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上海瑞威資產管理股份有限公司

Shanghai Realway Capital Assets Management Co., Ltd.

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

(Stock Code: 1835)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai Realway Capital Assets Management Co., Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2021, as follows.

HIGHLIGHTS

- The unaudited revenue of the Group decreased by approximately 44.0% from approximately RMB28.8 million for the six months ended 30 June 2021 to approximately RMB16.1 million for the Reporting Period.
- For the six months ended 30 June 2022, the Group recognised the loss for the period of approximately RMB10.7 million, and the loss for the period attributable to owners of the parent was approximately RMB10.4 million.
- For the six months ended 30 June 2022, loss per share attributable to ordinary equity holders of the parent was approximately RMB6.76 cents.

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

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
REVENUE	5	<u>16,123</u>	<u>28,815</u>
Other income and gains	5	606	3,384
Administrative expenses		(21,059)	(24,816)
Impairment losses on trade receivables	9	(185)	(1,578)
Increase/(decrease) in fair value of investments in associates or joint ventures at fair value through profit or loss	10	187	(1,915)
Other expenses		(10)	(58)
Finance costs		(109)	(137)
Share of losses of:			
Joint ventures		(1,194)	(1,402)
An associate		(5,249)	(764)
(LOSS)/PROFIT BEFORE TAX		<u>(10,890)</u>	<u>1,529</u>
Income tax credit/(expense)	6	<u>237</u>	<u>(736)</u>
(LOSS)/PROFIT FOR THE PERIOD		<u>(10,653)</u>	<u>793</u>
Attributable to:			
Owners of the parent		(10,370)	94
Non-controlling interests		(283)	699
		<u>(10,653)</u>	<u>793</u>
LOSS/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For (loss)/profit for the period (<i>RMB cents</i>)	7	<u>(6.76)</u>	<u>0.06</u>
(LOSS)/PROFIT FOR THE PERIOD		<u>(10,653)</u>	<u>793</u>

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

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<i>Notes</i>	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	<u>75</u>	<u>17</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>75</u>	<u>17</u>
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	<u><u>(10,578)</u></u>	<u><u>810</u></u>
Attributable to:		
Owners of the parent	(10,295)	111
Non-controlling interests	<u>(283)</u>	<u>699</u>
	<u><u>(10,578)</u></u>	<u><u>810</u></u>

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

As at 30 June 2022

		As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		738	823
Right-of-use assets		3,290	4,471
Other intangible assets		595	643
Investments in joint ventures		1,620	2,814
Investments in an associate		–	5,249
Investments in associates or joint ventures at fair value through profit or loss (“IAFV”)	<i>10</i>	124,775	126,789
Deferred tax assets		14,065	13,828
		<hr/>	<hr/>
Total non-current assets		145,083	154,617
CURRENT ASSETS			
Trade receivables	<i>9</i>	91,507	87,452
Prepayments, deposits and other receivables		11,124	7,340
Investments in associates or joint ventures at fair value through profit or loss (“IAFV”)	<i>10</i>	114,571	112,370
Dividend receivable		101	2,931
Cash and cash equivalents		6,726	26,846
		<hr/>	<hr/>
Total current assets		224,029	236,939
CURRENT LIABILITIES			
Other payables and accruals	<i>11</i>	9,772	15,858
Lease liabilities		2,159	2,303
Tax payable		–	4,504
		<hr/>	<hr/>
Total current liabilities		11,931	22,665
		<hr/>	<hr/>
NET CURRENT ASSETS		212,098	214,274
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		357,181	368,891
		<hr/>	<hr/>

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

As at 30 June 2022

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<i>Notes</i>		
NON-CURRENT LIABILITIES		
Lease liabilities	<u>1,395</u>	<u>2,527</u>
Total non-current liabilities	<u>1,395</u>	<u>2,527</u>
NET ASSETS	<u><u>355,786</u></u>	<u><u>366,364</u></u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	153,340	153,340
Reserves	<u>200,405</u>	<u>210,700</u>
	<u>353,745</u>	<u>364,040</u>
Non-controlling interests	<u>2,041</u>	<u>2,324</u>
TOTAL EQUITY	<u><u>355,786</u></u>	<u><u>366,364</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022

1. CORPORATE AND GROUP INFORMATION

The interim condensed consolidated financial statements of Shanghai Realway Capital Assets Management Co., Ltd. and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 19 August 2022.

Shanghai Realway Capital Assets Management Co., Ltd. is a limited liability company established in the People’s Republic of China (the “**PRC**”). The registered office of the Company is located at Room 26G-3, No. 828–838 (even number) Zhang Yang Road, Pilot Free Trade Zone, Shanghai, PRC.

During the Reporting Period, the Group was involved in the following principal activities:

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2022 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 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 2021, 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 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

- (a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2022. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2022, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

- IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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 a major customer

Revenue from major customers contributing to 10% or more of the Group's revenue for the six months ended 30 June 2022 is set out below:

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer	1,615	N/A

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Rendering of services	<u>16,123</u>	<u>28,815</u>

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Type of services		
Rendering of funds management services	12,974	25,037
Rendering of fund establishment services	–	2,418
Rendering of consulting services	<u>3,149</u>	<u>1,360</u>
	<u>16,123</u>	<u>28,815</u>
Timing of revenue recognition		
Services transferred over time	<u>16,123</u>	<u>28,815</u>

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Dividend income from IAFV	–	1,876
Interest income	<u>15</u>	<u>55</u>
	15	1,931
Gains		
Government grants	<u>591</u>	<u>1,453</u>
	591	1,453
	<u>606</u>	<u>3,384</u>

9. TRADE RECEIVABLES

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	132,416	128,176
Impairment	(40,909)	(40,724)
	<u>91,507</u>	<u>87,452</u>

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

As at 30 June 2022, included in the Group's trade receivables are amounts due from a joint venture and associates of RMB1,674,000 (2021: RMB716,000) and RMB21,801,000 (2021: RMB21,007,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

An aging analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	20,932	34,552
1 to 2 years	26,300	23,128
Over 2 years	44,275	29,772
	<u>91,507</u>	<u>87,452</u>

The movements in the loss allowance for impairment of trade receivables for the six months ended 30 June 2022 are as follows:

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At beginning of the year	40,724	10,662
Impairment losses	480	30,062
Amount transferred by settlement of certain trade receivables	(295)	–
	<u>40,909</u>	<u>40,724</u>

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

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Unlisted investments in associates or joint ventures, at fair value	<u>239,346</u>	<u>239,159</u>

The Group, as investment fund manager, measured the above investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 at 30 June 2022.

The movements in investments in associates or joint ventures at fair value through profit or loss for the six months ended 30 June 2022 are as follows:

	Cost	Increase/ (decrease)	Total
	RMB'000	in fair value	RMB'000
	RMB'000	RMB'000	RMB'000
At 1 January 2021	226,000	(7,180)	218,820
Movements	–	(8,093)	(8,093)
Addition	60,000	–	60,000
Derecognition and/or realisation	(31,568)	–	(31,568)
At 31 December 2021	<u>254,432</u>	<u>(15,273)</u>	<u>239,159</u>
Comprising:			
Current portion	110,000	2,370	112,370
Non-current portion	144,432	(17,643)	126,789
At 1 January 2022	254,432	(15,273)	239,159
Movements	–	187	187
At 30 June 2022	<u>254,432</u>	<u>(15,086)</u>	<u>239,346</u>
Comprising:			
Current portion	110,000	4,571	114,571
Non-current portion	144,432	(19,657)	124,775

11. OTHER PAYABLES AND ACCRUALS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Payroll and welfare payable	2,238	4,800
Taxes and surcharges	2,047	1,436
Accruals	589	1,280
Due to related parties	4,546	8,059
Others	352	283
	<u>9,772</u>	<u>15,858</u>

Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at 30 June 2022 approximated to their corresponding carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an asset management company, mainly engaging in fund management specialising in real estate and distressed asset, investment management in relation to the establishment and structuring of the relevant funds and the sourcing of investors (“**investment management**”) and investment consultation services 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 assets 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.

In the first half of 2022, the implementation of strict control measures to deal with the recurring novel coronavirus (COVID-19) pandemic (the “**Pandemic**”) in Mainland China has adversely affected both the Chinese economy and the domestic real estate industry. As debt defaults occurred in various real estate development companies in succession, the Group adopted a more prudent investment strategy in the first half of the year. As at 30 June 2022, the assets under management (“**AUM**”) of the funds managed by the Group amounted to RMB3,935.9 million. During the Reporting Period, the Group completed the distribution and liquidation of the Project Fund of the Chengdu project* (成都項目), which is an urbanisation and redevelopment project.

Set out below is a breakdown of the assets under management by type of fund as at the date indicated:

	As at 30 June 2022		As at 31 December 2021	
	Number of funds	AUM <i>RMB million</i>	Number of funds	AUM <i>RMB million</i>
Project Funds	15	3,726.9	16	4,170.0
FOFs	8	787.9	8	787.9
Less: FOFs investments in Project Funds	–	(578.9)	–	(660.6)
Total	23	3,935.9	24	4,297.3

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

	As at 30 June 2022			As at 31 December 2021		
	Number of projects	AUM RMB million	Proportion %	Number of projects	AUM RMB million	Proportion %
Commercial real estate projects	8	2,177.8	56.2%	8	2,177.8	51.2%
Urbanisation and redevelopment projects	5	800.8	20.6%	5	1,173.2	27.6%
Distressed assets projects	4	899.4	23.2%	4	899.4	21.2%
Total	17	3,878.0	100.0%	17	4,250.4	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.

An urbanization and redevelopment project (with a scale of RMB70.8 million) and a distressed assets project (with a scale of RMB80.3 million), invested by our FOFs are included in the breakdown of fund AUM by portfolio asset type although the Project Fund investment specified has not been established.

FUTURE OUTLOOK

With the gradual alleviation of pandemic restrictions and control measures, the PRC government has intensively introduced various relief measures to help market entities to overcome the difficulties. In the real estate industry, stabilising the real estate market has become the core work and goal in the second half of the year. The implementation of city-specific easing control policies has boosted market confidence. At the same time, the domestic economy is also showing a momentum of steady recovery. The Group believes that the long-term stable growth trend of China's macro economy will not change.

Looking ahead, the Group will continue to focus on the Company's strategic positioning, explore new investment opportunities, leverage its years of investment experience in real estate and distressed assets and professional asset management capabilities, with the power of financial institutions to assist local governments and real estate companies by setting up bailout funds, and revitalize assets to help the industry bail out through asset disposal, resource integration, debt restructuring, etc. The Group will also continue to enhance its competitiveness, actively respond to the possible adverse effects of the pandemic on business operations, improve risk management and internal control systems in a comprehensive way, base itself on serving the real economy on the premise of risk control, and achieve high-quality business development, building a greater wealth for investors and shareholders (“**Shareholders**”) of the Company.

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 fees and advisory fees. During the Reporting Period, we recognised revenue of approximately RMB16.1 million, representing a decrease of approximately RMB12.7 million or approximately 44.0% as compared to the corresponding period last year, which was mainly due to the decrease in regular management fees, performance fees and one-off fund establishment fees.

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

	For the six months ended 30 June			
	2022	2021	Change	Rate of
	(unaudited)	(unaudited)		change
	<i>(RMB'000, except percentages)</i>			
Project Funds				
— Regular management fees	10,265	18,009	(7,744)	(43.0%)
— Performance fees	—	1,125	(1,125)	(100.0%)
— One-off fund establishment fees	—	2,433	(2,433)	(100.0%)
Sub-total	10,265	21,567	(11,302)	(52.4%)
FOFs				
— Regular management fees	2,759	6,053	(3,294)	(54.4%)
— Performance fees	—	—	—	—
— One-off fund establishment fees	—	—	—	—
Sub-total	2,759	6,053	(3,294)	(54.4%)
Advisory fees	3,149	1,368	1,781	130.2%
Less: sales-related taxes	(50)	(173)	123	(71.1%)
Total	16,123	28,815	(12,692)	(44.0%)

Regular management fees

Revenue of the Group generated from regular management fees during the Reporting Period was approximately RMB13.0 million, which accounted for approximately 80.8% of the Group's total revenue, representing a decrease of approximately 45.9% as compared to the corresponding period last year, mainly due to the spread of the Pandemic in the first half of 2022, which led to a two month lock-down being implemented in the Group's primary business location, Shanghai, to contain the Pandemic. Affected by this negative impact, the disposal of existing projects invested by the Group's managed funds was not as fast as expected, and the Group ceased to receive regular management fees from certain funds which entered into liquidation. On the other hand, the Group adopted a more prudent investment strategy due to the sluggish performance of the real estate market in the first half of the year, which, together with the Pandemic control measures, resulted in the hindrance of new business expansion and thus no new investment projects were acquired during the Reporting Period. The combination of the aforementioned factors resulted in a significant decrease in the revenue recorded from regular management fees during the Report Period as compared to the corresponding period last year.

Performance fees

During the Reporting Period, the distribution of Chengdu project* (成都項目) which was invested by the Group's managed fund has been completed, but the project did not record performance fee income due to the market downturn. As for the corresponding period last year, 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) was RMB1.0 million.

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. Affected by the pandemic, the Group had no new investment projects during the Reporting Period. Therefore, no revenue recorded from one-off fund establishment fees was recorded.

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, the Group recorded revenue from advisory fees of approximately RMB3.1 million, representing an increase of approximately RMB1.8 million as compared to the corresponding period last year, which was mainly attributable to income generated from the provision of investment advisory services by Shanghai Ruichu Business Advisory Co.,Ltd.* (上海芮楚商務諮詢有限公司), a wholly-owned subsidiary of the Group, which continued its efforts to develop the investment advisory business in the second half of 2021.

Other income and gains

Other income and gains of the Group decreased from approximately RMB3.4 million in the first half of 2021 to approximately RMB0.6 million for the Reporting Period, representing a decrease of approximately 82.1%. The decrease was mainly due to the decrease of dividend income derived from investments in associates or joint ventures at fair value through profit or loss and government grants.

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

	For the six months ended 30 June			Rate of
	2022	2021	Change	Change
	(unaudited)	(unaudited)		
	<i>(RMB'000, except percentages)</i>			
Dividend income from IAFV	–	1,876	(1,876)	(100.0%)
Government grants	591	1,453	(862)	(59.3%)
Interest income	15	55	(40)	(72.7%)
Total	<u>606</u>	<u>3,384</u>	<u>(2,778)</u>	<u>(82.1%)</u>

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

During the Reporting Period, no dividend income from IAFV was recorded by the Group. As for the corresponding period last year, the dividend income recorded by the Group 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))).

Government grants

Government grants mainly include income tax and value-added tax returned by the government, which decreased from approximately RMB1.5 million for the six months ended 30 June, 2021 to approximately RMB0.6 million for the Reporting Period, mainly due to the reduction of the income tax and value-added tax paid by the Company.

Administrative expenses

Administrative expenses of the Group for the Reporting Period were approximately RMB21.1 million, representing a decrease of approximately 15.1% as compared with approximately RMB24.8 million recorded during the corresponding period last year. Such decrease was mainly due to: (i) The Group continued to optimize and adjust its personnel, resulting in a decrease of approximately RMB1.6 million in human resources costs as compared to the corresponding period last year; (ii) The Group adjusted the office leasing space in the previous year, resulting in a decrease of approximately RMB1.5 million in the leasing and related expenses during the Reporting Period compared with the corresponding period last year.

Impairment loss on trade receivables

The Group applies the IFRS 9 simplified approach to measure the provision for expected credit loss (“ECL”). Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

At the end of the Reporting Period, the Group conducted a comprehensive assessment on factors such as the debtor’s past repayment, age, financial condition and macroeconomic environment for each receivable. A provision for ECL has been made for all receivables using the ECL model. During the Reporting Period, the Group’s provision for impairment loss on receivables increased by approximately RMB0.2 million as compared to 31 December 2021.

Share of losses of an associate

Share of losses of an associate attributable to the Group during the Reporting Period was approximately RMB5.2 million, which increased by approximately RMB4.5 million as compared to the corresponding period last year. Such increase was 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**”), an associate in which the Group held 18% equity interest, on a pro-rata basis according to the equity method of accounting. Guangrui Juyao is mainly engaged in wealth management business. In the second half of 2021, its management team was restructured. Due to the need to recruit a large number of new employees, the labor cost has increased significantly, resulting in operating losses during the Reporting Period.

(Loss)/profit for the period

The loss recognised by the Group during the Reporting Period was approximately RMB10.7 million, representing a decrease of approximately RMB11.5 million in profit compared to the profit for the period of approximately RMB0.8 million for the six months ended 30 June 2021, mainly due to the decrease in revenue and the increase of the share of losses of an associate, partly offset by the decrease in administrative expenses and impairment losses on receivables.

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 2022, the cash and cash equivalents of the Group was approximately RMB6.7 million (31 December 2021: RMB26.8 million).

GEARING RATIO

The gearing ratio of the Group as at 30 June 2022 was nil (31 December 2021: Nil) as the Group had no outstanding loans, borrowings or bank overdrafts as at 30 June 2022.

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 always strives to minimise exposure to credit risk by strictly controlling outstanding receivables and setting up a credit control team. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 30 June 2022, 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 2022 (31 December 2021: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

CAPITAL EXPENDITURES

As at 30 June 2022, the Group did not have any significant capital expenditures.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group employed a total of 98 employees (31 December 2021: 105 employees). The Group has formulated an employee compensation policy which takes into account factors such as external market competitiveness and internal fairness, and provides diversified training and individual development plans for its employees. The Group has a clear promotion policy that gives eligible employees career progression opportunities.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2022, IAFV of the Group was approximately RMB239.3 million, representing an increase of approximately RMB0.2 million as compared to 31 December 2021. 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 2022 (RMB'000)	Percentage of the total asset value as at 30 June 2022	Unrealised gains/(losses) related to changes in fair value during the Reporting Period (RMB'000)	Fair value as at 31 December 2021 (RMB'000)	Source of funds
1	FOF IV ^(Note 1)	Distressed assets projects	96,432	50.0%	-	84,638	22.9%	(11,794)	86,148	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	19.9%	-	69,840	18.9%	9,840	69,864	Internal resources
3	FOF IX ^(Note 2)	Commercial real estate projects	48,000	78.7%	-	40,138	10.9%	(7,862)	40,641	Proceeds from the Share Offer ^(Note 5)
4	FOF III ^(Note 3)	Commercial real estate projects, urbanisation and redevelopment projects and distressed assets projects	30,000	10.0%	-	23,082	6.3%	(6,918)	21,191	Internal resources
5	FOF VIII ^(Note 4)	Urbanisation and redevelopment projects and commercial real estate projects	20,000	12.2%	-	21,648	5.9%	1,648	21,315	Proceeds from the Share Offer ^(Note 5)
			254,432		-	239,346		(15,086)	239,159	

Notes:

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

ARBITRATION RELATING TO OUR SIGNIFICANT INVESTMENTS HELD

On 10 February 2020, Hangzhou Fuyang Huiguan Investment Management Partnership (Limited Partnership)* (杭州富陽匯冠投資管理合夥企業(有限合夥)) (“**Fuyang Huiguan Fund**”), for which Shanghai Ruixiang Investment Management Co., Ltd* (上海瑞襄投資管理有限公司) (“**Shanghai Ruixiang**”), a wholly-owned subsidiary of the Company, acts as a fund manager, filed an application to Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) (“**SIETAC**”) for arbitration against Shenzhen City Hai Shi Urban Renew Co. Ltd* (深圳市海石城市更新有限公司) (“**Hai Shi Urban Renew**”) in respect of its default in payment of consideration for the transfer of equity interests in the Shenzhen Xinqiaowei Project* (深圳新喬圍項目), demanding Hai Shi Urban Renew pay to Fuyang Huiguan Fund the outstanding third installment of the equity transfer consideration, late payment penalty and related legal costs. The total amount sought in this arbitration tentatively amounts to approximately RMB38,063,000. On 17 March 2020 and 22 May 2020, Shenzhen Xinqiaowei Project* (深圳新喬圍項目) received 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, liquidated 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 liquidated damages for overdue payments shall be accrued up to the actual payment date). Subsequently, Hai Shi Urban Renew has not complied with the final arbitral award and the fund manager, Shanghai Ruixiang continued to negotiate with Hai Shi Urban Renew. On 22 December 2021, Fuyang Huiguan Fund and Hai Shi Urban Renew entered into a settlement execution agreement (the “**Settlement Execution Agreement**”) and agreed that (i) Hai Shi Urban Renew shall pay RMB20,000,000 to Fuyang Huiguan Fund for the partial settlement of the third installment of the equity transfer consideration by 31 March 2022; (ii) Hai Shi Urban Renew shall pay RMB43,000,000 to Fuyang Huiguan Fund for the settlement of the remaining third and fourth installment of the equity transfer consideration by 30 May 2022 and RMB25,000,000 as the liquidated damages and other expenses as set out in the arbitral award; and (iii) Hai Shi Urban Renew shall pay compensation in an amount of RMB8,875,000 to Fuyang Huiguan Fund by 30 May 2022.

As of the date of this announcement, Fuyang Huiguan Fund has not received the amount involved in the Settlement Execution Agreement from Hai Shi Urban Renew. Shanghai Ruixiang, the fund manager, has frozen the bank account and part of the property of Hai Shi Urban Renew through judicial preservation procedures, and will continue to negotiate and communicate with Hai Shi Urban Renew and urge it to settle the 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* (深圳新喬園項目).

The investment size of FOF VIII, for which Shanghai Ruixiang, a wholly-owned subsidiary of the Company, acted as a fund manager in Fuyang Huiguan Fund as at 30 June 2022 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.

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 2022 (for the six months ended 30 June 2021: Nil).

CORPORATE GOVERNANCE PRACTICES

It is always one of the Company'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 part 2 of Appendix 14 ("**CG Code**") 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 C.2.1 of the CG Code.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the 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 C.2.1 of the CG Code. The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Zhu 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 C.2.1 of the CG Code is appropriate in such circumstance and is of the view that this management structure is effective for the Group's operations. Having taken into account the Group's established risk management and internal control measures as more particularly set out in the prospectus of the Company dated 31 October 2018, the Directors believe that the Board is appropriately structured with balance of power to provide sufficient check and balance for the protection of the interests of the Group and its Shareholders.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

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

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

SHARE OPTION SCHEME

As at 30 June 2022, 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

Change in independent non-executive Director, the chairman of the Remuneration Committee, member of the Audit Committee and member of the Nomination Committee

Mr. Liu Yunsheng has resigned as an independent non-executive Director, the chairman of the remuneration committee (“**Remuneration Committee**”), a member of the audit committee (“**Audit Committee**”) and a member of the nomination committee (“**Nomination Committee**”) of the Company due to other business commitment, with effect from 1 July 2022.

Mr. Zhu Hongchao has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee of the Company; and Ms. Yang Huifang has been appointed as a member of the Nomination Committee of the Company, with effect from 1 July 2022. For further details, please refer to the announcement made by the Company on 30 June 2022.

Save as disclosed herein, the Group does not have any important events after the Reporting Period and up to the date of this announcement.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling Shareholder or any of their respective close associates (as defined in the Listing Rules) that compete or may compete with the business of the Group, or any other conflicts of interest which any such person has or may have with the Group during the Reporting Period.

AUDIT COMMITTEE

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

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

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

Shanghai, the PRC, 19 August 2022

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*