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上海瑞威資產管理股份有限公司

Shanghai Realway Capital Assets Management Co., Ltd.

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

(Stock Code: 1835)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai Realway Capital Assets Management Co., Ltd. (the “**Company**” or “**Realway Capital**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2018 (the “**Year**”), together with comparative figures for the year ended 31 December 2017.

Highlights

- The Group recognised revenue of approximately RMB157.4 million for the Year, representing an increase of approximately 20.3% as compared to the revenue of approximately RMB130.9 million recognised in the previous year.
- The Group achieved a profit of approximately RMB46.5 million during the Year, representing a decrease of approximately 26.6% as compared to that of the previous year; profits attributable to the equity shareholders of the Company were approximately RMB45.7 million, representing a decrease of approximately 29.7% as compared to that of the previous year; and the net profit margin for the Year was 29.5%, representing a decrease of approximately 18.9 percentage points as compared to that of the previous year.
- Cash and cash equivalents of the Group were RMB167.2 million as at the end of the Year, representing an increase of approximately 301.3% compared to approximately RMB41.7 million as at the end of the previous year.
- The Board recommended the distribution of a final dividend (“**Final Dividend**”) of RMB0.0652 per ordinary share (inclusive of tax) to all shareholders of the Company (the “**Shareholder**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	<i>Notes</i>	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
REVENUE	4	<u>157,417</u>	<u>130,875</u>
Other income and gains	4	13,203	4,365
Administrative expenses		(99,673)	(63,726)
Increase/(decrease) in fair value of investments in associates or a joint venture at fair value through profit or loss	10	(4,547)	24,849
Other expenses		(3,169)	(6,919)
Share of losses of:			
Joint ventures		(362)	(498)
An associate		<u>—</u>	<u>—</u>
PROFIT BEFORE TAX	5	<u>62,869</u>	<u>88,946</u>
Income tax expense	6	<u>(16,391)</u>	<u>(25,600)</u>
PROFIT FOR THE YEAR		<u>46,478</u>	<u>63,346</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>46,478</u>	<u>63,346</u>
Attributable to:			
Owners of the parent		<u>45,735</u>	<u>65,014</u>
Non-controlling interests		<u>743</u>	<u>(1,668)</u>
		<u>46,478</u>	<u>63,346</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the year (RMB cents)	7	<u>38.41</u>	<u>59.10</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	<i>Notes</i>	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,565	4,064
Other intangible assets		697	953
Investments in joint ventures		6,114	—
Investment in an associate		9,000	—
Investments in associates or a joint venture at fair value through profit or loss (“IAFV”)	10	149,318	79,613
Loan receivables		9,311	27,354
Deferred tax assets		1,665	59
		<hr/>	<hr/>
Total non-current assets		180,670	112,043
CURRENT ASSETS			
Trade receivables	9	69,387	77,560
Prepayments, deposits and other receivables		13,235	26,548
Loan receivables		19,638	20,736
Investments in associates or a joint venture at fair value through profit or loss (“IAFV”)		16,904	4,236
Dividend receivable		2,833	101
Cash and cash equivalents		167,177	41,657
		<hr/>	<hr/>
Total current assets		289,174	170,838
CURRENT LIABILITIES			
Other payables and accruals	11	33,046	12,854
Advances from funds managed		17,942	28,962
Tax payable	6	12,280	11,375
		<hr/>	<hr/>
Total current liabilities		63,268	53,191
		<hr/>	<hr/>
NET CURRENT ASSETS		225,906	117,647
		<hr/> <hr/>	<hr/> <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		406,576	229,690
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2018 RMB'000	2017 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		<u>5,076</u>	<u>6,076</u>
Total non-current liabilities		<u>5,076</u>	<u>6,076</u>
NET ASSETS		<u>401,500</u>	<u>223,614</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	12	153,340	110,000
Reserves		<u>245,766</u>	<u>113,531</u>
		<u>399,106</u>	<u>223,531</u>
Non-controlling interests		<u>2,394</u>	<u>83</u>
TOTAL EQUITY		<u>401,500</u>	<u>223,614</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP INFORMATION

Shanghai Realway Capital Assets Management Co., Ltd. is a limited liability company established in the People's Republic of China (“**PRC**”). The registered office of the Company is located at Room 1601, Ge Zhou Ba Tower, 1088 Yuan Shen Road, Pilot Free Trade Zone, Shanghai, China.

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

- funds management
- investment management in relation to the establishment and structuring of the relevant funds and the sourcing of investors (“**investment management**”)

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

2. BASIS OF PREPARATION

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

3. OPERATING SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

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

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	24,057	24,057
Customer B	NA*	15,043

* Revenue from Customer B was less than 10% of the Group's revenue, and no additional revenue from a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year ended 31 December 2018.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Rendering of services	<u>157,417</u>	<u>130,875</u>
Revenue from contracts with customers		
Disaggregated revenue information		
	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Type of services		
Rendering of funds management services	152,053	128,770
Rendering of fund establishment services	<u>5,364</u>	<u>2,105</u>
	<u>157,417</u>	<u>130,875</u>
Timing of revenue recognition		
Services transferred over time	<u>157,417</u>	<u>130,875</u>

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Other income		
Dividend income from IAFV	8,456	3,260
Interest income	86	242
	<hr/> 8,542	<hr/> 3,502
Gains		
Government grants (<i>note 5</i>)	4,307	861
Waiver of liabilities payable to a non-related party	325	—
Gain on disposal of a subsidiary	29	2
	<hr/> 4,661	<hr/> 863
	<hr/> 13,203	<hr/> 4,365

5. PROFIT BEFORE TAX

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

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

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax rate at a rate of 25% for the year.

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Current — Mainland China charge for the year	18,997	20,106
Deferred tax	(2,606)	5,494
	<hr/>	<hr/>
Total tax charge for the year	<u>16,391</u>	<u>25,600</u>

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

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

Tax losses not recognised expire as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
2022	—	6,076
2023	<u>1,559</u>	<u>—</u>
	<u>1,559</u>	<u>6,076</u>

Tax payable in the consolidated statement of financial position represents:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
PRC corporate income tax payable	<u>12,280</u>	<u>11,375</u>

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 119,078,521 (2017: 110,000,000) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

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

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

Number of shares

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

8. DIVIDENDS

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

- (i) The final dividends for the year 2017 have been approved by the Company's shareholders at a meeting in January 2018, which has been fully settled by the Company in late August 2018.
- (ii) Subsequent to the end of the reporting period, a final dividend for the year 2018 ended 31 December 2018 of RMB6.52 cents per ordinary share, amounting to a total of approximately RMB10,000,000 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting. The final dividends has been proposed after the end of reporting period has not been recognized as a liability at the end of the reporting period.

9. TRADE RECEIVABLES

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

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Trade receivables	69,387	77,560
Impairment	<u>—</u>	<u>—</u>
	<u>69,387</u>	<u>77,560</u>

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

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Within 1 year	66,422	77,177
1 to 2 years	<u>2,965</u>	<u>383</u>
Total	<u>69,387</u>	<u>77,560</u>

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

10. INVESTMENTS IN ASSOCIATES OR A JOINT VENTURE AT FAIR VALUE THROUGH PROFIT OR LOSS (“IAFV”)

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Unlisted investments in associates or a joint venture, at fair value	<u>166,222</u>	<u>83,849</u>

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

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

	Cost <i>RMB'000</i>	Increase/ (decrease) in fair value of IAFV <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2017	55,000	—	55,000
Additions	<u>4,000</u>	<u>24,849</u>	<u>28,849</u>
At 31 December 2017	<u>59,000</u>	<u>24,849</u>	<u>83,849</u>
Comprising:			
Current portion	<u>4,000</u>	<u>236</u>	<u>4,236</u>
Non-current portion	<u>55,000</u>	<u>24,613</u>	<u>79,613</u>
At 1 January 2018	59,000	24,849	83,849
Movements	298,730	(1,815)	296,915
Exit and/or realisation	<u>(211,810)</u>	<u>(2,732)</u>	<u>(214,542)</u>
At 31 December 2018	<u>145,920</u>	<u>20,302</u>	<u>166,222</u>
Comprising:			
Current portion	<u>15,920</u>	<u>984</u>	<u>16,904</u>
Non-current portion	<u>130,000</u>	<u>19,318</u>	<u>149,318</u>

11. OTHER PAYABLES AND ACCRUALS

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Payroll and welfare payable	9,527	8,506
Taxes and surcharges	1,082	2,251
Accruals	3,408	1,741
Due to related parties	8,718	18
Others	10,311	338
	<u>33,046</u>	<u>12,854</u>

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

12. SHARE CAPITAL

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Issued and fully paid:		
153,340,000 (2017: 110,000,000) ordinary shares	<u>153,340</u>	<u>110,000</u>

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

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

Notes:

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

The Group is a private fund manager specialising in the management of real estate investment funds in the PRC. The Group manages two broad types of funds, namely (i) fund(s) structured and managed for the purpose of directly investing in a specific real estate investment project (“**Project Fund(s)**”); and (ii) flexible fund(s) of funds structured and managed, or co-managed, by the Group which may invest in designated types of funds under the Group’s portfolio instead of making direct investment into investment projects and are permitted to invest in multiple investment projects indirectly through a number of funds at the same time (“**FOF (s)**”).

The Group’s managed funds invest in three main categories of portfolio assets, namely commercial real estate projects, distressed assets projects, and urbanisation and redevelopment projects.

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

Assets under management (“AUM”)

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

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

Revenue

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

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

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

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

	31 December 2018		31 December 2017	
	No. of Funds	AUM (<i>approximate</i> <i>RMB '000</i>)	No. of Funds	AUM (<i>approximate</i> <i>RMB '000</i>)
Project Funds	10	4,460.0	11	4,933.5
FOFs	6	694.0	6	541.0
Less: FOFs investments in Project Funds	—	(640.0)	—	(489.6)
Total	16	4,514.0	17	4,984.9

Regular management fees

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

Performance fees

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

One-off fund establishment fees

One-off fund establishment fees represent the fees charged by the Group in relation to the establishment of the funds and the sourcing of investors. The Group recognised revenue of approximately RMB5.4 million from one-off fund establishment fees during the Year, representing an increase of approximately RMB3.3 million or 155.5% as compared to that of the previous year. Such increase was mainly due to addition of a number of sizeable projects to the Group near the end of 2017, including the Shengsi Project (嵯泗項目), Chengdu Project (成都項目), Zhongheng Project (眾恒項目) and Realway Development No.5 Unit Trust Fund (瑞威發展五號契約型私募基金), all of which started to raise funds in early 2018, and their establishment fees were therefore recognised during the Year.

Other income and gains

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

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

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

Dividend income from IAFV

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

Government grants

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

Administrative expenses

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

- (i) business expansion and increase in the number of the staff, staff cost, advisory fees and travel expenses;
- (ii) the one-off listing expenses of approximately RMB18.8 million recognised during the Year; and
- (iii) employee incentive expenses of approximately RMB4.8 million recognised during the Year as compared to nil in the previous year.

Increase/(decrease) in fair value of IAFV

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

Income tax expense

Income tax expense of the Group for the Year was approximately RMB16.4 million, representing a decrease of approximately 36.0% as compared to approximately RMB25.6 million in 2017, which was mainly due to the decrease in profit before tax.

Total comprehensive income for the year

Profit for the year of the Group decreased from approximately RMB63.3 million in 2017 to RMB46.5 million during the Year, and net profit margin decreased from approximately 48.4% in 2017 to approximately 29.5% during the Year, which was mainly due to:

- (i) the delayed exit of Yuhang Xinquayuan Project which led to delays in the recognition of management fees. Fund costs also increased due to delayed exit of the project, causing a decrease of approximately RMB4.5 million in IAFV for the Year;
- (ii) the one-off listing expenses of approximately RMB18.8 million recognised during the Year; and
- (iii) employee incentive expenses of approximately RMB4.8 million recognised for the Year.

Liquidity and financial resources

The Group regularly reviews the status of liquidity and actively manages liquidity and financial resources in light of changes in the economic environment and business development needs. As at 31 December 2018, the cash and cash equivalents of the Group was approximately RMB167.2 million, representing an increase of approximately RMB125.5 million as compared to the amount recorded as at the end of the previous year, which was mainly due to the net proceeds from the Share Offer in 2018. After deducting the underwriting fees and related expenses, the net proceeds from the Share Offer amounted to approximately HK\$183.7 million (approximately RMB161.0 million).

Gearing ratio

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

Treasury policies

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

Pledge of assets

As at 31 December 2018, the Group did not have any assets which were pledged.

Foreign exchange risk

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

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

Capital structure

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

Final dividend

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

Commitments

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

Segmental information

Segmental information of the Group for the Year is disclosed on note 3 to the consolidated financial statements of this announcement.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the year ended 31 December 2018, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Capital expenditures and contingent liabilities

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

Employees and remuneration policy

As at 31 December 2018, the Group employed a total of 193 employees (as at 31 December 2017: 124 employees). The Group has adopted an employee compensation policy which takes into account factors such as external market competitiveness and internal fairness, and provides diversified training and individual development plans for its employees. The Group has a clear promotion policy that gives eligible employees career progression opportunities.

Significant investments held

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

Recent Development

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

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

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

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

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

— *Geographical expansion*

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

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

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

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

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

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

On 5 March 2019, the Company invested RMB14 million to acquire 35% equity interests in Guangzhou Zhongshunyi Wealth Management Co., Ltd. (“**Guangzhou Zhongshunyi**”). The original controlling shareholder of Guangzhou Zhongshunyi is Shenzhen Zhongshunyi Asset Management Co., Ltd. (“**Shenzhen Zhongshunyi**”). Established jointly by CITIC Trust Co., Ltd., S.F. Express (Group) Co., Ltd. and Hangzhou Netease Investment Co., Ltd., Shenzhen Zhongshunyi is principally engaged in the asset management and investment management business. As at the date of this announcement, the Company and Shenzhen Zhongshunyi hold 35% and 35% equity interests in Guangzhou Zhongshunyi, respectively, and the remaining 30% is held by the employee shareholding platform of Guangzhou Zhongshunyi. Guangzhou Zhongshunyi has a team of wealth management professionals who worked at major financial institutions and is committed to building an elite and professional marketing team to solidify the business linkage between asset management and wealth management. The Board believes that the acquisition plan will have a positive impact on improving the marketing capabilities of the Group. As all of the applicable percentage ratios (as defined under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) in respect of such acquisition were less than 5%, the acquisition did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Proceeds from the Listing

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

- 60% of which will be utilised for the establishment of new FOFs
- 30% of which will be utilised for the geographical expansion of the Group's business within the PRC
- 10% of which will be utilised as working capital and for other general corporate purposes

Corporate governance practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and strengthen corporate value and accountability system.

For the year ended 31 December 2018, the Company had adopted and complied with the code provisions (the “**Code Provisions**”) set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules.

After the end of the Year, Mr. Zhu Ping (“**Mr. Zhu**”) was re-designated on 18 January 2019 as chairman of the Company (the “**Re-designation**”) in addition to being an executive Director and chief executive officer of the Company. Such practice constituted a deviation from Code Provision A.2.1, which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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 Code Provision A.2.1 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.

Notwithstanding the above, the Board will continue to review and consider splitting the roles of the chairman and the chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted a code for securities transactions by Directors and a code for securities transactions by supervisors of the Company (the "**Supervisors**") as its own codes of conduct governing Directors' and Supervisors' dealings in the Company's securities (the "**Securities Dealing Code**") on terms no less exacting than the 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 period from 13 November 2018 (the "**Listing Date**") to 31 December 2018.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the period from the Listing Date to 31 December 2018.

Purchase, sale or redemption of the Company's listed securities

Since the Listing Date and up to 31 December 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The Board has established an audit committee (the “**Audit Committee**”). The Audit Committee is currently made up of three members, namely Ms. Yang Huifang (Chairman) (with appropriate expertise in accounting and related financial management), Mr. Shang Jian and Mr. Liu Yunsheng, all of whom are independent non-executive Directors. The primary responsibility of the Audit Committee is to review and supervise the financial reporting procedures and internal controls of the Company, as well as other responsibilities assigned by the Board.

The audit committee has reviewed with Company’s management; the accounting principles and practices adopted by the Group and the risk management policies and issues of the Group, and discussed internal controls and financial reporting matters including a review of the annual results of the Group for the year ended 31 December 2018.

Annual General Meeting

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

Closure of Register of Members

For the purpose of determining the eligibility to attend and vote at the AGM, the register of members of the Company (“**Register of Members**”) will be closed from Wednesday, 24 April 2019 to Friday, 24 May 2019, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company’s H Share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration, no later than 4:30 p.m. on Tuesday, 23 April 2019.

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

Competing Interests

The Directors are not aware of any business or interest of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined in the Listing Rules) that compete or may compete with the business of the Group, or any other conflicts of interest which any such person has or may have with the Group during the year ended 31 December 2018.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2018 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the AGM.

Changes in information relating to Directors and Supervisors

Save for the Re-designation, there has been no change in information relating to Directors and Supervisors during the Year and up to the date of this announcement.

Publication of annual results announcement and annual report

This annual results announcement is available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.realwaycapital.com). The annual report for the year ended on 31 December 2018, containing all information required under the Listing Rules, will be dispatched to Shareholders and posted on the websites of the Stock Exchange and the Company.

Important events after the end of the Year

Save as disclosed in this announcement, there is no important event affecting the Group which has occurred after the end of the Year and up to the date of this announcement.

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

Shanghai, the PRC, 22 March 2019

As of the date of this announcement, the board of directors of the Company comprises Mr. Zhu Ping, Mr. Duan Kejian and Ms. Su Yi as executive Directors; Mr. Wang Xuyang and Mr. Cheng Jun as non-executive Directors; and Ms. Yang Huifang, Mr. Shang Jian and Mr. Liu Yunsheng as independent non-executive Directors.