

上海瑞威資產管理股份有限公司

SHANGHAI REALWAY CAPITAL ASSETS MANAGEMENT CO., LTD.

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

Stock code : 1835.HK

2021 INTERIM REPORT



瑞威資本
REALWAY CAPITAL

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Corporate Information

DIRECTORS

Executive Directors

Mr. ZHU Ping (朱平)

(Chairman and Chief Executive Officer)

Mr. DUAN Kejian (段克儉)

Ms. SU Yi (蘇怡)

(resigned with effect from 15 March 2021)

Ms. CHEN Min (陳敏)

(appointed with effect from 15 March 2021)

Non-executive Directors

Mr. CHENG Jun (成軍)

Mr. WANG Xuyang (王旭陽)

Independent non-executive Directors

Mr. LIU Yunsheng (劉雲生)

Mr. SHANG Jian (尚健)

Ms. YANG Huifang (楊惠芳)

SUPERVISORS

Ms. CAI Luyi (蔡璐懿)

Mr. LU Xili (陸希立)

Ms. WANG Juanping (王娟萍)

AUDIT COMMITTEE

Ms. YANG Huifang (楊惠芳) (Chairman)

Mr. SHANG Jian (尚健)

Mr. LIU Yunsheng (劉雲生)

NOMINATION COMMITTEE

Mr. ZHU Ping (朱平) (Chairman)

Mr. SHANG Jian (尚健)

Mr. LIU Yunsheng (劉雲生)

REMUNERATION COMMITTEE

Mr. LIU Yunsheng (劉雲生) (Chairman)

Ms. SU Yi (蘇怡)

(resigned with effect from 15 March 2021)

Ms. YANG Huifang (楊惠芳)

Ms. CHEN Min (陳敏)

(appointed with effect from 15 March 2021)

COMPANY SECRETARY

Ms. LAU Wai Yee (劉惠儀)

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Hong Kong

Corporate Information

AUTHORISED REPRESENTATIVES

Ms. SU Yi (蘇怡)

(resigned with effect from 15 March 2021)

Ms. LAU Wai Yee (劉惠儀)

Ms. CHEN Min (陳敏)

(appointed with effect from 15 March 2021)

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PRINCIPAL BANKER

China Merchants Bank

Shanghai Gubei Branch

75 Shuicheng Nan Road

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Shanghai, PRC

STOCK CODE

1835

COMPANY'S WEBSITE

<http://www.realwaycapital.com>

Financial Summary

| | As at and for the six months ended 30 June | | As at and for the year ended 31 December | | | | |
|--|--|---------------------|--|-------------------|-------------------|-------------------|-------------------|
| | 2021 (unaudited) | 2020 (unaudited) | 2020 (audited) | 2019 (audited) | 2018 (audited) | 2017 (audited) | 2016 (audited) |
| OPERATING RESULTS | | | | | | | |
| Revenue (RMB'000) | 28,815 | 50,068 | 69,074 | 125,234 | 157,417 | 130,875 | 83,422 |
| Profit for the period/year (RMB'000) | 793 | 7,777 | 7,764 | 6,774 | 46,478 | 63,346 | 43,109 |
| Net profit attributable to: Owners of the parent (RMB'000) | 94 | 9,216 | 4,426 | 9,451 | 45,735 | 65,014 | 43,109 |
| EARNINGS | | | | | | | |
| Basic and diluted earnings per share attributable to ordinary equity holders of the parent (RMB cents) | 0.06 | 6.01 | 2.89 | 6.16 | 38.41 | 59.10 | 42.58 |
| ASSETS, LIABILITIES AND EQUITY | | | | | | | |
| Total assets (RMB'000) | 433,018 | 442,007 | 443,582 | 434,826 | 469,844 | 282,881 | 177,100 |
| Total liabilities (RMB'000) | 26,446 | 34,219 | 37,780 | 34,869 | 68,344 | 59,267 | 18,583 |
| Total equity (RMB'000) | 406,572 | 407,788 | 405,802 | 399,957 | 401,500 | 223,614 | 158,517 |
| FINANCIAL RATIO | | | | | | | |
| Current ratio | 6.5 times | 5.2 times | 5.9 times | 3.7 times | 4.6 times | 3.2 times | 6.2 times |
| Return on total assets ⁽¹⁾ | 0.4% | 3.5% | 1.8% | 1.6% | 9.9% | 22.4% | 24.3% |
| Return on equity ⁽¹⁾ | 0.4% | 3.8% | 1.9% | 1.7% | 11.6% | 28.3% | 27.2% |
| Net profit margin | 2.8% | 15.5% | 11.2% | 5.4% | 29.5% | 48.4% | 51.7% |

Notes:

- (1) Return on total assets and return on equity for the six months ended 30 June presented above have been annualized.

Management Discussion and Analysis

BUSINESS REVIEW

Shanghai Realway Capital Assets Management Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) is a private fund manager specialising in the management of real estate and distressed asset investment funds in the People’s Republic of China (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 RMB million | Number of funds | AUM RMB million |
| 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 |

Management Discussion and Analysis

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 RMB million | Proportion % | Number of projects | AUM RMB million | 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.

Management Discussion and Analysis

For the six months ended 30 June 2021 (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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

- (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 and distressed asset 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 holders (the “**Shareholders**”) of shares (the “**Shares**”) of the Company.

Management Discussion and Analysis

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 (unaudited) | 2020 (unaudited) (RMB'000, except percentages) | Change | Rate of change |
| 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 | 21,567 | 44,603 | (23,036) | (51.6%) |
| FOFs | | | | |
| — Regular management fees | 6,053 | 5,523 | 530 | 9.6% |
| — Performance fees | — | — | — | — |
| — One-off fund establishment fees | — | — | — | — |
| Sub-total | 6,053 | 5,523 | 530 | 9.6% |
| Advisory fees | 1,368 | 234 | 1,134 | 484.6% |
| Less: sales-related taxes | (173) | (292) | 119 | (40.8%) |
| Total | 28,815 | 50,068 | (21,253) | (42.4%) |

Management Discussion and Analysis

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).

Management Discussion and Analysis

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 (unaudited) | 2020 (unaudited) (RMB'000, except percentages) | Change | Rate of change |
| 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 | 3,384 | 7,524 | (4,140) | (55.0%) |

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))).

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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).

Management Discussion and Analysis

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 (the “**Board**”) of directors (the “**Directors**”) of the Company 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).

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 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) |
| | | 258,000 | | 1,766 | 248,905 | | (9,095) | 218,820 | |

Management Discussion and Analysis

Notes:

1. FOF IV refers to Shanghai Weiyi Investment Limited Partnership* (上海威弋投資合夥企業(有限合夥)), a FOF established and jointly managed by the Group in the form of limited partnership in September 2016.
2. FOF IX refers to Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership)* (杭州富陽匯嶸投資管理合夥企業(有限合夥)), a FOF established and jointly managed by the Group in the form of limited partnership in January 2019.
3. FOF III refers to Realway Development No. 3 Unit Trust Fund* (瑞威發展三號契約型私募基金), a FOF established by the Group in the form of trust fund in August 2016.
4. FOF VIII refers to Realway Development No. 5 Unit Trust Fund* (瑞威發展五號契約型私募基金), a FOF established by the Group in the form of trust fund in December 2017.
5. FOF X refers to Hangzhou Fuyang Huiqin Investment Management Partnership (Limited Partnership)* (杭州富陽匯欽投資管理合夥企業(有限合夥)), a FOF established and managed by the Group in the form of limited partnership in August 2019.
6. Share Offer refers to the share offer conducted by the Company in connection with its listing on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in 2018.

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 report, the Group did not hold any significant investments during the Reporting Period.

Management Discussion and Analysis

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 report, 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).

Management Discussion and Analysis

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.

Corporate Governance and 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.

Corporate Governance and Other Information

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.

Corporate Governance and Other Information

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

As at 30 June 2021, the interests or short positions of the Directors, Supervisors and the chief executive in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) to be notified to the Company and the Stock Exchange are as follows:

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

Notes:

1. (L) denotes a long position.
2. The calculation is based on the percentage of shareholdings in the Domestic Shares.
3. The calculation is based on the total number of 153,340,000 Shares in issue as at 30 June 2021.

Corporate Governance and Other Information

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

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

As at 30 June 2021, so far as the Directors, Supervisors and the chief executive of the Company are aware of, as indicated on the register of interests and/or short positions required to be maintained pursuant to Section 336 of the SFO, the substantial Shareholders and other persons (other than Directors, Supervisors and the chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of the Company:

| Name of Shareholder | Class of Shares held | Nature of interest | Number of Shares ⁽¹⁾ | Approximate percentage of shareholdings in the relevant class of Shares ⁽²⁾ | Approximate percentage of shareholdings in the total share capital of the Company ⁽³⁾ |
|--|----------------------|--------------------------------------|---------------------------------|--|--|
| Shanghai Shengxuan Investments Advisory Company Limited* (上海盛軒投資諮詢有限公司) | Domestic Shares | Interest in a controlled corporation | 115,000,000 (L) | 100.0 | 75.0 |
| Shanghai Weimian Investments Partnership (Limited Partnership)* (上海威冕投資合夥企業(有限合夥)) | Domestic Shares | Beneficial owner | 79,012,675 (L) | 68.7 | 51.5 |
| Shanghai Weiye Investments Partnership (Limited Partnership)* (上海威燁投資合夥企業(有限合夥)) | Domestic Shares | Beneficial owner | 15,000,000 (L) | 13.0 | 9.8 |

Corporate Governance and Other Information

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

Corporate Governance and Other Information

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

Notes:

- (L) denotes a long position.
- The calculation is based on the percentage of shareholdings in the relevant class of Shares.
- The calculation is based on the total number of 153,340,000 Shares in issue as at 30 June 2021.
- Wu Jie is the management share shareholder and director of Great Rainbow Investment Fund Series SPC and the investment manager of Great Rainbow Series 1 SP. By virtue of the SFO, Wu Jie is deemed to be interested in all the H Shares which Great Rainbow Investment Fund Series SPC (acting for and on behalf of Great Rainbow Series 1 SP) is interested in.
- Yao Peifang is the management share shareholder and director of Great Rainbow Investment Fund Series SPC. By virtue of the SFO, Yao Peifang is deemed to be interested in all the H Shares which Great Rainbow Investment Fund Series SPC (acting for and on behalf of Great Rainbow Series 1 SP) is interested in.
- China Everbright Fund Management Limited is the investment manager and holds all the management shares of Everbright Focused Value Fund. By virtue of the SFO, China Everbright Fund Management Limited is deemed to be interested in all the H Shares which Everbright Focused Value Fund is interested in.

Corporate Governance and Other Information

7. China Everbright Fund Management Limited is a limited liability company incorporated in the Cayman Islands and is wholly-owned by China Everbright Assets Management Holdings Limited. By virtue of the SFO, China Everbright Assets Management Holdings Limited is deemed to be interested in all the H Shares which China Everbright Fund Management Limited is interested in.
8. China Everbright Assets Management Holdings Limited is a limited liability company incorporated in the Cayman Islands and is wholly-owned by China Everbright Limited. By virtue of the SFO, China Everbright Limited is deemed to be interested in all the H Shares which China Everbright Assets Management Holdings Limited is interested in.
9. China Everbright Limited is a limited liability company incorporated in Hong Kong and is owned as to 49.39% by Honorich Holdings Limited. By virtue of the SFO, Honorich Holdings Limited is deemed to be interested in all the H Shares which China Everbright Limited is interested in.
10. Honorich Holdings Limited is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Datten Investments Limited. By virtue of the SFO, Datten Investments Limited is deemed to be interested in all the H Shares which Honorich Holdings Limited is interested in.
11. Datten Investments Limited is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by China Everbright Holdings Company Limited. By virtue of the SFO, China Everbright Holdings Company Limited is deemed to be interested in all the H Shares which Datten Investments Limited is interested in.
12. China Everbright Holdings Company Limited is a limited liability company incorporated in Hong Kong and is wholly-owned by China Everbright Group Ltd. By virtue of the SFO, China Everbright Group Ltd. is deemed to be interested in all the H Shares which China Everbright Holdings Company Limited is interested in.
13. China Everbright Group Ltd. is a limited company established in the PRC and is owned as to 55.67% by Central Huijin Investment Ltd. By virtue of the SFO, Central Huijin Investment Ltd. is deemed to be interested in all the H Shares which China Everbright Group Ltd. is interested in.
14. Everbright Focused Value Fund is under the control of Everbright Absolute Return Investment Holdings Limited. By virtue of the SFO, Everbright Absolute Return Investment Holdings Limited is deemed to be interested in all the H Shares which Everbright Focused Value Fund is interested in.

Corporate Governance and Other Information

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.

Corporate Governance and Other Information

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 the Shareholders and posted on the websites of the Stock Exchange and the Company on or around 17 September 2021.

Unaudited Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

| | Notes | Six months ended 30 June | |
|---|-------|--------------------------------|--------------------------------|
| | | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| REVENUE | 5 | 28,815 | 50,068 |
| Other income and gains | 5 | 3,384 | 7,524 |
| Administrative expenses | | (24,816) | (27,509) |
| Impairment losses on trade receivables | 10 | (1,578) | (8,046) |
| Decrease in fair value of investments in associates or a joint venture at fair value through profit or loss | 11 | (1,915) | (6,381) |
| Other expenses | | (58) | (9) |
| Finance costs | 9 | (137) | (55) |
| Share of losses of: | | | |
| Joint ventures | | (1,402) | (552) |
| Associates | | (764) | (2,484) |
| PROFIT BEFORE TAX | | 1,529 | 12,556 |
| Income tax expense | 6 | (736) | (4,779) |
| PROFIT FOR THE PERIOD | | 793 | 7,777 |
| Attributable to: | | | |
| Owners of the parent | | 94 | 9,216 |
| Non-controlling interests | | 699 | (1,439) |
| | | 793 | 7,777 |

Unaudited Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

| | Notes | Six months ended 30 June | |
|---|-------|--------------------------------|--------------------------------|
| | | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| Basic and diluted | | | |
| — For profit for the period (RMB cents) | 7 | 0.06 | 6.01 |
| PROFIT FOR THE PERIOD | | 793 | 7,777 |
| 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 | | 17 | 262 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | | 17 | 262 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 810 | 8,039 |
| Attributable to: | | | |
| Owners of the parent | | 111 | 9,478 |
| Non-controlling interests | | 699 | (1,439) |
| | | 810 | 8,039 |

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021

| | Notes | As at 30 June 2021 RMB'000 (Unaudited) | As at 31 December 2020 RMB'000 (Audited) |
|--|-------|--|--|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 1,171 | 1,076 |
| Right-of-use assets | 9 | 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") | 11 | 248,905 | 189,084 |
| Deferred tax assets | | 9,236 | 7,719 |
| Total non-current assets | | 285,706 | 220,846 |
| CURRENT ASSETS | | | |
| Trade receivables | 10 | 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") | 11 | – | 29,736 |
| Dividend receivable | | 2,931 | 2,931 |
| Cash and cash equivalents | 12 | 14,021 | 55,162 |
| Total current assets | | 147,312 | 222,736 |

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021

| | Notes | As at 30 June 2021 RMB'000 (Unaudited) | As at 31 December 2020 RMB'000 (Audited) |
|--|-------|--|--|
| CURRENT LIABILITIES | | | |
| Trade payables | | – | 300 |
| Other payables and accruals | 13 | 16,804 | 30,691 |
| Advances from funds managed | | 449 | 668 |
| Lease liabilities | 9 | 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 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 9 | 3,932 | 137 |
| Total non-current liabilities | | 3,932 | 137 |
| NET ASSETS | | | |
| | | 406,572 | 405,802 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | | 153,340 | 153,340 |
| Reserves | | 249,754 | 249,683 |
| | | 403,094 | 403,023 |
| Non-controlling interests | | | |
| | | 3,478 | 2,779 |
| TOTAL EQUITY | | | |
| | | 406,572 | 405,802 |

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

| | Attributable to owners of the parent | | | | | | | | |
|--|--------------------------------------|----------------|------------------------------|-----------------------------|-------------------------------|-------------------|----------------|---------------------------|----------------|
| | Share capital | Share premium* | Share-based payment reserve* | Statutory surplus reserves* | Exchange fluctuation reserve* | Retained profits* | Total | Non-controlling interests | Total equity |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| As at 31 December 2019 and | | | | | | | | | |
| 1 January 2020 | 153,340 | 158,200 | 4,800 | 20,994 | 208 | 61,223 | 398,765 | 1,192 | 399,957 |
| Profit for the period | - | - | - | - | - | 9,216 | 9,216 | (1,439) | 7,777 |
| Other comprehensive income | - | - | - | - | 54 | - | 54 | - | 54 |
| Total comprehensive income for the period | - | - | - | - | 54 | 9,216 | 9,270 | (1,439) | 7,831 |
| As at 30 June 2020 | 153,340 | 158,200 | 4,800 | 20,994 | 262 | 70,439 | 408,035 | (247) | 407,788 |
| As at 31 December 2020 and | | | | | | | | | |
| 1 January 2021 | 153,340 | 158,200 | 4,800 | 21,096 | 40 | 65,547 | 403,023 | 2,779 | 405,802 |
| Profit for the period | - | - | - | - | - | 94 | 94 | 699 | 793 |
| Other comprehensive income | - | - | - | - | (23) | - | (23) | - | (23) |
| Total comprehensive income for the period | - | - | - | - | (23) | 94 | 71 | 699 | 770 |
| As at 30 June 2021 | 153,340 | 158,200 | 4,800 | 21,096 | 17 | 65,641 | 403,094 | 3,478 | 406,572 |

* As at 30 June 2021, these reserve accounts comprised the total consolidated reserves of RMB249,754,000 (31 December 2020: RMB249,683,000) in the interim condensed consolidated statement of financial position.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

| | Notes | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
|---|-------|--------------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax: | | 1,529 | 12,556 |
| Adjustments for: | | | |
| Finance costs | 9 | 137 | 55 |
| Interest income | 5 | (55) | (23) |
| Provision for bad debts | 10 | 1,578 | 8,037 |
| Depreciation of property, plant and equipment and right-of-use assets | | 1,213 | 3,199 |
| Amortisation of other intangible assets | | 48 | 47 |
| Loss on disposal of property, plant and equipment | | 47 | 10 |
| Share of losses of joint ventures and associates | | 2,166 | 3,036 |
| Dividend income from IAFV | 5 | (1,876) | (6,309) |
| Decrease in fair value of IAFV | 11 | 1,915 | 6,381 |
| Increase in trade receivables | | (11,926) | (45,171) |
| (Increase)/decrease in prepayments, deposits and other receivables | | 14,888 | (8,655) |
| Increase/(decrease) in advances from funds managed | | (219) | 4,949 |
| Decrease in trade payables | | (300) | – |
| Decrease in other payables and accruals | | (5,711) | (6,163) |
| Decrease in due to related parties | | (8,982) | – |
| Cash generated from operations | | (5,548) | (28,051) |
| Interest received | | 55 | 23 |
| Taxes paid | | (4,463) | (12,536) |
| Net cash flows used in operating activities | | (9,956) | (40,564) |

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

| | Notes | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
|---|-------|--------------------------------|--------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| (Increase)/decrease in investments in IAFV | 11 | (32,000) | 25,300 |
| Dividend income from IAFV | | 1,876 | 6,177 |
| Purchases of items of property, plant and equipment | | (410) | (26) |
| Purchases of other intangible assets | | – | (19) |
| Cash payments for establishment and acquisition of interests joint ventures and associates | | – | (2,000) |
| Disposal of items of property, plant and equipment | | – | 9 |
| Repayment of advances to a third party | | 100 | 2,000 |
| Net cash flows from/(used in) investing activities | | (30,434) | 31,441 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Advance from related parties | | – | 5,406 |
| Payment of lease liabilities | 9 | (728) | (1,950) |
| Net cash flows from/(used in) financing activities | | (728) | 3,456 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | (41,118) | (5,667) |
| Cash and cash equivalents at beginning of period | | 55,162 | 22,296 |
| Effect of foreign exchange rate changes, net | | (23) | 54 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | 14,021 | 16,683 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents as stated in the consolidated statement of financial position and statement of cash flows | | 14,021 | 16,683 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

1. CORPORATE AND GROUP INFORMATION

The interim condensed consolidated financial statements of 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 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.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

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 | Interest Rate Benchmark Reform — Phase 2 |
| Amendment to IFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted) |

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.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

The nature and impact of the revised IFRSs are described below: *(Continued)*

(a) *(Continued)*

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.

Notes to the Interim Condensed Consolidated Financial Statements

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 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Customer A | NA | 11,995 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

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

Revenue from contracts with customers

Disaggregated revenue information

| | For the six months ended 30 June | |
|--|----------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (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 |
| | 28,815 | 50,068 |
| Timing of revenue recognition | | |
| Services transferred over time | 28,815 | 50,068 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

An analysis of other income and gains is as follows:

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

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 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Current — Mainland China charge for the period | 2,253 | 9,057 |
| Deferred tax | (1,517) | (4,278) |
| Total tax charge for the period | 736 | 4,779 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

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 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Earnings | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | 94 | 9,216 |
| | | |
| Number of shares | | |
| Shares | | |
| Weighted average number of ordinary shares in issue during the interim year used in the basic earnings per share calculation | 153,340,000 | 153,340,000 |

8. DIVIDENDS

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

9. LEASES

The Group as a lessee

The Group has lease contracts for various items of office buildings and other equipment used in its operations. Leases of office buildings generally have lease terms between 1 and 4 years. Other equipment is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

| | Buildings RMB'000 |
|--|-----------------------------|
| As at 1 January 2020 | 3,342 |
| Additions | 1,444 |
| Depreciation charge | (3,832) |
| As at 31 December 2020 and 1 January 2021 | 954 |
| Additions | 6,586 |
| Depreciation charge | (944) |
| As at 30 June 2021 | 6,596 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

9. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the period are as follows:

| | RMB'000 |
|--|--------------|
| As at 1 January 2020 | 3,252 |
| New leases | 1,444 |
| Accretion of interest recognised during the period | 145 |
| Payments | (3,874) |
| As at 31 December 2020 | 967 |
| Analysed into: | |
| Current portion | 830 |
| Non-current portion | 137 |
| As at 1 January 2021 | 967 |
| New leases | 6,586 |
| Accretion of interest recognised during the period | 137 |
| Payments | (728) |
| As at 30 June 2021 | 6,962 |
| Analysed into: | |
| Current portion | 3,030 |
| Non-current portion | 3,932 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

10. 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) |
| | 99,587 | 89,239 |

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

10. TRADE RECEIVABLES (Continued)

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 | 99,587 | 89,239 |

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 | 8,558 | 3,682 | 12,240 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

11. 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 | 248,905 | 218,820 |

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 30 June 2021.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

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

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 | (43,420) | – | (43,420) |
| At 31 December 2020 | 226,000 | (7,180) | 218,820 |
| Comprising: | | | |
| Current portion | 28,000 | 1,736 | 29,736 |
| Non-current portion | 198,000 | (8,916) | 189,084 |
| At 1 January 2021 | 226,000 | (7,180) | 218,820 |
| Movements | 60,000 | (1,915) | 58,085 |
| Exit and/or realisation | (28,000) | – | (28,000) |
| At 30 June 2021 | 258,000 | (9,095) | 248,905 |
| Comprising: | | | |
| Current portion | – | – | – |
| Non-current portion | 258,000 | (9,095) | 248,905 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

12. CASH AND CASH EQUIVALENTS

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|------------------------|---|---|
| Cash and bank balances | 14,021 | 55,162 |

As at 30 June 2021, the cash and bank balances of the Group denominated in Hong Kong Dollar (“HKD”) amounted to RMB1,771,000 (31 December 2020: RMB2,076,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

13. 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 (note 14) | 10,952 | 19,934 |
| Others | 54 | 323 |
| | 16,804 | 30,691 |

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.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

14. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

The Group had the following transactions with related parties during the period:

| | For the six months ended 30 June | |
|---|----------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Receiving funds establishment service: | | |
| Joint ventures | 688 | – |
| Rendering funds management service: | | |
| Associates | 4,142 | 4,130 |
| Joint ventures | 1,023 | 941 |
| Services provided by a company controlled by the ultimate controlling shareholder | 125 | 250 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

14. RELATED PARTY TRANSACTIONS *(Continued)*

(2) Outstanding balances with related parties:

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|--|---|---|
| Trade receivables | | |
| Associates | 26,018 | 22,697 |
| Joint ventures | 999 | – |
| Prepayments, deposits and other receivables | | |
| Joint ventures | 8,942 | 1 |
| Other payables | | |
| Associates | 8,299 | 16,694 |
| Joint ventures | 2,507 | 3,232 |
| Services provided by a company controlled by the ultimate controlling shareholder | 125 | – |
| Companies owned by a family member of the Controlling Shareholder | 21 | 8 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

15. INTERESTS IN STRUCTURED ENTITIES

a. Interests in consolidated structured entities

For those structured entities where the Group is involved as a manager, investment adviser or general partner, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of those structured entities that is of such significance that indicates that the Group is a principal, the Group will consolidate certain structured entities.

No structured entity has been consolidated by the Group in the Reporting Period.

b. Interests in unconsolidated structured entities

The Group exercised power over the structured entities, mainly limited partnerships, by acting as manager or general partner during the period. In management's opinion, the variable returns that the Group is exposed to from these structured entities in which the Group has interests are not significant. The Group therefore did not consolidate these structured entities.

The Group classified the investments in unconsolidated limited partnerships managed by the Group as investments in associates or a joint venture at fair value through profit or loss. As at 30 June 2021 and 31 December 2020, the carrying amounts of the Group's investments in unconsolidated structured entities were RMB248.9 million and RMB218.8 million, respectively. The management fee arising from these unconsolidated structured entities amounted to RMB5.2 million and RMB10.2 million for the period ended 30 June 2021 and the year ended 31 December 2020, respectively.

Besides, the Group also acts as fund managers for some limited partnerships without any investment. The management fee arising from these unconsolidated limited partnerships amounted to RMB19.8 million and RMB43.8 million for the period ended 30 June 2021 and the year ended 31 December 2020, respectively.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

15. INTERESTS IN STRUCTURED ENTITIES *(Continued)*

b. Interests in unconsolidated structured entities *(Continued)*

The carrying amounts of interests in unconsolidated structured entities in the consolidated statement of financial position are approximately equal to the maximum exposure to the loss of interests held by the Group in the unconsolidated structured entities.

As at 30 June 2021, the Group managed funds with a total AUM of approximately RMB4,829.9 million (31 December 2020: RMB4,838.5 million).

16. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Reporting Period are as follows:

Financial assets

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|---|---|---|
| Measured at amortised cost: | | |
| Trade receivables (note 10) | 99,587 | 89,239 |
| Financial assets included in prepayments, deposits and other receivables | 21,843 | 35,448 |
| Loan receivables | 6,866 | 6,873 |
| Dividend receivable | 2,931 | 2,931 |
| Cash and cash equivalents (note 12) | 14,021 | 55,162 |
| | 145,248 | 189,653 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

16. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|---|---|---|
| Other financial liabilities: | | |
| Financial liabilities included in other payables and accruals (note 13) | 11,006 | 20,257 |

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Below is a summary of significant unobservable inputs to the valuation of IAFV together with a quantitative sensitivity analysis as at 30 June 2021:

| Financial assets | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs and fair value |
|--|----------------------|---|--|--|
| Investments in associates or a joint venture at fair value through profit or loss: | Level 3 | Calculated based on the net asset value of underlying investments | Net assets value of underlying investments | The higher the net assets value of underlying investments, the higher the fair value |
| - *Other real estate projects | Level 3 | Discounted cash flow model | Risk adjusted discount rate amounts | The lower the risk adjusted discount rate, the higher the fair value |

* These provide information about how underlying assets invested by the funds are measured at fair value.

The Group's investments in associates or a joint venture at fair value through profit or loss which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB248,905,000 as at 30 June 2021 (31 December 2020: RMB218,820,000). The significant unobservable input is the net assets value of the underlying investments made by the funds. A 5% increase/decrease in the net asset value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amounts of these investments by RMB12,445,000 as at 30 June 2021 (31 December 2020: RMB10,941,000).

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2021

| | Fair value measurement using | | | Total RMB'000 (Unaudited) |
|---|--|--|--|---------------------------------|
| | Quoted prices in active markets (Level 1) RMB'000 (Unaudited) | Significant observable inputs (Level 2) RMB'000 (Unaudited) | Significant unobservable inputs (Level 3) RMB'000 (Unaudited) | |
| Investments in associates or joint ventures at fair value through profit or loss | - | - | 248,905 | 248,905 |

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2021

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

As at 31 December 2020

| | Fair value measurement using | | | Total RMB'000 (Audited) |
|---|--|--|--|-------------------------------|
| | Quoted prices in active markets (Level 1) RMB'000 (Audited) | Significant observable inputs (Level 2) RMB'000 (Audited) | Significant unobservable inputs (Level 3) RMB'000 (Audited) | |
| Investments in associates or joint ventures at fair value through profit or loss | – | – | 218,820 | 218,820 |

During the Reporting Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Refer to note 11 for the movements in fair value measurements within Level 3 during the six months ended 30 June 2021 and year ended 31 December 2020.