

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**VOLUNTARY ANNOUNCEMENT
ADJUSTMENT TO THE MANAGEMENT FEES COLLECTION MODEL
OF HUAQIAO CHENG PROJECT**

This announcement is made by Shanghai Realway Capital Assets Management Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform the shareholders and potential investors of the Company of the latest information in relation to the adjustment to the fund management fees collection model of Huaqiao Cheng Project* (華僑城項目) invested by the fund managed by the Group (the “**Adjustment**”).

BACKGROUND

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 of Shanghai Shengyu Investment Limited Partnership* (上海晟羽投資合夥企業(有限合夥)) (“**Shanghai Shengyu**”). Shanghai Shengyu is a platform fund which holds the project company for the Huaqiao Cheng Project* (華僑城項目) (the “**Project Company**”), and Shanghai Ruixiang provides management services to Shanghai Shengyu. Shanghai Ruixiang collects fund management fees from Shanghai Shengyu in accordance with the relevant partnership agreement and entrusted management agreement.

Huaqiao Cheng Project* (華僑城項目) is a commercial real estate project comprising of a shopping mall which leases retail premises to retailers, restaurants, cinemas, etc. (the “**Shopping Mall**”). Since the outbreak of the COVID-19 epidemic (the “**Epidemic**”) in the People's Republic of China (the “**PRC**”) in early 2020, the PRC government has responded to the Epidemic by various measures such as strengthening quarantine control and reducing people gathering. As a result, many tenants of the Shopping Mall, including the retail stores, restaurants, cinemas and other places of entertainment were temporarily closed, which adversely affected the financial position of these tenants. In order to help the tenants overcome difficulties, the Project Company, as the landlord of the Shopping Mall, adopted certain rental reduction measures for the tenants, resulting in a decrease in its revenue for the six months ended 30 June 2020 as compared to the corresponding period last year.

ADJUSTMENT TO THE MANAGEMENT FEES COLLECTION MODEL OF HUAQIAO CHENG PROJECT

As set out in the profit warning announcement of the Company dated 13 February 2020, in response to the impact of the Epidemic on the Group's operational and financial performance, the Group negotiated with the business partners, investee companies and investors of our managed funds in order to explore if there are any measures which could be implemented to alleviate the financial pressure of our managed funds. In order to actively undertake corporate social responsibility and support the development of Huaqiao Cheng Project* (華僑城項目), practically reduce the burden of the Project Company and alleviate the cash flow pressure, so as to facilitate the smooth operation of the Shopping Mall during the Epidemic, after negotiation with all partners of Shanghai Shengyu, Shanghai Ruixiang entered into a supplemental agreement in respect of management fees on 3 July 2020, agreeing to adjust the fund management fees collection model of Huaqiao Cheng Project* (華僑城項目). The details of the adjustment are as follows:

- (i) from 1 January 2020 to the exit from the Huaqiao Cheng Project* (華僑城項目) upon liquidation of Shanghai Shengyu (the “**Relevant Period**”), Shanghai Ruixiang as the fund manager, suspended charging management fees incurred during the Relevant Period from Shanghai Shengyu. The relevant management fees will be charged upon the liquidating distributions of Shanghai Shengyu; and
- (ii) the order of settlement of the management fees incurred by Shanghai Shengyu during the Relevant Period shall be adjusted to be inferior to the principal amount of investment of the subordinated investors for distribution upon liquidation, i.e. Shanghai Ruixiang shall collect the fund management fees incurred during the Relevant Period from Shanghai Shengyu, after Shanghai Shengyu distributes the entire principal amount of investment to the respective subordinated investors.

The board of directors of the Company (the “**Board**”) is of the view that (i) as a commercial shopping mall which focuses on the retail industry, Huaqiao Cheng Project* (華僑城項目) has been affected significantly by the Epidemic. The adjustment of management fees collection model is not only conducive to relieving the financial pressure of our managed funds, but also maintains the healthy development of the commercial real estate industry; (ii) the adjustment will not affect the Group's ability to continue as a going concern and long-term development; and (iii) the adjustment is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the articles of association of the Company.

The Board will continue to assess the impact of the Epidemic and the adjustment to the management fees collection model of Huaqiao Cheng Project* (華僑城項目) on the Group's operational and financial performance, and will closely monitor the Group's exposure to the risks and uncertainties in this regard. The Company will take appropriate measures and make further announcements as and when appropriate.

Shareholders and potential investors of the Company 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.
Mr. Zhu Ping
Chairman, Chief Executive Officer and Executive Director

Shanghai, the PRC
3 July 2020

As at 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*