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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)

DISCLOSEABLE TRANSACTION TRANSFER OF TARGET FUND INTERESTS

The Board hereby announces that, based on the results of the Company's public auction on the platform of Shanghai Baichang Online Auction Technology Co., Ltd., the Company entered into the Transfer Agreement with the Transferee on 15 June 2023, pursuant to which the Company agreed to transfer the Subject Interests of the Target Fund held by the Company to the Transferee, being the successful bidder at a total consideration of RMB25,330,688.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Transfer are more than 5% but less than 25%, the Transfer constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement of the Company under Chapter 14 of the Listing Rules.

THE TRANSFER

The Board hereby announces that, based on the results of the Company's public auction on the platform of Shanghai Baichang Online Auction Technology Co., Ltd.*(上海百昌網絡拍賣科技有限公司), the Company entered into the Transfer Agreement with the Transferee on 15 June 2023, pursuant to which the Company agreed to transfer the Subject Interests of the Target Fund held by the Company to the Transferee, being the successful bidder at a total consideration of RMB25,330,688. The Company has obtained the confirmation letter in relation to the Transfer on the same date of the Transfer Agreement.

THE TRANSFER AGREEMENT

The principal terms of the Transfer Agreement are set out below:

Date: 15 June 2023

Parties: (i) the Company, as the Transferor; and
(ii) Xiamen Haobo Commercial Management Co., Ltd.*
(廈門灑博商業管理有限公司), as the Transferee,
which is the successful bidder

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Transferee and all of its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Interests of the Transfer: The Subject Interests of the Transfer are the Underlying Interests of the Target Fund in the amount of RMB60,000,000 committed and paid-up by the Company. As of 31 December 2022, the audited book value of the Subject Interest was approximately RMB49,314,000.

As at the date of this announcement, the Subject Interests represent 19.93% of the total capital commitment of the Target Fund and 50.00% of the total paid-up capital contribution of the Target Fund.

Consideration: The Consideration for the Transfer is RMB25,330,688, which is finalised based on the transaction price confirmed at the public auction.

Payment arrangement: The Consideration shall be satisfied in cash in the following manner:

The Transferee has paid RMB3,000,000 to the Company as deposits upon bidding. Upon the Transfer Agreement becoming effective, the deposits shall be converted into the first instalment transfer price.

The Transferee shall pay the second instalment transfer price of RMB14,431,481.60 to the Company within 7 days after the signing of the Transfer Agreement.

The Transferee shall pay the third instalment transfer price of RMB7,899,206.40 to the Company within 21 days after the signing of the Transfer Agreement.

Completion

Completion took place on 15 June 2023, being the same date of the Transfer Agreement.

Upon Completion, the Transferee shall be entitled to all the interests and the obligations in relation to the Subject Interests of the Target Fund and the Company will cease to be a limited partner of the Target Fund and will no longer be entitled to any rights and obligations in relation to the Subject Interests of the Target Fund. The financial results of the Target Fund will no longer be consolidated into the consolidated financial statements of the Group as investments in associates or joint ventures of the Company at fair value through profit or loss.

Upon Completion, Shanghai Ruichu Business Advisory Co., Ltd.* (上海芮楚商務諮詢有限公司) (“**Ruichu Business**”), a wholly-owned subsidiary of the Company, will continue to act as the general partner of the Target Fund to execute partnership affairs on behalf of the Target Fund and hold 0.33% of the total capital commitment of the Target Fund.

INFORMATION ON THE GROUP

The Group is an asset management company established in the PRC and is principally engaged in fund management with a focus on real estate and distressed assets, investment management in relation to the establishment of relevant funds and the sourcing of investors and investment consultation services.

INFORMATION ON THE TRANSFEREE

The Transferee is a company established in the PRC with limited liability and its business scope includes commercial complex management services, non-residential real estate leasing, daily necessities sales and property service evaluation. As at the date of this announcement, Mr. Lin Dehui* (林德慧) indirectly holds an aggregate of 55.25% of the equity interests in the Transferee, and is the actual controller and ultimate beneficial owner with the highest aggregate shareholding percentage in the Transferee.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Transferee and all of its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION ON THE TARGET FUND

The Target Fund is a partnership established in the PRC and is principally engaged in investment management, asset management, equity investment services. As at the date of this announcement, the capital commitment of the Target Fund is RMB301,000,000, which is committed as to 19.93% and 79.74% by the Company and Qingdao Yuanbo Ruitong Trading Co., Ltd.* (青島遠博瑞通貿易有限公司) as limited partners, respectively, and as to 0.33% by Ruichu Business, a wholly-owned subsidiary of the Company, as the general partner of the Target Fund. As at the date of this announcement, the paid-up capital contribution of the Target Fund is RMB120,000,000, which is contributed as to RMB60,000,000 or 50% by each of the Company and Qingdao Yuanbo Ruitong Trading Co., Ltd as limited partners.

The Target Fund is a commercial real estate fund managed by Shanghai Ruixiang Investment Management Co., Ltd.* (上海瑞襄投資管理有限公司), a wholly-owned subsidiary of the Company, as the fund manager. It holds 99.90% of the equity interests in the Project Company, being Fujian Lianbo New Energy Co., Ltd.* (福建聯博新能源有限公司) through equity investment, thereby indirectly holding the underlying assets of the Fuzhou Project invested by the Group, being 17 shops with a total gross floor area of 11,588.69 square meters in the commercial complex-Zhongfang Wanbaocheng* (中防萬寶城) located at No. 199 Gongye Road, Taijiang District, Fuzhou City, Fujian Province, for commercial use. As the Fuzhou Project is a civil air defense project, the right to use and the income right of the Subject Assets shall belong to the Project Company and the property right shall belong to the state.

Set out below is the unaudited consolidated financial information of the Target Fund for the two years ended 31 December 2021 and 2022:

	For the year ended 31 December 2022 <i>(Unaudited)</i> <i>RMB</i>	For the year ended 31 December 2021 <i>(Unaudited)</i> <i>RMB</i>
(Loss)/profit before taxation	(100,510)	11,863,672
(Loss)/profit after taxation	(100,510)	11,863,672

Based on the unaudited consolidated financial statements of the Target Fund, the total assets and net assets of the Target Fund as at 31 December 2022 were approximately RMB133,947,000 and RMB104,003,000, respectively.

BASIS OF DETERMINATION OF THE CONSIDERATION

The Consideration for the Transfer is RMB25,330,688, which is finalised based on the transaction price confirmed by the public auction.

In determining the Consideration for the Transfer, the Company has considered the following factors:

- (i) The Target Fund indirectly owns the Subject Assets of the Fuzhou Project by holding 99.90% of the equity interests in the Project Company. As the multiple waves of COVID-19 pandemic (the “**Pandemic**”) have extensive, deep and prolonged impacts on the PRC’s macro-economy and physical business operations in 2022, the commercial real estate market in Fuzhou has been severely affected, the vacancy rate of commercial properties has increased and the rent level has decreased, and the performance growth momentum is insufficient. In addition, as a commercial complex project, the entrusted operation and management party of the Fuzhou Project has been successively involved in a number of housing lease contract disputes with shop owners since 2021, which seriously damaged the business environment, causing the Fuzhou Project to suffer a relatively significant operating loss, and it is expected that there will be no sign of improvement in the near future;

- (ii) The Company engaged an independent valuer to conduct a valuation on the equity value of the Project Company held by the Target Fund for financial reporting purposes. The valuation reference date is 31 December 2022. According to the report issued by the independent valuer, the fair value of the equity interests of the Project Company as at the valuation reference date was approximately RMB98,948,000 based on the cost approach;
- (iii) Taking into account the historical financial performance, future prospects of the Target Fund and the equity valuation of the Project Company and the operation status of project, the Company has been actively seeking potential transferees in the market and making inquiries in 2023. However, based on the performance of the Target Fund in recent years, no other independent third party has indicated interest in taking transfer the Target Interests. At the same time, the entrusted operation and management party of the Fuzhou Project involved a number of new litigation cases in 2023, and as the executor of the cases, the subject amount of the execution exceeded RMB100 million, which had a serious impact on the performance of its operation and management duties. Taking into account the prevailing market environment, the operating environment of the Fuzhou Project and the financial performance of the Target Fund, the Group is of the view that the continued holding of the Target Interests will not be conducive to the overall performance of the Group and may affect the development of other businesses, and the Transfer should be completed as soon as possible to reduce the adverse impact of the Target Fund on the Group;
- (iv) As at 31 December 2022, the Company's audited investment in the Target Fund at fair value through profit or loss was approximately RMB49,314,000. On the basis of the fair value of such investment, the Company conducted public auctions on the platform of Shanghai Baichang Online Auction Technology Co., Ltd. on 14 April 2023 and 24 April 2023 respectively for the Subject Interests at the initial bidding price of RMB39,579,200 and RMB31,663,360, respectively, but the Subject Interests were not sold in the above two auctions as no bid was received at the end of the above auctions;
- (v) As at 15 June 2023, the Company conducted a public auction of the Subject Interests and their interests on the platform of Shanghai Baichang Online Auction Technology Co., Ltd. once again, with the initial bidding price of RMB25,330,688, and the final bid price of RMB25,330,688 was quoted by the Transferee on 15 June 2023.

FINANCIAL EFFECT OF THE TRANSFER AND USE OF PROCEEDS

Prior to the Completion of the Transfer, the financial results of the Target Fund were consolidated into the consolidated financial statements of the Group as investments in associates or joint ventures of the Company at fair value through profit or loss. Upon Completion of the Transfer, the Company will cease to hold the Subject Interests of the Target Fund and the financial results of the Target Fund will no longer be consolidated into the consolidated financial statements of the Group as investments in associates or joint ventures of the Company at fair value through profit or loss.

Taking into account the fair value of the Company's investment in the Target Fund of approximately RMB49,314,000 as at 31 December 2022, the Consideration of the Transfer of RMB25,330,688 and the underlying transaction costs of RMB50,661, upon Completion, it is expected that the Group will record a net loss before taxation of approximately RMB24,033,973 as a result of the Transfer. The above financial effects are for illustrative purpose only and the actual gain or loss to be recorded by the Group is subject to audit by the auditors of the Company.

It is currently intended that the Group will use the net proceeds from the Transfer for potential investments in line with the Group's development strategies, subject to the actual circumstances and the resolutions of the Board from time to time. The Group is continuously exploring investment opportunities and will make appropriate disclosure in accordance with the applicable requirements of the Listing Rules if the Group makes any investment decision. As at the date of this announcement, the Group has not identified any potential investments.

REASONS FOR AND BENEFITS OF THE TRANSFER

The principal activities of the Group are provision of fund management, investment management and investment consultation services. As a fund managed by the Group, the Target Fund indirectly invests in the Subject Assets of the Fuzhou Project through the Project Company, and intends to improve the operating income through professional operation and management of the Subject Assets to achieve good operating results and the exit of the Target Fund. Due to the huge impact on the commercial real estate market in Fuzhou caused by the multiple waves of Pandemic in 2022, coupled with the fact that the entrusted operation and management party of the Fuzhou Project has been involved in a number of litigation disputes, which exposes the project to huge judicial risks and operating losses, the Target Fund not only recorded no investment income in 2022, but also a significant decrease in the fair value of the relevant equity investment as compared to that in 2021, and the Group does not expect there will be signs of improvement in the near future. Based on the current operation status of the project and according to the valuation logic of the value of operating assets prevailing in the market, if the operation status of the project cannot be improved, the value of the project assets will be subject to depreciation, and will have a greater negative impact on the investment income of the Target Fund and the performance of the Group.

The Board believes that the Transfer represents a good opportunity for the Company to realize its investment in the Target Fund, which helps to protect the Company's investment in the Target Fund from greater loss and allocate resources for the development of other businesses of the Group. The Board expects that the Transfer will not have a material impact on the business of the Group and the Transfer will also enhance the efficiency of the use of funds of the Group.

Based on the above, the Board considers that the terms and conditions of the Transfer Agreement are fair and reasonable and the Transfer is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Transfer are more than 5% but less than 25%, the Transfer constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors
“Company”	Shanghai Realway Capital Assets Management Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Transfer
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Transfer of RMB25,330,688
“Director(s)”	directors of the Company
“Fuzhou Project”	the project of investment into the Subject Assets located in Fuzhou City through the Project Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region
“Listing Rule(s)”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “state”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Project Company”	Fujian Lianbo New Energy Co., Ltd.* (福建聯博新能源有限公司), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subject Assets”	17 shops with a total gross floor area of 11,588.69 square meters in the commercial complex-Zhongfang Wanbaocheng* (中防萬寶城) located at No. 199 Gongye Road, Taijiang District, Fuzhou City, Fujian Province
“Subject Interests”	the Underlying Interests of the Target Fund committed and paid up by the Company at RMB60,000,000, representing 19.93% of the total capital commitment and 50.00% of the total paid-up capital contribution of the Target Fund as at the date of this announcement
“Target Fund”	Hangzhou Fuyang Huiyun Investment Management Partnership (Limited Partnership)* (杭州富陽匯算投資管理合夥企業 (有限合夥)), a partnership incorporated in the PRC
“Transfer”	transfer of the Subject Interests by the Company to the Transferee pursuant to the Transfer Agreement
“Transfer Agreement”	the formal partnership interests transfer agreement entered into between the Company and the Transferee in relation to the Transfer
“Transferee”	Xiamen Haobo Commercial Management Co., Ltd.* (廈門灝博商業管理有限公司), a company incorporated in the PRC with limited liability
“Transferor”	the Company
“Underlying Interests”	the underlying partnership interests of the Target Fund
“%”	Percentage

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
15 June 2023

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

* for identification purpose only