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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai Realway Capital Assets Management Co., Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2020, as follows.

HIGHLIGHTS

- The unaudited revenue of the Group decreased by approximately 42.4% from approximately RMB50.1 million for the six months ended 30 June 2020 to approximately RMB28.8 million for the same period in 2021.
- For the six months ended 30 June 2021, the Group recognised the profit for the period of approximately RMB0.8 million, representing a decrease of approximately 89.8% as compared with that of the same period last year.
- For the six months ended 30 June 2021, earnings per share attributable to ordinary equity holders of the parent was approximately RMB0.06 cents.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended	
		30 June	
		2021	2020
		RMB'000	RMB'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
REVENUE	5	<u>28,815</u>	<u>50,068</u>
Other income and gains	5	3,384	7,524
Administrative expenses		(24,816)	(27,509)
Impairment losses on trade receivables	9	(1,578)	(8,046)
Decrease in fair value of investments in associates or a joint venture at fair value through profit or loss	10	(1,915)	(6,381)
Other expenses		(58)	(9)
Finance cost		(137)	(55)
Share of losses of:			
Joint ventures		(1,402)	(552)
Associates		(764)	(2,484)
PROFIT BEFORE TAX		<u>1,529</u>	<u>12,556</u>
Income tax expense	6	<u>(736)</u>	<u>(4,779)</u>
PROFIT FOR THE PERIOD		<u>793</u>	<u>7,777</u>
Attributable to:			
Owners of the parent		94	9,216
Non-controlling interests		699	(1,439)
		<u>793</u>	<u>7,777</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the period (<i>RMB cents</i>)	7	<u>0.06</u>	<u>6.01</u>
PROFIT FOR THE PERIOD		<u>793</u>	<u>7,777</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2021

	Six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
<i>Notes</i>	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	<u>17</u>	<u>262</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>17</u>	<u>262</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>810</u></u>	<u><u>8,039</u></u>
Attributable to:		
Owners of the parent	<u>111</u>	9,478
Non-controlling interests	<u>699</u>	<u>(1,439)</u>
	<u><u>810</u></u>	<u><u>8,039</u></u>

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

As at 30 June 2021

		As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		1,171	1,076
Right-of-use assets		6,596	954
Other intangible assets		691	739
Investments in joint ventures		13,725	15,128
Investments in associates		5,382	6,146
Investments in associates or a joint venture at fair value through profit or loss (“IAFV”)	<i>10</i>	248,905	189,084
Deferred tax assets		9,236	7,719
Total non-current assets		285,706	220,846
CURRENT ASSETS			
Trade receivables	<i>9</i>	99,587	89,239
Prepayments, deposits and other receivables		23,907	38,795
Loan receivables		6,866	6,873
Investments in associates or a joint venture at fair value through profit or loss (“IAFV”)	<i>10</i>	–	29,736
Dividend receivable		2,931	2,931
Cash and cash equivalents		14,021	55,162
Total current assets		147,312	222,736
CURRENT LIABILITIES			
Trade payables		–	300
Other payables and accruals	<i>11</i>	16,804	30,691
Advances from funds managed		449	668
Lease liabilities		3,030	830
Tax payable		2,231	5,154
Total current liabilities		22,514	37,643
NET CURRENT ASSETS		124,798	185,093
TOTAL ASSETS LESS CURRENT LIABILITIES		410,504	405,939

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (CONTINUED)**

As at 30 June 2021

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<i>Notes</i>		
NON-CURRENT LIABILITIES		
Lease liabilities	<u>3,932</u>	<u>137</u>
Total non-current liabilities	<u>3,932</u>	<u>137</u>
NET ASSETS	<u><u>406,572</u></u>	<u><u>405,802</u></u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	153,340	153,340
Reserves	<u>249,754</u>	<u>249,683</u>
	<u>403,094</u>	<u>403,023</u>
Non-controlling interests	<u>3,478</u>	<u>2,779</u>
TOTAL EQUITY	<u><u>406,572</u></u>	<u><u>405,802</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021

1. CORPORATE AND GROUP INFORMATION

The interim condensed consolidated financial statements of Shanghai Realway Capital Assets Management Co., Ltd. and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 20 August 2021.

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 26G-3, No. 828–838 (even number) Zhang Yang Road, Pilot Free Trade Zone, Shanghai, PRC.

During the Reporting Period, 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**”)
- 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 is established in the PRC.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

Amendments to IFRS 9, IAS 39,
IFRS 7, IFRS 4 and IFRS 16
Amendment to IFRS 16

Interest Rate Benchmark Reform — Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021
(early adopted)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and 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 phase 2 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.

- (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 period ended 30 June 2021.

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, 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 six months ended 30 June 2021 is set out below:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	NA	11,995

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Rendering of services	28,815	50,068

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of services		
Rendering of funds management services	25,037	47,338
Rendering of fund establishment services	2,418	2,497
Rendering of consulting services	1,360	233
	<u>28,815</u>	<u>50,068</u>
Timing of revenue recognition		
Services transferred over time	<u>28,815</u>	<u>50,068</u>

An analysis of other income and gains is as follows:

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Dividend income from IAFV	1,876	6,309
Interest income	55	23
	<u>1,931</u>	<u>6,332</u>
Gains		
Government grants	1,453	1,184
Gain on disposal of items of property, plant and equipment	-	8
	<u>1,453</u>	<u>1,192</u>
	<u>3,384</u>	<u>7,524</u>

6. INCOME TAX

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

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China charge for the period	2,253	9,057
Deferred tax	(1,517)	(4,278)
Total tax charge for the period	<u>736</u>	<u>4,779</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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares as adjusted to reflect the rights issue during the interim year.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2020 and 30 June 2021.

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

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>94</u>	<u>9,216</u>
Shares		
Weighted average number of ordinary shares in issue during the interim year used in the basic earnings per share calculation	<u>153,340,000</u>	<u>153,340,000</u>

8. DIVIDENDS

No dividends have been proposed by the Directors for the Reporting Period.

9. TRADE RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	111,827	99,901
Impairment	(12,240)	(10,662)
	<u>99,587</u>	<u>89,239</u>

The Group's contractual terms with its funds are mainly on credit. Trade receivables are settled based on the progress payment schedule stipulated in the contracts. The Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, except for the individual provision made during the Reporting Period, 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.

As at 30 June 2021, included in the Group's trade receivables are amounts due from a joint venture and associates of RMB999,000 (2020: Nil) and RMB26,018,000 (2020: RMB22,697,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

An aging 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:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 year	45,063	44,893
1 to 2 years	33,328	34,233
Over 2 years	21,196	10,113
Total	<u>99,587</u>	<u>89,239</u>

The movements in the loss allowance for impairment of trade receivables for the six months ended 30 June 2021 are as follows:

	Individually impaired RMB'000	Collectively impaired RMB'000	Total RMB'000
At beginning of the Reporting Period	8,558	2,104	10,662
Impairment losses	–	1,578	1,578
At end of the Reporting Period	<u>8,558</u>	<u>3,682</u>	<u>12,240</u>

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Unlisted investments in associates or a joint venture, at fair value	<u>248,905</u>	<u>218,820</u>

The Group, as an 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 30 June 2021.

The movements in investments in associates or a joint venture at fair value through profit or loss for the six months ended 30 June 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)
Exit and/or realisation	<u>(43,420)</u>	<u>–</u>	<u>(43,420)</u>
At 31 December 2020	<u>226,000</u>	<u>(7,180)</u>	<u>218,820</u>
Comprising:			
Current portion	<u>28,000</u>	<u>1,736</u>	<u>29,736</u>
Non-current portion	<u>198,000</u>	<u>(8,916)</u>	<u>189,084</u>
At 1 January 2021	226,000	(7,180)	218,820
Movements	60,000	(1,915)	58,085
Exit and/or realisation	<u>(28,000)</u>	<u>–</u>	<u>(28,000)</u>
At 30 June 2021	<u>258,000</u>	<u>(9,095)</u>	<u>248,905</u>
Comprising:			
Current portion	<u>–</u>	<u>–</u>	<u>–</u>
Non-current portion	<u>258,000</u>	<u>(9,095)</u>	<u>248,905</u>

11. OTHER PAYABLES AND ACCRUALS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Payroll and welfare payable	2,250	4,903
Taxes and surcharges	1,606	3,890
Accruals	1,942	1,641
Due to related parties	10,952	19,934
Others	54	323
	<u>16,804</u>	<u>30,691</u>

Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at 30 June 2021 approximated to their corresponding carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a private fund manager specialising in the management of real estate and distressed asset 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 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 type of fund as at the end of the indicated period:

	30 June 2021		31 December 2020	
	Number of funds	AUM <i>RMB million</i>	Number of funds	AUM <i>RMB million</i>
Project Funds	17	4,694.4	16	4,703.0
FOFs	8	795.0	9	823.0
Less: FOFs investments in Project Funds	–	(659.5)	–	(687.5)
Total	25	4,829.9	25	4,838.5

Set out below is a breakdown of project fund AUM by portfolio asset type as at the end of the indicated period:

	30 June 2021			31 December 2020		
	Number of projects	AUM <i>RMB million</i>	Proportion %	Number of projects	AUM <i>RMB million</i>	Proportion %
Commercial real estate projects	8	2,257.5	47.3%	7	2,067.0	43.2%
Urbanisation and redevelopment projects	6	1,589.7	33.3%	6	1,782.9	37.2%
Distressed assets projects	4	930.4	19.4%	4	936.4	19.6%
Total	18	4,777.6	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.

For the Reporting Period, the Group commenced and implemented the following major tasks:

- (i) the Group completed the distribution and exit of the CIFI Changzhou Project* (旭輝常州項目), an urbanisation and redevelopment project, and 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.
- (ii) the Group acquired one commercial real estate project and one urbanisation and redevelopment project. The commercial real estate project is Dalian Project* (大連項目), the underlying asset of which is an underground commercial complex located in Dalian. The urbanisation and redevelopment project is the Zhongnan Foshan Project* (中南佛山項目) in Foshan, Guangdong, with a 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).
- (iii) 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.
- (iv) 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 flat management, reduced authorization levels, and improved overall operation management capacity and decision-making efficiency to ensure the effective execution and full implementation of the Company’s strategy.

FUTURE OUTLOOK

Although the novel coronavirus disease (COVID-19) pandemic (the “**Pandemic**”) has not subsided and the global economy is recovering slowly, China’s economic and financial environment is undergoing positive and profound changes. Growth momentum is strong. With per capita GDP breaking through USD10,000, China has begun to realise the building of a moderately prosperous society, and residents’ demand for wealth management has grown substantially, bringing new opportunities to the assets management business. In May 2021, the Shanghai Municipal Government issued the “Several Opinions on Accelerating the Construction of Shanghai’s Global Assets Management Center (關於加快推進上海全球資產管理中心建設的若干意見)”, striving to build Shanghai as a comprehensive and open assets management center with high concentration of elements of assets management, strong internalization, and a relatively established ecosystem, and to make it an important hub for assets management in Asia to become one of the frontline cities of global assets management center by 2025. Driven by policies and demand, the Group believes that the assets management industry will enter a prime time of development.

Looking ahead, the Group will continue to focus its development in the principal activities of fund management, investment management, and financial consultation services based on the following strategies:

- (i) fund management: the Group will continue to optimize its investment strategy, consolidate and strengthen its investment in urban renovation and distressed assets projects. Meanwhile, the Group will also develop private equity fund management business, diversify fund products, and fulfill the customized and diversified asset allocation needs of the investors, so as to provide comprehensive asset allocation services.
- (ii) investment management: the Group is committed to establishing an elite and professional marketing team to design and structure fund products that meet the requirements of investors focusing on asset investment opportunities. Meanwhile, the Group will also establish a comprehensive family office to provide high-net-worth family clients with professional and customized wealth management services, integrate the Group's resources, and provide investors with an all-rounded family wealth management.
- (iii) financial consulting services: leverage on its assets management capabilities in the professional field of more than ten years, the Group will provide post-investment management services for real estate projects of large financial institutions and provide professional consultation service for project reorganization, bankruptcy and liquidation, sale and disposal in the field of distressed assets.

The Group will also summarize, review and improve the shortcomings in our work, continuously enhance the professional investment level and post-investment management capabilities. We will also continue to provide innovative private equity fund products and services, and upgrade from a real estate private equity fund management company to a professional and innovative assets management company, in contribution to making Shanghai an assets management center with global influence. We will strive to provide services with higher quality and better performance in response to the trust of all investors and shareholders of the Company (the “**Shareholders**”).

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 comprised of regular management fees, performance fees, one-off fund establishment fee and advisory fees. During the Reporting Period, we recognised revenue of approximately RMB28.8 million, representing a decrease of approximately RMB21.3 million or approximately 42.4% as compared to the corresponding period last year, which was mainly due to the decrease in regular management fees.

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

For the six months ended 30 June				
	2021	2020	Change	Rate of
	(unaudited)	(unaudited)		change
	<i>(RMB'000, except percentages)</i>			
Project Funds				
— Regular management fees	18,009	39,735	(21,726)	(54.7%)
— Performance fees	1,125	2,357	(1,232)	(52.3%)
— One-off fund establishment fees	2,433	2,511	(78)	(3.1%)
Sub-total	<u>21,567</u>	<u>44,603</u>	<u>(23,036)</u>	<u>(51.6%)</u>
FOFs				
— Regular management fees	6,053	5,523	530	9.6%
— Performance fees	—	—	—	—
— One-off fund establishment fees	—	—	—	—
Sub-total	<u>6,053</u>	<u>5,523</u>	<u>530</u>	<u>9.6%</u>
Advisory fees	1,368	234	1,134	484.6%
Less: sales-related taxes	(173)	(292)	119	(40.8%)
Total	<u>28,815</u>	<u>50,068</u>	<u>(21,253)</u>	<u>(42.4%)</u>

Regular management fees

Revenue of the Group generated from regular management fees during the Reporting Period was approximately RMB24.1 million, which accounted for approximately 83.5% of the Group's total revenue, representing a decrease of approximately 46.8% as compared to the corresponding period last year. On one hand, due to the increasingly tightened regulation and control on the real estate market, the progress of implementation of new investment projects and the progress of new fund-raising slowed down, and the regular management fee rate of new funds was also lowered in light of the declining profitability of the real estate industry as the underlying investment of the funds. On the other hand, under the ongoing impact of the Pandemic, the disposal of existing projects invested by the Group's managed funds fell short of expectation and the Group ceased to receive regular management fee from certain funds which entered the liquidation period, which in turn affected the revenue from regular management fees to a certain extent.

Performance fees

The Group recorded performance fees of approximately RMB1.1 million during the Reporting Period, mainly attributable to the gain in performance fees received from the exit of the Group's managed funds from CIFI Changzhou Project* (旭輝常州項目) during the Reporting Period.

One-off fund establishment fees

One-off fund establishment fees represent the fees charged by the Group in relation to the establishment of the funds and investors sourcing. Revenue of the Group generated from one-off fund establishment fees for the Reporting Period was approximately RMB2.4 million, mainly attributable to the new Project Fund established during the Reporting Period.

Advisory fees

Advisory fees are the relevant fees charged for the specific investment advisory services for particular projects offered by the Group as a professional service provider. During the Reporting Period, we recorded revenue from advisory fees of approximately RMB1.4 million, representing an increase of approximately RMB1.1 million as compared to the corresponding period last year, which was mainly attributable to the additional advisory fees for the provision of consultancy services by the Group to projects including Qingdao Xingye* (青島興業).

Other income and gains

Other income and gains of the Group decreased from approximately RMB7.5 million in the first half of 2020 to approximately RMB3.4 million for the Reporting Period, representing a decrease of approximately 55.0%. The decrease was mainly due to the decrease of dividend income derived from investments in associates or a joint venture at fair value through profit or loss.

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

For the six months ended 30 June				
	2021	2020	Change	Rate of
	(unaudited)	(unaudited)		change
	<i>(RMB'000, except percentages)</i>			
Dividend income from investments in associates or a joint venture at fair value through profit or loss	1,876	6,309	(4,433)	(70.3%)
Government grants	1,453	1,184	269	22.7%
Interest income	55	23	32	139.1%
Gain on disposal of a subsidiary	–	8	(8)	(100.0%)
Total	<u>3,384</u>	<u>7,524</u>	<u>(4,140)</u>	<u>(55.0%)</u>

Dividend income from investments in associates or a joint venture at fair value through profit or loss (“IAFV”)

Dividend income from IAFV decreased from approximately RMB6.3 million for the six months ended 30 June 2020 to approximately RMB1.9 million for the Reporting Period representing a year-on-year decrease of approximately 70.3%. During the Reporting Period, the dividend income recorded by the Group mainly included the dividends of approximately RMB1.8 million received from our self-financed investment in equity 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 Reporting Period were approximately RMB24.8 million, representing a decrease of approximately 9.8% as compared with approximately RMB27.5 million recorded during the corresponding period last year. Such decrease was mainly due to: (i) under the continuous effect of the Pandemic and the current market condition, the Group’s business expansion was conducted in more cautious manner, resulting in decreases in business enquiries and frequency of business trips of employees, and thus a decrease of approximately RMB2.1 million in total advisory fees and travel expenses was recorded for the Reporting Period as compared to the corresponding period last year; (ii) lease expenses and depreciation and amortisation expenses for the Reporting Period decreased by approximately RMB0.6 million as compared to the corresponding period last year, mainly due to the decrease in lease expenses and depreciation and amortisation expenses as we adjusted the leasing of the office premises according to our staffing.

Impairment loss on trade receivables

The Group applies the IFRS 9 simplified approach to measure the provision for expected credit loss (“ECL”). According to the policy, the Group will make: (i) provision for collectively impaired trade receivables using aging analysis and determined the receivable group by using aging as a credit risk characteristic with adjustments with reference to forward-looking factors specific to the debtors and the economic environment; and (ii) provision for individually impaired trade receivables based on the recoverability of individual receivables and financial position of the debtor.

During the Reporting Period, the Group recognised provision for impairment loss of trade receivables of approximately RMB1.6 million, all of which were provision for collectively impaired trade receivables. The Group calculated the provision based on the ageing of the trade receivables together with previous experience in determining the ECL, and made adjustment with reference to forward-looking factors specific to the debtors and the economic environment. As at 30 June 2021, the provision for collectively impaired trade receivables was approximately RMB3.7 million, representing an increase of approximately RMB1.6 million as compared to that as at 31 December 2020.

Decrease in fair value of IAFV

As part of the Group’s ordinary and usual course of business, the Group has been making investments in the funds structured and managed by itself. Such investments were recognised as IAFV in the Group’s financial statements and will continue such accounting treatment in the future.

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

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

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

The fair value of IAFV for the Reporting Period decreased by approximately RMB1.9 million, mainly attributable to 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)) during the Reporting Period and receipt of dividend income of RMB1.8 million. The decrease of fair value of IAFV was offset by the Group’s dividend income received from IAFV during the Reporting Period.

Share of loss of associates

Loss of associates attributable to the Group during the Reporting Period was approximately RMB0.8 million, mainly due to the recognition of losses for 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**”), in which the Group had equity investment, on a pro-rata basis according to the equity method of accounting during the Year. The share of loss decreased by approximately RMB1.7 million as compared to the corresponding period last year, due to adjustment of business strategies and staff reduction by Guangrui Juyao in second half of 2020, resulting in decrease in cost.

Income tax expense

Income tax expense of the Group decreased from approximately RMB4.8 million for the six months ended 30 June 2020 to approximately RMB0.7 million for the Reporting Period, representing a decrease of approximately 84.6%, mainly due to the decrease in profit before tax.

Profit for the period

The Group’s profit for the period decreased from approximately RMB7.8 million for the six months ended 30 June 2020 to approximately RMB0.8 million for the Reporting Period. The net profit margin decreased from approximately 15.5% for the six months ended 30 June 2020 to approximately 2.8% for the Reporting Period, mainly due to the combined effect of decreases in regular management fees and other income and gains, partly offset by the decreases in administrative expenses, impairment loss of trade receivables and fair value of IAFV and the decrease in income tax expense recorded as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

The Group regularly reviews the liquidity status and actively manages liquidity and financial resources in light of changes in the economic environment and business development needs. As at 30 June 2021, the cash and cash equivalents of the Group was approximately RMB14.0 million (31 December 2020: RMB55.2 million).

GEARING RATIO

The gearing ratio of the Group as at 30 June 2021 was nil (31 December 2020: Nil) as the Group had no outstanding loans, borrowings or bank overdrafts as at 30 June 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 Reporting Period. 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 30 June 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.

COMMITMENTS

The Group did not have any significant commitments as at 30 June 2021 (31 December 2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

CAPITAL EXPENDITURES

As at 30 June 2021, the Group did not have any significant capital expenditures.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group employed a total of 104 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 30 June 2021, IAFV of the Group was approximately RMB248.9 million, representing an increase of approximately RMB30.1 million as compared to 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 Reporting Period (RMB'000)	Fair value as at 30 June 2021 (RMB'000)	Percentage of the total asset value of the Group as at 30 June 2021	Unrealised gains/(losses) related to changes in fair value during the Reporting Period (RMB'000)	Fair value as at 31 December 2020 (RMB'000)	Source of funds	
1	FOF IV (Note 1)	Distressed assets projects	100,000	50.0%	–	96,396	22.3%	(3,604)	97,449	Internal resources
2	Hangzhou Fuyang Huiyun Investment Management Partnership (Limited Partnership)* (杭州富陽匯雲投資管理合夥企業(有限合夥))	Commercial real estate projects	60,000	23.9%	–	60,000	13.9%	–	–	Internal resources
3	FOF IX (Note 2)	Commercial real estate projects	48,000	8.0%	–	40,995	9.5%	(7,005)	40,739	Proceeds from the Share Offer (Note 6)
4	FOF III (Note 3)	Commercial real estate projects, urbanisation and redevelopment projects and distressed assets projects	30,000	10.0%	–	28,032	6.5%	(1,968)	28,012	Internal resources
5	FOF VIII (Note 4)	Urbanisation and redevelopment projects and commercial real estate projects	20,000	11.0%	–	23,482	5.4%	3,482	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)
			<u>258,000</u>		<u>1,766</u>	<u>248,905</u>	<u>(9,095)</u>	<u>218,820</u>		

Notes:

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

The Group will continue to jointly operate a diversified investment portfolio and closely monitor investment performance and market trends to adjust investment strategies.

Save as disclosed in this announcement, the Group did not hold any significant investments during the Reporting Period.

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 were 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). As of the date of this announcement, Hai Shi Urban Renew has not performed its obligation to pay the amount involved in the judgement. 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 overdue 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 30 June 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.

OTHER INFORMATION

Interim dividend

In order to retain resources for the business development of the Group, the Board did not recommend the declaration of interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

Corporate governance practices

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

Pursuant to Code Provision A.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 Reporting Period, the roles of chairman (the "**Chairman**") and chief executive officer (the "**Chief Executive Officer**") of the Company were performed by Mr. Zhu Ping.

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

Compliance with the model code for securities transactions by directors and supervisors

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

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

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 inside 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 Reporting Period.

Share option scheme

As at 30 June 2021, the Company has no share option scheme in place.

Purchase, sale or redemption of listed securities of the Company

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

Events after Reporting Period

Formation of a joint venture

On 30 July 2021, the Company signed a cooperation agreement with Sun Jinyong (孫金永) and Li Fenglin (李豐林) for the establishment of a joint venture company. The joint venture company intends to apply for registration as a private equity investment fund manager and to engage in private equity fund management business through the joint venture company as a platform. According to the cooperation agreement, the registered capital of the joint venture company is RMB10.0 million, and 40%, 40% and 20% equity interest of the joint venture company is held by the Company, Sun Jinyong and Li Fenglin respectively. The joint venture company will be classified as a joint venture of the Company.

Change in principal place of business in Hong Kong

With effect from 1 August 2021, the principal place of business of the Company in Hong Kong was changed to Unit B, 26/F., 235 Wing Lok Street Trade Centre, 235 Wing Lok Street, Hong Kong.

Deregistration of a subsidiary

Realway Capital Assets Management (Guangzhou) Co., Ltd.* (廣州瑞威資產管理有限公司) was deregistered on 9 August 2021.

Competing Interests

The Directors are not aware of any business or interest of the Directors or the controlling Shareholder 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 Reporting Period.

Audit committee

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

Audit or review of the financial results

The financial results for the Reporting Period have not been audited or reviewed by external auditor of the Company.

Publication of interim results and interim report

The interim results announcement is available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.realwaycapital.com). The interim report will be despatched to Shareholders and posted on the websites of the Stock Exchange and the Company in due course.

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

Shanghai, the PRC, 20 August 2021

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

* *for identification purpose only*