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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 2019**

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai Realway Capital Assets Management Co., Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2019 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2018, as follows.

### **Highlights**

- The unaudited income of the Group decreased by approximately 31.5% from approximately RMB82.4 million for the six months ended 30 June 2018 to approximately RMB56.4 million for the same period in 2019, which was primarily due to the decrease in income from performance fees.
- For the six months ended 30 June 2019, the Group recognised net profits of approximately RMB25.3 million, representing a decrease of approximately 32.5% as compared to that of the same period last year; profits attributable to the equity holders of the Company were approximately RMB27.9 million, representing a decrease of approximately 27.9% as compared to that of the same period last year.
- For the six months ended 30 June 2019, the Group recorded a net profit margin of 44.9%, which was relatively stable as compared to that of the same period last year.
- For the six months ended 30 June 2019, earnings per Share was approximately RMB18.17 cents.

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

For the six months ended 30 June 2019

		For the six months ended 30 June	
	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>REVENUE</b>	5	<u>56,419</u>	<u>82,421</u>
Other income and gains	5	6,405	6,655
Administrative expenses		(39,233)	(43,019)
Increase in fair value of investments in associates or a joint venture at fair value through profit or loss	9	13,130	4,170
Other expenses		<u>(1,213)</u>	<u>96</u>
<b>OPERATING PROFIT</b>		<b>35,508</b>	50,323
Finance cost		(194)	—
Share of losses of:			
Joint ventures		(1,176)	(362)
An associate		—	—
<b>PROFIT BEFORE TAX</b>		<u>34,138</u>	<u>49,961</u>
Income tax expense	6	<u>(8,828)</u>	<u>(12,490)</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>25,310</u></b>	<b><u>37,471</u></b>
Attributable to:			
Owners of the parent		27,861	38,655
Non-controlling interests		<u>(2,551)</u>	<u>(1,184)</u>
		<b><u>25,310</u></b>	<b><u>37,471</u></b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
— For profit for the year (RMB cents)	7	<u>18.17</u>	<u>34.25</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>25,310</u></b>	<b><u>37,471</u></b>

	<b>For the six months ended</b>	
	<b>30 June</b>	
<i>Notes</i>	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>OTHER COMPREHENSIVE INCOME</b>		
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>127</u>	<u>—</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX</b>	<u>127</u>	<u>—</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>25,437</b></u>	<u><b>37,471</b></u>
Attributable to:		
Owners of the parent	27,988	38,655
Non-controlling interests	<u>(2,551)</u>	<u>(1,184)</u>
	<u><b>25,437</b></u>	<u><b>37,471</b></u>

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

		<b>30 June 2019</b>	31 December 2018
	<i>Notes</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>3,509</b>	4,565
Right-of-use assets		<b>5,546</b>	—
Other intangible assets		<b>658</b>	697
Investments in joint ventures		<b>19,238</b>	6,114
Investment in an associate		<b>9,000</b>	9,000
Investments in associates or a joint venture at fair value through profit or loss (“IAFV”)	9	<b>266,067</b>	149,318
Loan receivables		—	9,311
Deferred tax assets		<b>2,240</b>	1,665
		<hr/>	<hr/>
Total non-current assets		<b>306,258</b>	180,670
<b>CURRENT ASSETS</b>			
Trade receivables		<b>52,430</b>	69,387
Prepayments, deposits and other receivables		<b>21,100</b>	13,235
Loan receivables		<b>9,562</b>	19,638
Investments in associates or a joint venture at fair value through profit or loss (“IAFV”)	9	<b>6,285</b>	16,904
Dividend receivable		<b>2,016</b>	2,833
Cash and cash equivalents		<b>71,174</b>	167,177
		<hr/>	<hr/>
Total current assets		<b>162,567</b>	289,174
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	10	<b>16,253</b>	33,046
Advances from funds managed		<b>14,610</b>	17,942
Lease liabilities		<b>4,775</b>	—
Tax payable		<b>6,347</b>	12,280
		<hr/>	<hr/>
Total current liabilities		<b>41,985</b>	63,268
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>120,582</b>	225,906
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>426,840</b>	406,576
		<hr/>	<hr/>

	<b>30 June 2019</b>	31 December 2018
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	<b>945</b>	—
Deferred tax liabilities	<b>8,358</b>	5,076
	<hr/>	<hr/>
Total non-current liabilities	<b>9,303</b>	5,076
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>417,537</b>	401,500
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>153,340</b>	153,340
Reserves	<b>263,754</b>	245,766
	<hr/>	<hr/>
	<b>417,094</b>	399,106
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>443</b>	2,394
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>417,537</b>	401,500
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# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

## 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 2019 were authorised for issue in accordance with a resolution of the directors on 23 August 2019.

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

During the 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**")

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 2019 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 2018.

### 3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP SINCE 1 JANUARY 2019

#### IFRS 16 *Leases*

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (“**short-term leases**”), and lease contracts for which the underlying asset is of low value (“**low-value assets**”).

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	<i>RMB'000</i> (Unaudited)
<b>Assets</b>	
Right-of-use assets	6,607
Total assets	6,607
<b>Liabilities</b>	
Lease liabilities	6,607
Total liabilities	6,607
<b>Total adjustment on equity:</b>	
Retained earnings	—
Non-controlling interests	—
	—
	<u>—</u>

**(a) Nature of the effect of adoption of IFRS 16**

The Group has lease contracts for offices. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised, and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

***Leases previously accounted for as operating leases***

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the internal rate of return at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term lease exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of RMB6,607,000 were recognised and presented separately in the statement of financial position. There is no lease assets recognised previously under finance leases that were reclassified from Property, plant and equipment.
- Additional lease liabilities of RMB6,607,000 (included in Interest bearing loans and borrowings) were recognised.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	<i>RMB'000</i> (Unaudited)
<b>Operating lease commitments as at 31 December 2018</b>	8,669
Weighted average internal rate of return on leases as at 1 January 2019	5%
Discounted operating lease commitments at 1 January 2019	6,809
Less:	
Commitments relating to short-term leases	<u>(202)</u>
<b>Lease liabilities as at 1 January 2019</b>	<u><u>6,607</u></u>

**(b) Summary of new accounting policies**

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

### ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the internal rate of return at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below RMB50,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(c) **Amounts recognised in the statement of financial position and profit or loss**

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	<b>Right-of-use assets buildings RMB'000 (Unaudited)</b>	<b>Lease liabilities RMB'000 (Unaudited)</b>
<b>As at 1 January 2019</b>	6,607	6,607
Additions	1,493	1,493
Depreciation expense	(2,554)	—
Interest expense	—	194
Payments	—	(2,574)
	<hr/>	<hr/>
<b>As at 30 June 2019</b>	<b><u>5,546</u></b>	<b><u>5,720</u></b>

The Group recognised rent expense from short-term leases of RMB51,340 for the six months ended 30 June 2019.

**IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment***

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes*. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the combined financial statements of the Group.

#### ***Amendments to IFRS 9: Prepayment Features with Negative Compensation***

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are “solely payments of principal and interest on the principal amount outstanding” (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the combined financial statements of the Group.

#### ***Amendments to IAS 19: Plan Amendment, Curtailment or Settlement***

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments had no impact on the combined financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

## **Amendments to IAS 28: *Long-term interests in associates and joint ventures***

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 *Investments in Associates and Joint Ventures*.

## **Annual Improvements 2015–2017 Cycle**

### *IFRS 3 Business Combinations*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the combined financial statements of the Group as there is no transaction where a joint control is obtained.

### *IFRS 11 Joint Arrangements*

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the combined financial statements of the Group as there is no transaction where a joint control is obtained.

## IAS 12 *Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the combined financial statements of the Group.

## IAS 23 *Borrowing Costs*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the combined financial statements of the Group.

#### 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 2019 is set out below:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Customer A	<b>11,929</b>	11,929
Customer B	<b><u>N/A*</u></b>	<b><u>9,151</u></b>

\* Revenue from Customer B was less than 10% of the Group's revenue, and no additional revenue from a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the six months ended 30 June 2019.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from contracts with customers</b>		
Rendering of services	<u><b>56,419</b></u>	<u><b>82,421</b></u>
<b>Revenue from contracts with customers</b>		
<i>Disaggregated revenue information</i>		
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Type of services</b>		
Rendering of funds management services	<u><b>52,884</b></u>	<u><b>78,251</b></u>
Rendering of fund establishment services	<u><b>3,535</b></u>	<u><b>4,170</b></u>
	<u><b>56,419</b></u>	<u><b>82,421</b></u>
<b>Timing of revenue recognition</b>		
Services transferred over time	<u><b>56,419</b></u>	<u><b>82,421</b></u>

An analysis of other income and gains is as follows:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Other income</b>		
Dividend income from IAFV	2,476	4,992
Interest income	94	49
	<u>2,570</u>	<u>5,041</u>
<b>Gains</b>		
Government grants	3,835	1,585
Gain on disposal of a subsidiary	—	29
	<u>3,835</u>	<u>1,614</u>
	<u><b>6,405</b></u>	<u><b>6,655</b></u>

## 6. INCOME TAX

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

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Current — Mainland China charge for the period	6,121	11,391
Deferred tax	2,707	1,099
	<u>8,828</u>	<u>12,490</u>
Total tax charge for the period	<u><b>8,828</b></u>	<u><b>12,490</b></u>

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares as adjusted to reflect the rights issue during the interim year.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2018 and 30 June 2019.

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

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u><u>27,861</u></u>	<u><u>38,655</u></u>
	<b>Number of shares</b>	
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the interim year used in the basic earnings per share calculation	<u><u>153,340,000</u></u>	<u><u>112,845,000</u></u>

## 8. DIVIDENDS

	<b>30 June 2019</b>	<b>31 December 2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Final– 2017	—	45,000
Final – 2018 <sup>(i)</sup>	<u><u>10,000</u></u>	—
Final	<u><u>10,000</u></u>	<u><u>45,000</u></u>

- (i) The final dividend for the year ended 31 December 2018 of RMB6.52 cents per share, amounting to a total of RMB10,000,000 has been fully settled by the Company in late June 2019.

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

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Unlisted investments in associates or a joint venture, at fair value	<u><b>272,352</b></u>	<u>166,222</u>

The Group, as investment fund manager, measured the above investments in associates or a joint venture at fair value through profit or loss in accordance with IFRS 9 at 30 June 2019.

The movements in investments in associates or a joint venture at fair value through profit or loss for the six months ended 30 June 2019 are as follows:

	<b>Increase/(decrease) in fair value of</b>		
	<b>Cost</b>	<b>IAFV</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2018	59,000	24,849	83,849
Movements	298,730	(1,815)	296,915
Exit and/or realisation	<u>(211,810)</u>	<u>(2,732)</u>	<u>(214,542)</u>
At 31 December 2018	<u>145,920</u>	<u>20,302</u>	<u>166,222</u>
<b>Comprising:</b>			
Current portion	<u>15,920</u>	<u>984</u>	<u>16,904</u>
Non-current portion	<u>130,000</u>	<u>19,318</u>	<u>149,318</u>
At 1 January 2019	145,920	20,302	166,222
Movements	93,000	13,130	106,130
Exit and/or realisation	<u>—</u>	<u>—</u>	<u>—</u>
At 30 June 2019	<u><b>238,920</b></u>	<u><b>33,432</b></u>	<u><b>272,352</b></u>
<b>Comprising:</b>			
Current portion	<u>5,000</u>	<u>1,285</u>	<u>6,285</u>
Non-current portion	<u>233,920</u>	<u>32,147</u>	<u>266,067</u>

## 10. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2019</b>	31 December 2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Payroll and welfare payable	<b>3,132</b>	9,527
Taxes and surcharges	<b>1,212</b>	1,082
Accruals	<b>534</b>	3,408
Due to related parties	<b>7,977</b>	8,718
Others	<b>3,398</b>	10,311
	<hr/> <b>16,253</b> <hr/>	<hr/> 33,046 <hr/>

Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at 30 June 2019 approximated to their corresponding carrying amounts.

## 11. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the resolutions of the shareholder dated 30 July 2019, Realway Capital Business Consultancy (Beijing) Co., Ltd. (“**Beijing Realway Consultancy**”) has been liquidated as at 30 July 2019.

Except for the abovementioned liquidation of Beijing Realway Consultancy, there has no other additional events subsequent to period end which require adjustment of or disclosure in the interim condensed consolidated financial statements or notes.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY REVIEW**

Against the backdrop of increased macro-economic fluctuations and uncertainties such as the weak recovery of the global economy, the advent of “De-globalisation”, the continuous economic and trade frictions, and the spillover effects from the policies of the developed economies, the downward pressure on China’s economy in the first half of 2019 increased, which led to a general deterioration in private equity investors’ sentiment towards investments. At the same time, influenced by the Chinese government’s policies of dual control over the real estate industry and the financial industry, China’s private equity industry entered an adjustment period in 2019, during which its self-discipline rules were gradually improved as the supervision strengthened. China’s relevant competent authorities regulatory oversight over real estate private equity funds, and therefore started to impose tougher regulations on the operation procedure of private equity products such as registration and filing, capital raising and appropriateness of investors. Affected by the above factors, the overall number of private equity fund managers and employees in China in the first half of 2019 showed a decline, and the growth rates in terms of both size and number of private equity fund product fillings have also declined.

For the real estate private equity fund industry as a whole, it is in a downturn and consolidation in the first half of 2019, showing a more intensified survival of the fittest atmosphere within the industry. Fund managers without sufficient capabilities in resource integration, professional management and risk management are gradually being eliminated by the competition in the face of accelerating industrial consolidation, which in turn is an opportunity and also a challenge for leading enterprises within the industry.

### **BUSINESS PERFORMANCE**

By always adhering to the concept of continuous innovation and financing to serve the real economy, the Group has been directing capital under the principle of “avoidance of virtual economies and flow into real economies” so as to promote sustainable business development. With the successful listing of the Company’s H Shares on the Main Board of The Stock Exchange of Hong Kong Limited in November 2018, the Directors believe that the Group enjoys a stronger brand effect. As a result, its platform’s resources attraction power is strengthened with more opportunities and new development channels to be explored. In addition, in the first half of 2019, the Group adopted a number of business initiatives such as organisational management restructuring and mechanism innovation to enhance its adaptability and competitiveness in a complex environment. During the Reporting Period, the Group’s important developments were as follows:

## Business Expansion

From 1 January 2019 to the date of this announcement, six projects (three commercial real estate projects, three urbanisation and redevelopment projects) of the Group had passed the vetting of and were approved by the Group's investment decision-making committee. Among them, Xintian Impression Project\* (新田印象項目) (as further particularised in the section head "CHAIRMAN'S STATEMENT — FUTURE PROSPECTS — Geographical expansion" in the 2018 annual report of the Company), Yan'an Project\* (延安項目) and Fuzhou Project\* (福州項目) had been successfully registered with the Asset Management Association of China and commenced investment activities. The Yan'an Project and the Fuzhou Project both represented further cooperations between the Group and Zhongfang Linkpro Investment Co., Ltd.\* (中防聯博投資有限公司) following the development of Fuzhou Zhongfang Wanbaocheng Project\* (福州中防萬寶城項目).

From 1 January 2019 to the date of this announcement, two FOFs of the Group, namely, Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership) and Hangzhou Fuyang Huizhen Investment Management Partnership (Limited Partnership), had passed the vetting of and were approved by the Group's investment decision-making committee, and were registered with the Asset Management Association of China. Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership) (as further particularised in the section headed "CHAIRMAN'S STATEMENT — FUTURE PROSPECTS — Enhancement of the Group's product offering and portfolio assets of its funds" in the 2018 annual report of the Company) has commenced investment activities. Hangzhou Fuyang Huizhen Investment Management Partnership (Limited Partnership) is a FOF jointly established 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) (hereinafter referred to as "**Zhongnan Jinshi**"), a subsidiary of Jiangsu Zhongnan Construction Group Co., Ltd.\* (江蘇中南建設集團有限公司) (hereinafter referred to as "**Zhongnan Group**").

In addition to the development of new projects and FOFs, on 20 May 2019, the Company invested RMB8.0 million to establish Chongqing Realway Equity Investment Fund Management Co., Ltd. (重慶瑞威股權投資基金管理有限公司) as its wholly-owned subsidiary in Chongqing, which was part of the Group's strategy to expand its geographical presence in the western parts of China, to enhance the connection between eastern resources the industries in the western parts of China. The Group will grasp the development opportunities in Chongqing proactively and strategically extend both its longitudinal and latitudinal industrial chains once again. At present, the Group has established its strategic deployments in nine core cities including Shanghai, Beijing, Wuhan, Guangzhou, Tianjin, Hong Kong, Xi'an, Hangzhou and Chongqing.

## **Adjustment on Organisational Structure**

In order to better respond to and implement the Group's development strategy, improve the corporate governance structure, and improve operational efficiency and management effectiveness, the Board adjusted the Company's organisational structure in the first half of 2019 and established the Operation Management Department to give professional advice on important matters at every stage of the Group's investment projects, conduct overall control and report to the Group's chief executive officer. At the same time, in order to enhance management empowerment, the Company continued to promote reforms, such as optimising personnel management, clarifying powers and responsibilities, and bifurcating functional indicators and operational indicators. The Directors believe that such adjustment on organisational structure will improve the Company's management efficiency, ensure that the Company's strategy can be effectively and fully implemented, and further optimize corporate governance.

## **FUTURE PROSPECTS**

Although China's macroeconomic situation has declined in the second quarter of 2019, in the second half of this year, the macroeconomic environment is also expected to face challenges. However, in the face of uncertain global economy, the Directors believe that China is still the most dynamic economy with the highest growth potential in the world. In addition, the changing market environment will also bring more development opportunities for companies focusing specialisation.

The developments in the Chinese real estate market is closely related to the development stage of China's economy. The attributes of the real estate industry as a capital-intensive industry remains despite the Chinese real estate industry's transformation at an accelerated pace. In the future, the attributes of asset management in China's real estate market segments will be further loosened, thus the room for private equity funds to develop will be further increased. Facing the complex market environment, the private equity investment industry will usher in a new round of changes and challenges, showing a trend of capital accumulation, making the strong become stronger.

The Group will continue to seek a variety of ways to overcome the challenges, including:

(i) Seeking strategic cooperation with large companies

The Group will seek to cooperate with large-scale enterprises and large financial institutions to leverage on the resourcefulness of large-scale enterprises and the capital advantages of financial institutions, as well as conducting in-depth cooperation with high-end enterprises in the upstream and downstream industries, to enhance brand influence and achieve mutual benefits. The Company is exploring the possibility to introduce a strategic partner into our direct wholly-owned subsidiary, namely Jiasheng Ruixin (Tianjin) Fund Distribution Co., Ltd.\* (嘉晟瑞信(天津)基金销售有限公司) to further expand our sales of fund business in order to maximise return to the Company and the shareholders of the Company in the long run. The Group hopes to separate the operation of real estate assets from the operation of industry specific assets of various sectors by cooperating with relevant large-scale enterprises in the field of real estate investment funds management and by taking advantage of the Group's professional capabilities in asset management to realize the professional management of both real estate assets and industry specific assets of various sectors, and thus lightening the constraints of various industries and allow them to focus instead on the expansion and upgrading of themselves. The Group will focus on regional strategic industries, and promote regional economic transformation and development. The Group can use its professional and effective management capabilities in areas such as real estate investment product design, investment and financing consulting, risk management and financial planning to provide relevant partners with professional services.

(ii) Lay out intends business development

The Group intends to build a bridge for the interchange between the domestic and overseas assets and capital to enhance the diversification and internationalisation of its product design. The Group has established a branch in Hong Kong at the end of 2018. In 2019, the Group will continue to conduct feasibility studies on overseas real estate investment projects, including licensing requirements, legal regulatory environments and tax planning for potential business activities, to further explore development opportunities in real estate funds in the key cities along the Belt and Road in Southeast Asia. However, the Group currently does not have any concrete plans for overseas expansion and the Company will make further announcements and comply with the relevant requirements of the Listing Rules as and when appropriate.

(iii) Lay out business development in the Guangdong-Hong Kong-Macao Greater Bay Area

On 18 February 2019, the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area\* (《粵港澳大灣區發展規劃綱要》) was officially released, representing the construction of Greater Bay Area, which is the largest in land area and population, and widest in terms of coverage in China, was fully rolled out. The Group believes that the national strategic planning for the Guangdong-Hong Kong-Macao Greater Bay Area will be a long-term drive for the region's economy and real estate market. The Group plans to conduct in-depth cooperation with relevant partners with respect to the urban renewal, integration of industry and finance and other areas.

(iv) Strengthening the status of distressed assets business as one of the Group's core business

The development of China's distressed asset market shows that it is playing an increasingly important role in preventing and dissolving systemic financial risks and serving economic transformation and adjustment for the PRC economy generally as the continuous expansion of market scale, increase of market participants, and enriching of products and services. The operation and disposal of distressed assets is a behavior which counters economic cycles, comprising of acquisitions and holding of assets in economic downturns and disposals in bullish markets. Since the distressed asset business was launched in 2016, the Group's assets under management in relation to distressed assets projects have accounted for more than 50% of its total assets under management. The Group will be increasingly sophisticated in the field of distressed assets by taking advantage of its disposal experience and professional operating advantages in distressed asset management to increase the efficiency in distressed assets disposals, enhance its core competitiveness and profitability.

(v) Improving risk management and control capabilities

Currently, reducing the risk of the private equity investment industry and promoting the healthy development of the industry have become the main theme of China's relevant policies. The Group will continue to strengthen its of risk management and control system by means of building a robust and compliant corporate culture, as well as establishing and improving internal risk control mechanisms, so as to enhance the efficiency and quality of risk management, and achieve stable and healthy development.

The Group will strive to become a top private equity fund manager in China by adapting to changes in the macro environment and by strengthening its active management capabilities and risk management capabilities, to play an important role in for China's economic transformation and upgrading.

## Financial Review

### *Assets under management (“AUM”)*

Despite the challenging market environment, the Group’s AUM recorded growth in the first half of 2019. As at 30 June 2019, the Group’s AUM amounted to approximately RMB4,913.5 million, which is higher than RMB4,514.0 million as at 31 December of 2018. Set out below is a breakdown of the AUM by fund as at the end of the Reporting Period:

	As at 30 June 2019		As at 31 December 2018	
	Number of funds	AUM <i>approximate</i> <i>RMB million</i>	Number of funds	AUM <i>approximate</i> <i>RMB million</i>
Project Funds	12	4,875.6	10	4,460.0
FOFs	7	774.0	6	694.0
Less: FOFs investments in Project Funds	—	(736.1)	—	(640.0)
<b>Total</b>	<b>19</b>	<b>4,913.5</b>	<b>16</b>	<b>4,514.0</b>

Set out below is a breakdown of project fund assets under management by portfolio asset type as at the end of the Reporting Period:

	As at 30 June 2019			As at 31 December 2018		
	Number of projects	AUM <i>approximate</i> <i>RMB million</i>	Proportion %	Number of projects	AUM <i>approximate</i> <i>RMB million</i>	Proportion %
Commercial real estate projects	5	1,285.6	26.4%	3	959.6	21.5%
Distressed assets projects	3	2,593.8	53.2%	3	2,593.8	58.2%
Urbanisation and redevelopment projects	4	996.2	20.4%	4	906.6	20.3%
<b>Total</b>	<b>12</b>	<b>4,875.6</b>	<b>100.0%</b>	<b>10</b>	<b>4,460.0</b>	<b>100.0%</b>

*Note:* The amount which FOFs have invested in Project Funds was eliminated to avoid double counting.

## Revenue

The Group derived its revenue mainly from the fees it charged on the Project Funds and FOFs. Such fees comprised of regular management fees, performance fees and one-off fund establishment fees. During the Reporting Period, the Group recognised a revenue of approximately RMB56.4 million, representing a decrease of approximately RMB26.0 million or 31.5% compared to the same period of the previous year, which was mainly attributable to the decrease in regular management fees and performance fees recorded.

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

	<b>For the six months ended 30 June</b>			
	<b>2019</b>	2018	Change	Rate of change
	<i>(RMB'000, except percentages)</i>			
<b>Project Funds</b>				
— regular management fees	<b>47,523</b>	50,183	(2,660)	(5.3%)
— performance fees	—	23,942	(23,942)	(100.0%)
— one-off fund establishment fees	<b>3,540</b>	4,108	(568)	(13.8%)
<b>Sub-total</b>	<b>51,063</b>	78,233	(27,170)	(34.7%)
<b>FOFs</b>				
— regular management fees	<b>5,482</b>	4,618	864	18.7%
— performance fees	—	—	—	—
— one-off fund establishment fees	—	118	(118)	(100.0%)
<b>Sub-total</b>	<b>5,482</b>	4,736	746	15.8%
<b>Advisory fees</b>	—	—	—	—
Less: sales-related taxes	<b>(126)</b>	(548)	442	(77.0%)
<b>Total</b>	<b>56,419</b>	82,421	(26,002)	(31.5%)

## **Regular management fees**

Revenue of the Group generated from regular management fees during the Reporting Period was approximately RMB53.0 million, which accounted for approximately 93.9% of the Group's total revenue, representing a decrease of approximately RMB1.8 million or 3.3% as compared to that of the same period last year, which was mainly due to the macroeconomic downturn. The Group is more cautious in finding new investment projects for the funds under its management, and the number of new projects launched is reduced accordingly. At the same time, the relevant review procedures for the establishment of the fund have become increasingly stringent, and the Group therefore required more time to start investment projects, resulting in a reduction in the regular management fees recorded.

## **Performance fees**

For the six months ended 30 June 2019, there was no exit by the Group's managed funds from any projects, therefore the Group did not record any performance fees during the period. The Group's managed funds were expected to exit from the Shaoxing Keqiao Project (紹興柯橋項目) (including commercial properties related to textile trade) before 30 June 2019. Due to the impacts of China's macroeconomic downturn and the Sino-US trade war on China's textile export, shop sales was however slower than expected, resulting in the exit from the project falling behind schedule. In contrast, for the six months ended 30 June 2018, we obtained performance fees of RMB23.9 million for the first half of 2018 due to the exits of managed funds from such sizeable projects as Fuzhou Wanbaocheng Project\* (福州萬寶城項目), Dianshanhu Project\* (澱山湖項目) and Ningbo Zhenhai Project\* (寧波鎮海項目).

## **One-off fund establishment fees**

One-off fund establishment fees represent the fees in relation to the establishment of the funds and the sourcing of investors. Revenue of the Group generated from one-off fund establishment fees for the Reporting Period was approximately RMB3.5 million, representing a slight decrease of approximately RMB0.7 million as compared to that of the previous year, which was mainly due to the decrease in the size of new funds established during the Reporting Period as compared to that in the same period of the previous year and the overall deteriorating private equity investors' sentiment towards real estate investments due to macroeconomic downturn.

## **Other income and gains**

Other income and gains decreased from approximately RMB6.7 million in the first half of 2018 to approximately RMB6.4 million for the Reporting Period, representing a slight change compared to that in the same period of the previous year.

## **Administrative expenses**

Administrative expenses of the Group for the Reporting Period were approximately RMB39.2 million, representing a decrease of approximately 8.8% as compared to approximately RMB43.0 million recorded in the first half of 2018. Such decrease was mainly due to:

- (i) in 2019, cost in relation to the operation of the listed company, i.e. fees paid to professionals including audit fees, compliance advisory fees, legal advisory fees and printing fees, was accounted for in advisory fees due to the Company's successful listing in 2018, while in 2018, such cost was accounted for in listing expenses. According to the analysis after the combination of advisory fees and listing expenses, the advisory fees and listing expenses for the first half of 2019 decrease by approximately RMB4.7 million or 43.1% compared with the same period of 2018, which was mainly due to the decrease of approximately RMB6.9 million in fees paid to professionals for the first half of 2019 compared with the same period of 2018, and the increase of approximately RMB2.1 million in the advisory fees resulted from project development;
- (ii) for the first half of 2018, employee incentive expenses were approximately RMB4.8 million, while there was no such expenses for the first half of 2019;
- (iii) staff cost increased by approximately RMB5.2 million compared with the same period of previous year, which was mainly due to the fact that the average number of employees for the first half of 2019 was 165, representing an increase of 54 compared with the same period of 2018, and that the staff cost increased resulting from the rise of employee social insurance and accumulation fund base in 2019 compared with the same period of last year.

## **Increase/(decrease) in fair value of IAFV**

As part of the Group's ordinary and usual course of business, the Group has been making investments into the funds structured and managed by it. Such investments were consistently recognised as investments in associates or a joint venture at fair value through profit or loss ("IAFV") in the Group's financial statements and will continue to be the case in the foreseeable future.

The Group as investment fund managers, measure the above investments in associates or a joint venture at fair value through profit or loss in accordance with IFRS 9. Financial assets of distressed assets projects are applying level 3 hierarchy of fair value assessment, 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 is: discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level. It indicated the following relationship to its 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

For the first half of 2019, the fair value of IAFV was increased by RMB13.1 million, mainly because the increase of recoverable amount of Yuhang Xinquayuan Project (余杭馨華園項目) led to an increase of RMB12.9 million in fair value of IAFV. The Group has direct investment and investment through FOFs in Yuhang Xinquayuan Project which in aggregate amounted to approximately RMB84.5 million at investment cost. According to the signed contract arrangement, such distressed assets project is expected to be withdrawn this year and the expected recoverable amount will increase as compared with that in last year with the progress of the project.

### **Other expenses**

Other expenses of the Group for the six months ended 30 June 2019 increased by approximately RMB1.3 million compared with same period of 2018, mainly due to the increase of exchange loss.

### **Share of losses of joint ventures**

Share of losses of joint ventures of the Group for the six months ended 30 June 2019 increased by approximately RMB0.8 million compared with same period of 2018, mainly due to the loss of RMB1.2 million incurred in the investment of Guangzhou Zhongshunyi Management Consultancy Co., Ltd. (“**Guangzhou Zhongshunyi**”)\* (廣州中順易管理諮詢有限公司) (formerly known as 廣州中順易財富管理有限公司) and Shanghai Ruidan Business Advisory Co., Ltd.\* (上海芮旦商務諮詢有限公司) this year.

### **Finance cost**

The finance cost incurred in the first half of 2019 was RMB0.2 million, mainly because the Group included interest expenses related to the lease therein after the adoption of the new standard, IFRS 16-Lease, since 2019.

## **Income tax expense**

Income tax expense of the Group for the six months ended 30 June 2019 was approximately RMB8.8 million, representing a decrease of approximately 29.3% as compared to approximately RMB12.5 million for the same period of 2018, which was mainly due to the decrease in profit before tax.

## **Profit for the period**

Profit of the Group for the six months ended 30 June 2019 decreased from approximately RMB37.5 million for the same period of 2018 to RMB25.3 million, and the net profit margin was 44.9%, which was basically the same as the same period of last year.

## ***Liquidity and financial resources***

The Group regularly reviews the status of liquidity and actively manages liquidity and financial resources in light of changes in the economic environment and business development needs. As at 30 June 2019, the cash and cash equivalents of the Group was RMB71.2 million (30 June 2018: RMB20.2 million).

## ***Gearing ratio***

The gearing ratio of the Group as at 30 June 2019 was nil (30 June 2018: nil) as the Group had no outstanding loans, borrowings or bank overdrafts as at 30 June 2019.

## ***Treasury policies***

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

## *Proceeds from the Listing*

The Company issued 38,340,000 H Shares on the Stock Exchange on 13 November 2018. After deducting the underwriting fees and other related expenses, the net proceeds from the Share Offer amount to approximately HK\$183.7 million, which was allocated and will be utilised in accordance with the purposes set forth in the prospectus of the Company dated 31 October 2018.

For the first half of 2019, the net proceeds of the Share Offer were utilised as follows:

<b>Total net proceeds of HK\$183.7 million (equivalent to RMB161.0 million)</b>	<b>Allocated net proceeds from the Listing RMB'000</b>	<b>Utilised net proceeds from the Listing RMB'000</b>	<b>Utilisation rate %</b>
<b>— Setting up new FOFs</b>	96,565	68,000	70.4%
(i) FOF IX <sup>(note 1)</sup>		48,000	
(ii) FOF VIII (as defined in the Prospectus)		20,000	
<b>— Geographical expansion of the Group's business in the PRC</b>	48,283	47,872	99.1%
(i) Contribution to Realway Capital Assets Management (Beijing) Co., Ltd.* (北京瑞威資產管理有限公司)		13,000	
(ii) Contribution to Realway Capital Asset Management (Xi'an) Co., Ltd.* (西安瑞威資產管理有限公司)		10,000	
(iii) Contribution to Realway Capital Assets Management (Guangzhou) Co., Ltd.* (廣州瑞威資產管理有限公司)		6,300	
(iv) Contribution to Realway Capital Business Consultancy (Hangzhou) Co., Ltd.* (杭州瑞威商務諮詢有限公司)		6,300	
(v) Contribution to Jiangsu Realway Equity Investment Fund Management Co., Ltd.* (重慶瑞威股權投資基金管理有限公司)		8,000	

<b>Total net proceeds of HK\$183.7 million (equivalent to RMB161.0 million)</b>	<b>Allocated net proceeds from the Listing RMB'000</b>	<b>Utilised net proceeds from the Listing RMB'000</b>	<b>Utilisation rate %</b>
(vi) Contribution to Realway (Hong Kong) Assets Management Limited* (瑞威 (香港) 資產管理有限公司)		4,272 <sup>(note 2)</sup>	
<b>— Funding for working capital and other general corporate purposes</b>	16,094	15,976	99.3%

*Note:*

1. FOF IX represents Hangzhou Fuyang Huirong Investment Management Partnership (Limited Partnership), which was a FOF set up and co-managed by the Group in the form of limited partnership in January 2019.
2. Approximation based on the actual amount of HK\$5.0 million.

### ***Pledge of assets***

As at 30 June 2019, the Group did not have any assets which were pledged.

### ***Foreign exchange risk***

The businesses of the Group were mainly operated in the PRC with most of businesses carried in RMB. The Group only bears the risk of fluctuations in the exchange rate of RMB against the HKD. The Group currently has no hedging of foreign exchange risk and we believe that the Group's foreign exchange risk is manageable and we will closely monitor the relevant risks from time to time.

### ***Capital structure***

The Shares of the Company were listed on the main board of the Stock Exchange on 13 November 2018. There has been no change in the capital structure of the Company since 13 November 2018.

### ***Material acquisitions and disposals of subsidiaries, associates and joint ventures***

On 5 March 2019, the Company invested RMB14 million to acquire 35% equity interests in Guangzhou Zhongshunyi. Guangzhou Zhongshunyi has a team of wealth management professionals who worked at major financial institutions and is committed to building an elite and professional marketing team to solidify the business linkage between asset management and wealth management. As all of the applicable percentage ratios (as defined under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) in respect of such acquisition were less than 5%, the acquisition did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. For more information, please refer to the section headed “CHAIRMAN’S STATEMENT — FUTURE PROSPECTS — Expansion of the Group’s marketing capabilities to attract high-net-worth investors” in the 2018 annual report of the Company.

Save as disclosed above and in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2019.

### ***Segmental information***

Segmental information of the Group for the period is disclosed on note 4 to the interim condensed consolidated financial statements of this announcement.

### ***Capital expenditures and contingent liabilities***

As at 30 June 2019, the Group did not have any significant contingent liabilities.

### ***Employees and remuneration policy***

As at 30 June 2019, the Group employed a total of 143 employees (30 June 2018: 127 employees). The Group has adopted an employee compensation policy which takes into account factors such as external market competitiveness and internal fairness, and provides diversified training and individual development plans for its employees. The Group has a clear promotion policy that gives eligible employees career progression opportunities.

### ***Significant investments held***

Save as disclosed in this announcement, the Group did not hold any significant investments during the six months ended 30 June 2019.

## *Events after the Reporting Period*

Realway Capital Business Consultancy (Beijing) Co., Ltd.\* (瑞威(北京)商務諮詢有限公司), a wholly-owned subsidiary of the Company, was deregistered on July 30, 2019. The original business of Realway Capital Business Consultancy (Beijing) Co., Ltd. has been undertaken by Realway Capital Assets Management (Beijing) Co., Ltd.\* (北京瑞威資產管理有限公司), which is a wholly-owned subsidiary of the Company. Realway Capital Business Consultancy (Beijing) Co., Ltd. was not engaged in any legal litigation of material importance or any material non-compliance matters.

## **Other information**

### *Interim dividends*

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 2019 (for the six months ended June 30, 2018: Nil).

### *Corporate Governance Practices*

The Company had adopted the Corporate Governance Code and Corporate Governance Report (the “**Corporate Governance Code**” or “**CG Code**”) set out in Appendix 14 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its Corporate Governance Code. Save as disclosed below, the Company has complied with the applicable code provisions in the Corporate Governance Code during the Reporting Period.

According to Code Provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 18 January 2019, Mr. Zhu Ping (“**Mr. Zhu**”), currently an executive Director and the chief executive officer, had been appointed as the chairman of the Board (the “**Chairman**”) in place of Mr. Cheng Jun with effect from 18 January 2019 (the “**Re-designation**”).

As Mr. Zhu now serves as both the Chairman and the Chief Executive Officer, such practice deviates from code provision A.2.1 of the Corporate Governance Code. The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Zhu to hold both positions as it would contribute to the continuity of the policies and the stability of the operations of the Group having taken into account Mr. Zhu's familiarity with every aspect of the Group's operations as the Group's principal founder and his heavy involvements in the day-to-day operations of the Group. The Board therefore considers that the deviation from 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 checks to protect 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 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 during the six months ended 30 June 2019.

The Company has also established written guidelines (the "**Employees Written Guidelines**") which are no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Group. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2019.

### ***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.

### ***Competing Interests***

The Directors are not aware of any business or interest of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined in the Listing Rules) that compete or may compete with the business of the Group, or any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 June 2019.

### ***Audit committee***

In order to comply with the Listing Rules, the Board has established an audit committee which comprises three independent non-executive Directors. The audit committee has reviewed with the accounting principles and practices adopted by the Group and discussed the audit, internal controls and financial reporting matters including a review of the un-audited interim results of the Group for the six months ended 30 June 2019.

### ***Audit or review the financial results***

The financial results for the six months ended 30 June 2019 have not been audited or reviewed by external auditor of the Company.

### ***Publication of interim results and interim report on the Stock Exchange***

The interim results announcement is available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.realwaycapital.com](http://www.realwaycapital.com)). The interim report will be dispatched to Shareholders and posted on the websites of the Stock Exchange and the Company on or around 20 September 2019.

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, 23 August 2019

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

\* *For identification purpose only*