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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)**

## **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on the information currently available to the Board, the Group is expected to record a net profit of less than RMB26.0 million for the six months ended 30 June 2019 as compared to the net profit of approximately RMB37.5 million for the six months ended 30 June 2018.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by Shanghai Realway Capital Assets Management Co., Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “**SFO**”).

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the board (the “**Board**”) of directors (the “**Directors**”) of the Company and the preliminary review of the latest unaudited consolidated financial information of the Group, the Group is expected to record a net profit of less than RMB26.0 million for the six months ended 30 June 2019 as compared to the net profit of approximately RMB37.5 million recorded for the six months ended 30 June 2018, representing a decrease of not less than 30.7%.

The expected decrease in net profits of the Group was mainly due to the following reasons:

**(i) Deteriorating private equity investors' sentiment due to macro-economic factors**

Given the advent of trade protectionism and intensifying trade disputes between the People's Republic of China (the "PRC") and the United States of America, a potential decline in the macro-economic situation in the PRC became obvious in the second quarter of 2019. According to the China Caixin Manufacturing PMI, three out of the six months in the first half of 2019 were in contraction territory. Based on the slowing growth in property prices shown on the China Real Estate Index System, the Board believes that the decline in macro-economic situation has led to a general deterioration in private equity investors' sentiment towards real estate investments. The Group has therefore taken a more cautious approach in procuring new investment projects for its managed funds in order to match with the requirements from the potential private equity investors under the current economic atmosphere. Such cautious approach has led to a decline in commencement of new projects and has thus led to a decline in regular management fees received by the Group.

**(ii) Increasingly stringent vetting process relating to fund establishments**

In order to establish an investment fund, prior to the commencement of fundraising, a fund manager has to, among other things, undergo two major steps: (i) establish custodian arrangements with banks and/or other financial institution; and (ii) register the prospective fund with the relevant PRC authorities. During the first half of 2019, the regulatory regime was enhanced at both levels in order to ensure the healthy growth of the PRC private equity market.

According to the Guidance on Assets Custodian Business of Commercial Banks (商業銀行資產託管業務指引) issued by the China Banking Association in March 2019, commercial banks in the PRC are required to conduct enhanced due diligence on private equity fund managers who are not supported by state owned enterprises ("SOEs") or large institutions. Likewise, the relevant PRC authorities have also been conducting enhanced reviews on applications for investment fund registrations during the first half of 2019.

Due to the increasingly stringent vetting process relating to fund establishments, it required more time for the Group to commence investment projects. The Directors believe that the foregoing has led to a decline in regular management fees received by the Group during the six months ended 30 June 2019 and contributed towards the decline in net profits during such period. Having said that, the Group had been proactively overcoming such challenges and, despite the limited number of real estate funds which were successfully established in the market due to increasingly stringent regulatory requirements, since 1 January 2019 up to the date of this announcement, the Group was able to establish seven new funds with an aggregate approved fund size of

up to RMB2.15 billion. Going forward, the Group will actively seek various means to overcome such challenges, including collaborating with large-scale strategic partners (including SOEs and large financial institutions).

**(iii) Lack of planned exits by the Group's managed funds from investment projects**

During the six months ended 30 June 2018, the Group recorded performance fees of approximately RMB23.9 million due to the managed funds' exits from sizeable projects such as the Fuzhou Wanbaocheng Project (福州萬寶城項目), the Dianshanhu Project (淀山湖項目) and the Ningbo Zhenhai Project (寧波鎮海項目). However, due to the deteriorating macro-economic situation and decline in property markets in the PRC as mentioned above, there was no planned exits from investment projects during the six months ended 30 June 2019 and therefore no performance fee was recorded during such period.

In particular, the exit of the Shaoxing Keqiao Project (紹興柯橋項目), which comprised of commercial properties relating to textile trade, was affected as the release of shops was slower than expected due the subdued PRC textiles export activities generally as a result of the macro-economic factors set out in paragraph (i) above. The Directors believe that the lack of performance fees recorded during the six months ended 30 June 2019 had contributed to the decline in net profits during such period.

The information contained in this announcement is only based on the information currently available to the Board and the preliminary review of the unaudited consolidated financial information of the Group, which has not been audited or reviewed by the auditors of the Company or the audit committee of the Board. Details of the interim results of the Company for the six months ended 30 June 2019 will be announced in August 2019.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Shanghai, the PRC  
19 July 2019

*As of the date of this announcement, the Board 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*