welfare		**6,435**	3,251

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities	**269**	145

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2021 RMB'000	2020 RMB'000
Fees	**360**	390
Other emoluments:		
Salaries, allowances and benefits in kind	**2,039**	2,715
Pension scheme contributions	**310**	139
	2,349	2,854
	2,709	3,244

(a) Independent non-executive directors

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

	2021 RMB'000	2020 RMB'000
Mr. Shang Jian	**120**	130
Mr. Liu Yunsheng	**120**	130
Ms. Yang Huifang	**120**	130
	360	390

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2021			
Executive directors:			
Mr. Zhu Ping	**1,104**	**–**	**1,104**
Mr. Duan Kejian	**334**	**121**	**455**
Ms. Su Yi (resigned on 15 March 2021)	**155**	**24**	**179**
Ms. Chen Min (appointed since 15 March 2021)	**206**	**121**	**327**
	1,799	**266**	**2,065**
Non-executive directors:			
Mr. Cheng Jun	**120**	**44**	**164**
Mr. Wang Xuyang	**120**	**–**	**120**
	240	**44**	**284**
Total	**2,039**	**310**	**2,349**
2020			
Executive directors:			
Mr. Zhu Ping	560	–	560
Mr. Duan Kejian	1,032	52	1,084
Ms. Su Yi	863	52	915
	2,455	104	2,559
Non-executive directors:			
Mr. Cheng Jun	130	35	165
Mr. Wang Xuyang	130	–	130
	260	35	295
Total	2,715	139	2,854

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

Ms. Su Yi resigned on 15 March 2021, and Ms. Chen Min was designated as an executive director and Mr. Sun Mao was designated as the chief financial officer on the same day.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2020: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2020: two), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2020: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 RMB'000	2020 RMB'000
Salaries, allowances and benefits in kind	**3,505**	2,494
Pension scheme contributions	**453**	159
	3,958	2,653

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

	Number of employees	
	2021	2020
Nil to RMB1,000,000	**2**	2
RMB1,000,001 to RMB2,000,000	**2**	1
	4	3

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

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2021. Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax at a rate of 25% for the year, except that small-scale enterprises with minimal profits were qualified to apply income tax rate of 2.5% (2020: 5%).

	2021 RMB'000	2020 RMB'000
Current income tax charge for the year — Mainland China	**4,063**	4,157
Deferred tax (note 21)	**(6,109)**	(3,201)
Total tax (credit)/charge for the year	**(2,046)**	956

10. INCOME TAX (CONTINUED)

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

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

Tax payable in the consolidated statement of financial position represents:

	2021 RMB'000	2020 RMB'000
PRC corporate income tax payable	**4,504**	5,154

11. DIVIDENDS

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

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

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

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

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

	2021 RMB'000	2020 RMB'000
Loss/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic loss/earnings per share calculation	**(39,227)**	4,426

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss/earnings per share calculation	**153,340,000**	153,340,000

13. LEASES

The Group as a lessee

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

(a) Right-of-use assets

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

	Office buildings RMB'000
As at 1 January 2020	3,342
Additions	1,444
Depreciation charge	(3,832)
As at 31 December 2020 and 1 January 2021	954
Additions	6,176
Depreciation charge	(2,659)
As at 31 December 2021	4,471

13. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2021 RMB'000	2020 RMB'000
Carrying amount at 1 January	**967**	3,252
New leases	**6,176**	1,444
Accretion of interest recognised during the year	**269**	145
Payments	**(2,582)**	(3,874)
Carrying amount at 31 December	**4,830**	967
Analysed into:		
Current portion	**2,303**	830
Non-current portion	**2,527**	137

The maturity analysis of lease liabilities is disclosed in note 32 to the financial statements.

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

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities	**269**	145
Depreciation charge of right-of-use assets	**2,659**	3,832
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2022	**443**	77
Expense relating to leases of low-value assets	**29**	96
Total amount recognised in profit or loss	**3,400**	4,150

(d) The total cash outflow for leases are disclosed in note 24(b) to the financial statements, and the Group has not commenced additional leases subsequently.

14. INVESTMENTS IN JOINT VENTURES

	2021 RMB'000	2020 RMB'000
Share of net assets	**2,814**	15,128

Name	Particulars of issued capital held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Hengqin Huixun Investment Management Co., Ltd.	–	Zhuhai	40	Investment management
Guangzhou Zhongshunyi Management Consultancy Co., Ltd.	RMB26,000,000	Guangzhou	35	Business consultancy
Jiaxing Ruicheng Equity Investment Co., Ltd.	–	Jiaxing	50	Investment management
Shanghai Realway Yixin Business Information Management Co., Ltd.	RMB10,000,000	Shanghai	40	Business information management

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

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

Guangzhou Zhongshunyi Management Consultancy Co., Ltd., which is considered a material joint venture of the Group for the year ended 31 December 2021, is mainly engaged in business consultancy in Mainland China and is accounted for using the equity method.

14. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

	2021 RMB'000	2020 RMB'000
Cash and cash equivalents	**599**	9,618
Other current assets	**40,349**	33,683
Current assets	**40,948**	43,301
Non-current assets	**62**	19,008
Financial liabilities, excluding trade and other payables and provisions	**(33,168)**	(31,714)
Other current liabilities	**(8,594)**	(8,594)
Current liabilities	**(41,762)**	(40,308)
Net (liabilities)/assets	**(752)**	22,001
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**35%**	35%
Group's share of net (liabilities)/assets of the joint venture	**(263)**	7,700
Acquisition premium adjustment	**2,943**	2,943
Carrying amount of the investment	**2,680**	10,643
Revenue	**17,408**	28,466
Interest income	**62**	72
Depreciation and amortisation	**(350)**	(2,463)
Impairment losses recognised for intangible assets	**(18,273)**	–
Expenses	**(21,600)**	(29,543)
Loss and total comprehensive loss for the year	**(22,753)**	(3,468)

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

	2021 RMB'000	2020 RMB'000
Share of the joint ventures' profits and losses for the year	**65**	(3)
Share of the joint ventures' total comprehensive loss/(profit)	**65**	(3)
Aggregate carrying amount of the Group's investments in the joint ventures	**134**	4,485

15. INVESTMENT IN AN ASSOCIATE

	2021 RMB'000	2020 RMB'000
Share of net assets	**5,249**	6,146

Name	**Particulars of issued capital held**	**Place of registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activity**
Guangrui Juyao (Qingdao) Wealth Asset Management Co., Ltd.[(i)]	RMB50,000,000	Qingdao	18	Investment management

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

Guangrui Juyao (Qingdao) Wealth Asset Management Co., Ltd., which is considered a material associate of the Group for the year ended 31 December 2021, mainly engages in business consultancy in Mainland China and is accounted for using the equity method.

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

	2021 RMB'000	2020 RMB'000
Current assets	**31,666**	40,748
Non-current assets	**102**	834
Current liabilities	**(2,607)**	(7,438)
Net assets	**29,161**	34,144
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**18%**	18%
Group's share of net assets of the associate	**5,249**	6,146
Carrying amount of the investment	**5,249**	6,146
Revenue	**10,578**	49,823
Loss for the year	**(4,983)**	(11,895)
Total comprehensive loss for the year	**(4,983)**	(11,895)

16. TRADE RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables	**128,176**	99,901
Impairment	**(40,724)**	(10,662)
	87,452	89,239

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

As at 31 December 2021, the amount due from joint ventures was RMB716,000 (2020: Nil) and the amount due from associates was RMB21,007,000 (2020: RMB22,697,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

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

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

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

	2021 RMB'000	2020 RMB'000
At beginning of the year	**10,662**	19,768
Impairment losses (note 6)	**30,062**	2,044
Amount reversed (note 6)	**–**	(477)
Amount transferred by settlement of certain trade receivables	**–**	(10,673)
At end of the year	**40,724**	10,662

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

31 December 2021

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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

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

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

The Group, as an investment fund manager, measured the above investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 at 31 December 2021.

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

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

19. CASH AND CASH EQUIVALENTS

	2021 RMB'000	2020 RMB'000
Cash and bank balances	**26,846**	55,162

At the end of the reporting period, the cash and bank balances of the Group denominated in Hong Kong dollars ("**HKD**") amounted to RMB1,695,000 (2020: RMB2,076,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

20. OTHER PAYABLES AND ACCRUALS

	2021 RMB'000	2020 RMB'000
Payroll and welfare payable	**4,800**	4,903
Taxes and surcharges	**1,436**	3,890
Accruals	**1,280**	1,641
Due to related parties (note 28)	**8,059**	19,934
Others	**283**	323
	15,858	30,691

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

21. DEFERRED TAX

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

Deferred tax assets

	Lease liabilities RMB'000	Changes in fair value of IAFV RMB'000	Provision for bad debts RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	710	–	4,954	2,073	7,737
Deferred tax (charged)/credited to profit or loss during the year (note 10)	(468)	1,795	(2,280)	1,174	221
At 31 December 2020 and 1 January 2021	**242**	**1,795**	**2,674**	**3,247**	**7,958**
Deferred tax credited/(charged) to profit or loss during the year (note 10)	**966**	**2,023**	**7,246**	**(3,247)**	**6,988**
At 31 December 2021	**1,208**	**3,818**	**9,920**	**–**	**14,946**

Deferred tax liabilities

	Right-of-use assets RMB'000	Changes in fair value of IAFV RMB'000	Total RMB'000
At 1 January 2020	735	2,484	3,219
Deferred tax credited to profit or loss during the year (note 10)	(496)	(2,484)	(2,980)
At 31 December 2020 and 1 January 2021	**239**	**–**	**239**
Deferred tax charged to profit or loss during the year (note 10)	**879**	**–**	**879**
At 31 December 2021	**1,118**	**–**	**1,118**

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2021, the Group did not recognise deferred tax assets of approximately RMB5,872,000 (2020: RMB3,278,000) in respect of losses amounting to approximately RMB23,488,000 (2020: RMB13,113,000), respectively, that can be carried forward to offset against future taxable income. These tax losses will expire by and including years 2022, 2023, 2024, 2025 and 2026.

21. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities amounting to RMB1,118,000 have been offset in the statement of financial position as at 31 December 2021 (2020: RMB239,000). The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021 RMB'000	2020 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**13,828**	7,719

22. SHARE CAPITAL

	2021 RMB'000	2020 RMB'000
Issued and fully paid: 153,340,000 (2020:153,340,000) ordinary shares	**153,340**	153,340

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

	Number of shares in issue '000	**Share capital** RMB'000
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	153,340	153,340

23. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 89 of the financial statements.

(a) Share premium

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

(b) Capital reserve

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

(c) Share-based payment reserve

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

(d) Statutory surplus reserves

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

(e) Exchange fluctuation reserve

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

24. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,176,000 (2020: RMB1,444,000) and RMB6,176,000 (2020: RMB1,444,000), respectively, in respect of lease arrangements for buildings.

(b) Total cash outflow for leases

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

	2021 **RMB'000**	2020 RMB'000
Within operating activities	**741**	318
Within financing activities	**2,582**	3,874
	3,323	4,192

25. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests were set out below:

	Percentage of equity interest held by non-controlling interests %	**Profit for the year allocated to non-controlling interests** RMB'000	**Accumulated balances of non-controlling interests** RMB'000
31 December 2021			
Qiaofang Investment	49%	513	1,350*

* As at 31 December 2021, the minority shareholder has not yet fully paid the subscribed registered capital.

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

Qiaofang Investment

	2021 **RMB'000**	2020 RMB'000
Revenue	**4,808**	7,630
Total expenses	**(3,761)**	(2,579)
Profit for the year	**1,047**	5,051
Total comprehensive income for the year	**1,047**	5,051
Current assets	**7,973**	7,661
Non-current assets	**49**	41
Current liabilities	**(1,696)**	(2,423)
Net cash flows (used in)/from operating activities	**(6,406)**	6,521
Net cash flows used in financing activities	**–**	(147)
Net (decrease)/increase in cash and cash equivalents	**(6,406)**	6,374

31 December 2021

26. CONTINGENT LIABILITIES

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

27. COMMITMENTS

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

28. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

	2021 **RMB'000**	2020 RMB'000
Repayment of advances from related companies:		
Joint ventures	**2,448**	453
Company controlled by a close relative of an executive director	**–**	22
Services provided by joint ventures and an associate	**9,624**	52,893
Services provided by a company controlled by the ultimate controlling shareholder	**232**	269
Fund management services rendered to joint ventures	**8,216**	10,170
Establishment services rendered to a joint venture	**688**	–

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

(b) Outstanding balances with related parties

	2021 **RMB'000**	2020 RMB'000
Due from related companies:		
Trade-related*:		
Joint ventures	**716**	–
Associates	**21,007**	22,697

* These amounts are included in trade receivables, refer to note 16.

	2021 **RMB'000**	2020 RMB'000
Due from related companies:		
Non trade-related:		
Joint ventures	**131**	1
Due to related companies:		
Trade-related:		
Joint ventures	**1,257**	725
An associate	**6,723**	16,694
Due to related companies:		
Non trade-related:		
Joint ventures	**59**	2,507
Company controlled by a close relative of an executive director	**20**	8

28. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel of the Group

	2021 RMB'000	2020 RMB'000
Short term employee benefits	**3,240**	4,102
Post-employment benefits	**597**	264
Total compensation paid to key management personnel	**3,837**	4,366

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

29. INTERESTS IN STRUCTURED ENTITIES

a. Interests in consolidated structured entities

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

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

b. Interests in unconsolidated structured entities

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

The Group classified the investments in unconsolidated limited partnerships managed by the Group as investments in associates or joint ventures at fair value through profit or loss. As at 31 December 2021, the carrying amounts of the Group's investments in unconsolidated structured entities were RMB239.2 million (2020: RMB218.8 million). The management fee arising from these unconsolidated structured entities amounted to RMB8.2 million for the year ended 31 December 2021 (2020: RMB10.2 million).

Besides, the Group also acts as a fund manager for some limited partnerships without any investment. As at 31 December 2021, the management fee arising from these unconsolidated limited partnerships amounted to RMB36.2 million (2020: RMB43.8 million).

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

As at 31 December 2021, the Group managed funds with a total AUM of approximately RMB4,297.3 million (31 December 2020: RMB4,838.5 million).

30. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	2021 RMB'000	2020 RMB'000
Measured at amortised cost:		
Trade receivables (note 16)	**87,452**	89,239
Financial assets included in prepayments, deposits and other receivables (note 17)	**6,044**	35,448
Loan receivables	**–**	6,873
Dividend receivables	**2,931**	2,931
Cash and cash equivalents (note 19)	**26,846**	55,162
	123,273	189,653

Financial liabilities

	2021 RMB'000	2020 RMB'000
Other financial liabilities:		
Financial liabilities included in other payables and accruals (note 20)	**8,342**	20,257

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 valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

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

	Carrying amounts		**Fair values**	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Financial assets				
Investments in associates or joint ventures at fair value through profit or loss (note 18)	**239,159**	218,820	**239,159**	218,820

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2021:

Financial assets	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) and fair value
Investments in associates or joint ventures at fair value through profit or loss:	Level 3	Calculated based on the net asset value of underlying investments	Net asset value of underlying investments	The higher the net asset value of underlying investments, the higher the fair value
– Other real estate projects*	Level 3	Discounted cash flow model	Risk-adjusted discount rates	The lower the risk-adjusted discount rates, the higher the fair value
– Distressed debt assets recoverable*	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected recoverable amounts	The higher the expected recoverable amounts, the higher the fair value
			Expected recovery date	The earlier the expected recovery date, the higher the fair value
			Discount rates that correspond to the expected risk level	The lower the discount rates, the higher the fair value

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

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group's investments in associates or joint ventures at fair value through profit or loss which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB239,159,000 as at 31 December 2021 (2020: RMB218,820,000). The significant unobservable input is the net asset value of the underlying investments made by the funds. A 5% increase/decrease in the net asset value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amounts of these investments by RMB11,958,000 as at 31 December 2021 (2020: RMB10,941,000).

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 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Investments in associates or joint ventures at fair value through profit or loss	–	–	239,159	239,159

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Investments in associates or joint ventures at fair value through profit or loss	–	–	218,820	218,820

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2020: Nil).

Refer to note 18 for the movements in fair value measurements within Level 3 during the years ended 31 December 2020 and 2021.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables and loan receivables represent the Group's maximum exposure to credit risk in relation to its financial assets as at 31 December 2021.

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

The Group's cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

The Group's trade receivables mainly represent regular management fees based on a predetermined fixed percentage of the asset value under management and paid out in the priority of the funds' distributable cash flows, and the directors of the Company are of the opinion that there is a significant increase in credit risk inherent in the Group's outstanding balance of trade receivables as at 31 December 2021.

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging as at 31 December 2021

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

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	87,452	87,452
Financial assets included in prepayments and other receivables — Normal**	6,044	–	–	–	6,044
Cash and cash equivalents — Not yet past due	26,846	–	–	–	26,846
	32,890	–	–	87,452	120,342

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	89,239	89,239
Financial assets included in prepayments and other receivables — Normal**	35,448	–	–	–	35,448
Loans receivable — Not yet past due	6,873	–	–	–	6,873
Cash and cash equivalents — Not yet past due	55,162	–	–	–	55,162
	97,483	–	–	89,239	186,722

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 16 to the financial statements.

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, convertible bonds, lease liabilities and other interest-bearing loans.

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

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
31 December 2021					
Lease liabilities	**–**	**737**	**1,923**	**2,606**	**5,266**

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
31 December 2020					
Lease liabilities	–	784	353	153	1,290

Price risk

The Group is exposed to price risk in respect of the investments in associates or joint ventures measured at fair value through profit or loss held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. Each investment is managed by senior management on a case-by-case basis. The sensitivity analysis is performed by management. See note 31 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 2020 and 2021.

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

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Total liabilities	**25,192**	37,780
Total assets	**391,556**	443,582
Gearing ratio	**6.43%**	8.52%

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	580	355
Right-of-use assets	2,116	142
Other intangible assets	643	739
Investments in subsidiaries	110,931	119,931
Investments in joint ventures	2,814	15,128
Investment in an associate	5,249	6,146
Investments in associates or joint ventures at fair value through profit or loss ("**IAFV**")	125,271	187,186
Deferred tax assets	5,778	3,776
Total non-current assets	253,382	333,403
CURRENT ASSETS		
Trade receivables	23,926	22,093
Due from related parties	3,811	–
Prepayments, deposits and other receivables	959	42,411
Investments in associates or joint ventures at fair value through profit or loss ("**IAFV**")	112,370	29,736
Dividend receivables	2,931	2,931
Cash and cash equivalents	8,343	9,061
Total current assets	152,340	106,232
CURRENT LIABILITIES		
Other payables and accruals	3,181	4,370
Lease liabilities	988	145
Tax payable	–	1,591
Total current liabilities	4,169	6,106
NET CURRENT ASSETS	148,171	100,126
TOTAL ASSETS LESS CURRENT LIABILITIES	401,553	433,529
NON-CURRENT LIABILITIES		
Due to related parties	37,288	47,494
Lease liabilities	1,330	–
Total non-current liabilities	38,618	47,494
NET ASSETS	362,935	386,035
EQUITY		
Equity attributable to owners of the parent		
Share capital	153,340	153,340
Reserves	209,595	232,695
TOTAL EQUITY	362,935	386,035

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Statutory surplus reserves and other reserves RMB'000	Retained profits RMB'000	Total RMB'000
At 31 December 2019 and 1 January 2020	163,329	15,994	57,432	236,755
Total comprehensive loss for the year	–	–	(4,060)	(4,060)
At 31 December 2020 and 1 January 2021	**163,329**	**15,994**	**53,372**	**232,695**
Liquidation of a subsidiary	**–**	**300**	**–**	**300**
Total comprehensive loss for the year	**–**	**–**	**(23,400)**	**(23,400)**
At 31 December 2021	**163,329**	**16,294**	**29,972**	**209,595**

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2022.