THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed registered dealer in securities, bank manager, solicitor, professional accountants or other professional advisers.

If you have sold or transferred all your shares in Riverine China Holdings Limited, you should at once hand this circular to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

RIVERINE CHINA HOLDINGS LIMITED
浦 江 中 國 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1417)

MAJOR TRANSACTION
INVESTMENT AGREEMENT

Financial Adviser to the Company

东方证券 DFZQ 國際

Capitalised terms used in this cover shall have the same meanings as those defined in the section headed "Definitions" of this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 6 to 29 of this circular.

25 October 2019

CONTENTS

In this circular, the following terms and expressions shall have the meanings set out below unless the context requires otherwise:

"Advanced Payment"	include (i) an earnest money in the sum of RMB3,000,000 to the Existing Shareholders and a loan in the sum of RMB7,000,000 to the Target advanced by Shanghai Pujiang under the LOI and (ii) a sum of RMB20,000,000 to be advanced by Shanghai Pujiang to the Co-management Account as part of the First Instalment Payment pursuant to the Investment Agreement
"Audited NP"	the audited net profit of the Target Group under HKFRSs for the purposes of the adjustments to be made to the Retention Money
"Board"	the board of Directors of the Company
"Business Day"	a day other than a Saturday, Sunday or public holiday in the PRC
"Capital Injection"	the increase in the capital of the Target as contemplated under the Investment Agreement
"Circular"	this circular, including the appendices hereto
"Company"	Riverine China Holdings Limited (浦江中國控股有限公司), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock code: 1417)
"Completion"	completion of the Reorganisation, Equity Interest Transfer and Capital Injection in accordance with the terms and conditions of the Investment Agreement and completion of registration of the Investment at the relevant industry and commerce and/or market supervision and administration bureau
"Conditions Precedent"	collectively the Conditions Precedent Part I and Conditions Precedent Part II
"Conditions Precedent Part I"	the conditions precedent to be fulfilled for the First Instalment Payment and the Equity Interest Transfer
"Conditions Precedent Part II"	the conditions precedent to be fulfilled for the Second Instalment Payment and the Capitalisation of the Advanced Payment
"connected person(s)"	has the meaning as ascribed to it under the Listing Rules

"Consideration"	RMB91,800,000 (subject to adjustments), payable by Shanghai Pujiang for the Investment in the manner pursuant to the Investment Agreement
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules, and in the context of the Company, means a group of controlling shareholders of the Company, namely Partner Summit Holdings Limited, Vital Kingdom Investments Limited, Pine Fortune Global Limited, Source Forth Limited, Mr. Chen Yao, Mr. Fu Qichang, Mr. Xiao Xingtao, holding 299,154,000 Shares, representing approximately 73.87% of the issued share capital of the Company
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group and the Target Group
"Equity Interest Transfer"	the transfer of equity interest of the Target from the Vendor to Shanghai Pujiang as contemplated under the Investment Agreement
"Existing Shareholders"	collectively Ms. Wang, Mr. Kou, Shanghai Honghui, Hezhou Hongteng and Hezhou Hongda, altogether constituting 100% of equity interest in the Target immediately prior to the date of the Investment Agreement
"Group"	the Company together with its subsidiaries
"HKFRSs"	Hong Kong Financial Reporting Standards
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hezhou Hongda"	Hezhou Hongda Equity Investment Partnership Enterprise (Limited Partnership)* (賀州泓大股權投資合夥企業(有限合夥)), a partnership formed in the PRC with limited liability, one of the Existing Shareholders holding 8.48% equity interest in the Target and an Independent Third Party. As at the Latest Practicable Date, Ms. Wang and Mr. Kou hold 70.0% and 30.0% of the equity interest of Hezhou Hongda respectively

"Hezhou Hongteng"	Hezhou Hongteng Equity Investment Partnership Enterprise (Limited Partnership)* (賀州泓騰股權投資合夥企業(有限合夥)), a partnership formed in the PRC with limited liability, one of the Existing Shareholders holding 30.73% equity interest in the Target and an Independent Third Party. As at the Latest Practicable Date, Ms. Wang and Mr. Kou hold 70.0% and 30.0% of the equity interest of Hezhou Hongteng respectively
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates and not otherwise a connected person of the Company
"Investment"	the acquisition of 51% equity interest in the Target, by way of Equity Interest Transfer and Capital Injection, from the Existing Shareholders by Shanghai Pujiang
"Investment Agreement"	the investment agreement entered into between Shanghai Pujiang, the Target and the Existing Shareholders in relation to the Investment
"Investment Sum"	RMB30,000,000, being the investment sum to be injected by Shanghai Pujiang into the Target
"Latest Practicable Date"	17 October 2019, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"LOI"	The letter of intent dated 11 January 2019 entered into between the Shanghai Pujiang, the Target and the Existing Shareholders in relation to the Investment
"Mr. Kou"	Mr. Kou Liang (寇亮), one of the Existing Shareholders holding 1.5% equity interest in the Target and an Independent Third Party
"Ms. Wang"	Ms. Wang Hui (王慧), one of the Existing Shareholders holding 3.5% equity interest in the Target and an Independent Third Party

"Net Proceeds"	net proceeds of approximately HK$125.5 million raised by the Company from the listing of the Shares on the Main Board of the Stock Exchange and the partial exercise of an over-allotment option as detailed in the announcement of the Company dated 2 January 2018
"PRC"	the People's Republic of China, which, for the purpose of this Circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Reorganisation"	the corporate reorganisation of the Target pursuant to the Investment Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Honghui"	Shanghai Honghui Enterprise Management Consulting Partnership Enterprise (Limited Partnership)* (上海泓匯企業管理諮詢合夥企業(有限合夥)), a partnership formed in the PRC with limited liability, one of the Existing Shareholders holding 55.79% equity interest in the Target and an Independent Third Party. As at the Latest Practicable Date, Ms. Wang and Mr. Kou hold 70.0% and 30.0% of the equity interest of Shanghai Honghui respectively
"Shanghai Pujiang" or the "Investor"	Shanghai Pujiang Property Company Limited* (上海浦江物業有限公司), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) with the nominal value of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	Hong Xin Environmental Group Co., Ltd.* (泓欣環境集團有限公司), a company incorporated in the PRC on 5 July 2000 with limited liability and an Independent Third Party
"Target Group"	the Target together with its subsidiaries
"Transfer Price"	RMB61,800,000 (subject to adjustments), being the total transfer price payable by Shanghai Pujiang to the Vendor for the acquisition of 43.9606% equity interest in the Target

"Unaudited Pro Forma Financial Information"	the unaudited pro forma statement of assets and liabilities of the Enlarged Group as if the Investment had been completed on 30 June 2019, as set out in Appendix IV to this Circular
"Vendor"	means Shanghai Honghui

* *The English translation is a translation of the Chinese name and included herein for identification purposes only.*

RIVERINE CHINA HOLDINGS LIMITED
浦 江 中 國 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1417)

Executive Directors:
Mr. Xiao Xingtao *(Chairman)*
Mr. Fu Qichang
Mr. Xiao Yuqiao
Mr. Jia Shaojun

Non-executive Director:
Mr. Zhang Yongjun

Independent Non-executive Directors:
Mr. Cheng Dong
Mr. Weng Guoqiang
Mr. Shu Wa Tung Laurence

Registered office:
Cricket Square
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in China:
14th Floor
Jiushi Tower
28 South Zhongshan Road
Shanghai, PRC

Principal place of business in Hong Kong:
2/F, King's House
971 King's Road
Quarry Bay Hong Kong

25 October 2019

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
INVESTMENT AGREEMENT

INTRODUCTION

Reference is made to the Company's announcement dated 9 September 2019 relating to the Investment Agreement entered into by Shanghai Pujiang, the Target and the Existing Shareholders in relation to, among others, the Reorganisation, Equity Interest Transfer and Capital Injection.

Upon the Completion, Shanghai Pujiang will own 51% equity interests in the Target.

The purpose of this Circular is to provide you with, among other things, (i) further details of the Investment and the transactions contemplated thereunder; (ii) financial information of the Group; (iii) the accountants' report of the Target Group; (iv) management discussion and analysis of the Target Group; (v) the unaudited pro forma financial information of the Enlarged Group; and (vi) other information as required under the Listing Rules.

PRINCIPAL TERMS OF THE INVESTMENT AGREEMENT

Date		: 7 September 2019
Parties	(1)	: Shanghai Pujiang as the purchaser and the Investor;
	(2)	: the Target;
	(3)	: Ms. Wang as one of the Existing Shareholders;
	(4)	: Mr. Kou as one of the Existing Shareholders;
	(5)	: Shanghai Honghui as one of the Existing Shareholders and the Vendor;
	(6)	: Hezhou Hongteng as one of the Existing Shareholders; and
	(7)	: Hezhou Hongda as one of the Existing Shareholders.

(collectively the "**Parties**")

Shanghai Honghui, Hezhou Hongteng and Hezhou Hongda are ultimately and beneficially owned by Ms. Wang and Mr. Kou. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the Existing Shareholders and their respective ultimate beneficial owners and the Target is an Independent Third Party.

The Investment

(i) Reorganisation

Pursuant to the Investment Agreement, the Parties agreed that the Target and the Existing Shareholders shall complete the Reorganisation before the Equity Interest Transfer and the Capital Injection.

Set out below is the shareholding structure of the registered share capital of Target before and immediately after the Reorganisation:

	Before completion of Reorganisation	After completion of Reorganisation
Registered share capital of the Target	RMB50,050,000	RMB50,050,000

Shareholders of the Target	**Approximate equity interest in the registered capital**	**Approximate equity interest in the registered capital**
Ms. Wang	3.5000%	3.5000%
Mr. Kou	1.5000%	1.5000%
Shanghai Honghui	55.7900%	43.9606%
Hezhou Hongteng	30.7300%	30.7300%
Hezhou Hongda	8.4800%	20.3094%
	100.0000%	100.0000%

The purpose of the Reorganisation is to simplify the shareholding structure of the Target after Completion. Immediately before the Reorganisation, the Vendor holds 55.7900% equity interest in the Target. After the Reorganisation, the shareholding of the Vendor would be reduced to 43.9606%. After completion of the Equity Interest Transfer, the entire shareholding held by the Vendor of 43.9606% equity interest in the Target would be transferred to Shanghai Pujiang and the Vendor would no longer have any equity interest in the Target. As the numbers of shareholders of the Target was not affected by the Investment, it would not complicate the shareholding structure of the Target after Completion.

(ii) Equity Interest Transfer

Pursuant to the Investment Agreement, subject to the completion of the Reorganisation and the fulfilling of the Conditions Precedent Part I, the Vendor agrees to transfer 43.9606% of the equity interest in the Target to Shanghai Pujiang at the consideration of RMB61,800,000 (subject to adjustments) (the "**Transfer Price**").

Shareholding

Set out below is the shareholding structure of the registered share capital of the Target before and immediately after the Equity Interest Transfer:

	Before completion of Equity Interest Transfer	After completion of Equity Interest Transfer
Registered share capital of the Target	RMB50,050,000	RMB50,050,000
Shareholders of the Target	**Approximate equity interest in the registered capital**	**Approximate equity interest in the registered capital**
Shanghai Pujiang	—	43.9606%
Ms. Wang	3.5000%	3.5000%
Mr. Kou	1.5000%	1.5000%
Shanghai Honghui	43.9606%	—
Hezhou Hongteng	30.7300%	30.7300%
Hezhou Hongda	20.3094%	20.3094%
	100.0000%	100.0000%

(iii) Capital Injection

At the same time of the Equity Interest Transfer, pursuant to the Investment Agreement, Shanghai Pujiang agrees to contribute RMB30,000,000 to the capital of the Target (in which RMB7,190,245 will be contributed to the registered share capital of the Target and the remainder to its capital reserve). It is intended that the proceeds from the Capital Injection will be used as general working capital of the Target Group and for the purpose of tendering for environmental maintenance projects of greater scale.

Shareholding

Set out below is the shareholding structure of the registered share capital of the Target before and immediately after the Capital Injection:

	Before completion of Capital Injection	After completion of Capital Injection
Registered share capital of the Target	RMB50,050,000	RMB57,240,245

Shareholders of the Target	Approximate equity interest in the registered capital	Approximate equity interest in the registered capital
Shanghai Pujiang	43.9606%	51.0000%
Ms. Wang	3.5000%	3.0604%
Mr. Kou	1.5000%	1.3116%
Hezhou Hongteng	30.7300%	26.8698%
Hezhou Hongda	20.3094%	17.7582%
	100.0000%	100.0000%

Consideration

The Consideration, representing the Transfer Price of RMB61,800,000 (subject to adjustments) and Investment Sum of RMB30,000,000, is payable by Shanghai Pujiang in the following manner:

(a) within five (5) Business Days upon the satisfaction of the Conditions Precedent Part I, Shanghai Pujiang shall pay the Investment Sum in a sum of RMB30,000,000 (the "**First Instalment Payment**") to the Target, which includes the transformation of the earnest money and loan already paid by Shanghai Pujiang pursuant to the LOI in the sum of RMB10,000,000 as part of the Advanced Payment, and a further loan to be advanced by Shanghai Pujiang to the Target in the sum of RMB20,000,000 as the remaining part of the Advanced Payment to be held by a bank account in the name of the Target and controlled by Shanghai Pujiang (the "**Co-management Account**");

(b) within five (5) Business Days upon the satisfaction of the Conditions Precedent Part II, a sum of RMB31,800,000 (the "**Second Instalment Payment**") shall be paid by Shanghai Pujiang to the Vendor as part of the Transfer Price. At the same time, the Advanced Payment shall be capitalised into the capital of the Target (in which RMB7,190,245 will be contributed to the registered share capital of the Target and the remainder to its capital reserve) for its principal business operation (the "**Capitalisation of the Advanced Payment**"). Within three (3) Business Days after receiving the Second Instalment Payment, a sum of RMB31,800,000 shall be paid by the Existing Shareholders to Shanghai Pujiang as profit guarantee retention money (the "**Retention Money**");

(c) Within five (5) Business Days from the payment of Retention Money to Shanghai Pujiang by the Existing Shareholders, a sum of RMB30,000,000 shall be paid by the Shanghai Pujiang to the Vendor as the remainder of the Transfer Price.

Half of the Retention Money (i.e. RMB15,900,000) (the "**Initial Retention Amount**") shall be released by Shanghai Pujiang to the Existing Shareholders upon the satisfaction of the profit guarantee with an Audited NP of not less than RMB20,000,000 for the financial year ending 31 December 2019. The another half of the Retention Money (i.e. RMB15,900,000) (the

"**Remainder Retention Amount**") shall be released by Shanghai Pujiang to the Existing Shareholders upon the satisfaction of the profit guarantee with an Audited NP of not less than RMB20,000,000 for the financial year ending 31 December 2020.

The Retention Money shall be subject to the adjustment below.

With respect to the Initial Retention Amount, if the Audited NP for the financial year ending 31 December 2019 is less than RMB20,000,000 and Shanghai Pujiang does not exercise the Right of Buy-Back, the Existing Shareholders shall pay cash compensation ("**FY2019 Cash Compensation Amount**") to Shanghai Pujiang which is determined in accordance with the following formula:

FY2019 Cash Compensation Amount = RMB91,800,000 x (Guaranteed NP for the financial year ending 31 December 2019 (see below) – Audited NP for the financial year ending 31 December 2019)/Guaranteed NP for the financial year ending 31 December 2019

i.e. RMB91,800,000 x (RMB20,000,000 – Audited NP for the financial year ending 31 December 2019)/RMB20,000,000

In the event that the Initial Retention Amount is less than FY2019 Cash Compensation Amount, Shanghai Pujiang shall not be required to return the Initial Retention Amount to the Existing Shareholders and the Existing Shareholders shall pay the residue of the FY2019 Cash Compensation Amount (after deducting the Initial Retention Amount) to Shanghai Pujiang within 20 Business Days after the Confirmation of the Audited NP (see below) for the financial year ending 31 December 2019. In the event that the Initial Retention Amount is more than FY2019 Cash Compensation Amount, Shanghai Pujiang shall return the balance of the Initial Retention Amount (after deducting FY2019 Cash Compensation Amount) to the Existing Shareholders within 20 Business Days after the Confirmation of the Audited NP for the financial year ending 31 December 2019.

With respect to the Remainder Retention Amount, if the Audited NP for the financial year ending 31 December 2020 is less than RMB20,000,000 and Shanghai Pujiang does not exercise the Right of Buy-Back, the Existing Shareholders shall pay cash compensation ("**FY2020 Cash Compensation Amount**") to Shanghai Pujiang which is determined in accordance with the following formula:

FY2020 Cash Compensation Amount = RMB91,800,000 x (Guaranteed NP for the financial year ending 31 December 2020 (see below) – Audited NP for the financial year in 2020)/Guaranteed NP for the financial year ending 31 December 2020

i.e. RMB91,800,000 x (RMB20,000,000 – Audited NP for the financial year ending 31 December 2020)/RMB20,000,000

In the event that the Remainder Retention Amount is less than FY2020 Cash Compensation Amount, Shanghai Pujiang shall not be required to return the Remainder Retention Amount to the Existing Shareholders and the Existing Shareholders shall pay the residue of FY2020 Cash Compensation Amount (after deducting the Remainder Retention Amount) to Shanghai Pujiang within 20 Business Days after the Confirmation of the Audited

NP for the financial year ending 31 December 2020. In the event that the Remainder Retention Amount is more than FY2020 Cash Compensation Amount, Shanghai Pujiang shall return the balance of the Remainder Retention Amount (after deducting FY2020 Cash Compensation Amount) to the Existing Shareholder within 20 Business Days after the Confirmation of the Audited NP for the financial year ending 31 December 2020.

The Existing Shareholders unanimously agree that all payment and refund of the Retention Money shall be executed by Ms. Wang. Given that (i) Ms. Wang holds 70% equity interest of each of Shanghai Honghui, Hezhou Hongteng and Hezhou Hongda, which in turn holds 55.79%, 30.73% and 8.48% respectively in the Target and directly owns 3.5% equity interest in the Target, Ms. Wang is the largest shareholder of the Target and controls the Target and (ii) the remainder of the Transfer Price will only be paid by Shanghai Pujiang upon the receipt of the Retention Money, the Directors are of the view that the above arrangement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Profit Guarantee

Pursuant to the Investment Agreement, each of the Existing Shareholders warrant and guarantee to Shanghai Pujiang that the Audited NP for the relevant period below (the "**Guaranteed Periods**" and each a "**Guaranteed Period**") will not be less than the following amounts (the "**Guaranteed NP**"):

Guaranteed Period	**Guaranteed Profit**
For the year ending 31 December 2019	RMB20,000,000
For the year ending 31 December 2020	RMB20,000,000

The consolidated audited accounts of the Target Group for each Guaranteed Period shall be prepared by auditors approved by Shanghai Pujiang. Such consolidated audited accounts of the Target Group will be prepared based on HKFRSs. The achievement of the Guaranteed NP shall be confirmed within twenty (20) Business Days after the date of issuing such consolidated audited accounts of the Target Group or the date of the announcement of the annual results of the Company, whichever is later (the "**Confirmation of the Audited NP**").

The Guaranteed NP for each Guaranteed Period was arrived at after arm's length negotiation between the Existing Shareholders and Shanghai Pujiang. In arriving at the Guaranteed NP for the years ending 31 December 2019 and 2020, the Parties take into account (i) the latest unaudited consolidated management account of the Target Group for the seven months ended 31 July 2019; (ii) the latest contracted project list of the Target Group as at 31 July 2019; and (iii) the potential tendering opportunities in the last quarter of 2019 which the management of the Target Group considers as highly likely to be won by the Target Group.

Based on the latest unaudited consolidated management account of the Target Group for the seven months ended 31 July 2019, the Target Group has generated revenue of approximately RMB126.6 million and net profit of approximately RMB10.5 million. In mid 2019, the Target Group has won several tenders and entered into new contracts for its environmental maintenance services. Also, from August 2019 to the Latest Practicable Date, the Target Group has won 3 tenders and entered into new contracts of an aggregate contract sum of approximately RMB297.5 million. It is expected that the commencement of these new projects in the last four months of 2019 will contribute to a steady growth in the Target Group's revenue and net profit in the fourth quarter of 2019 and year 2020.

As (i) the contract period of the Target Group's service contracts are generally in the range from one year to seven years; (ii) the Target Group has a good history of contract renewal such that the Directors expect to successfully renew a majority of the existing contracts upon their expiration during the two years ending 31 December 2020; and (iii) the Target Group is expected to tender for more environmental maintenance projects of greater scale, the Directors consider that it is reasonable to expect the revenue stream of the Target Group's projects will be sufficient to achieve the Guaranteed NP for the year ending 31 December 2019 and to continue to carry through to the year ending 31 December 2020.

Having considered the above, the Directors are of the view that the Guaranteed NP during the Guaranteed Periods can be achieved by the Target Group.

Right of Buy-Back

If the Audited NP for the financial year ending 31 December 2019 is equal or less than 80% of Guaranteed NP (i.e. RMB16,000,000 or less), Shanghai Pujiang shall have the right, within fifteen (15) Business Days after the Confirmation of the Audited NP for such year, to request the Target and/or the Existing Shareholders to buy back (the "**Right of Buy-Back**") the whole or part of the shareholding of Shanghai Pujiang in the Target at that time (the "**Buy-Back Shareholding**").

If Shanghai Pujiang shall exercise the Right of Buy-Back, the Target and/or the Existing Shareholders shall pay to Shanghai Pujiang the amount equal to the whole or part of the Consideration received by the Vendor and/or the Target (as the case may be) so far (the "**Sum for Buy-Back**"), together with interest calculated at the rate of 8% per annum for such part of the Consideration for the period from the actual date of payment made up to the actual date of receipt of all such Sum for Buy-Back by Shanghai Pujiang, or the estimated net asset value of the Buy-Back Shareholding, whichever is greater.

The 8% interest in relation to the Right of Buy-Back is determined based on the average bank lending rate at approximately 5% usually charged by the Company's major PRC banker with a premium of 3%. The extent of the premium is a matter of commercial decision based on the negotiation between the Parties. The interest mechanism enshrined in the Right of Buy-Back is essentially for the protection of the interests of the Group and the Shareholders, such that should the Right of Buy-Back be triggered and Shanghai Pujiang resolve to exercise it, any part of the Consideration paid could generate a rate of return of 8% for the Group. As the Target Group is profit-making with positive cash flow, an interest rate of 8% is affordable and acceptable to the Target Group and the Existing Shareholders, and the Parties consider that such interest rate to be agreeable. The Directors therefore consider that the interest of 8% to be fair and reasonable.

Basis of the Consideration

The Transfer Price and the Investment Sum were agreed after arm's length negotiation between the Parties, which was determined based on (i) the historical financial information of the Target Group, in particular (a) the total revenue of the Target Group, which increased from RMB82.0 million for the year ended 31 December 2016 to RMB202.3 million for the year ended 31 December 2018, representing a compound annual growth rate ("**CAGR**") of 57.1% and (b) the net profit of the Target Group, which increased from RMB0.3 million for the year ended 31 December 2016 to RMB10.3 million for the year ended 31 December 2018, representing a CAGR of 480.8% (details are set out in Appendix III of this Circular); (ii) the future business prospects of the Target Group and the Target Group's industry; (iii) the profit guarantee, in particular, the Guaranteed NP for the year ending 31 December 2019 and the compensation mechanism in the case that the Audited NP is less than the Guaranteed NP and the price-to-earnings ratios ("**PE**") of the Target Group of 9 times based on the Guaranteed NP for the year ending 31 December 2019; and (iv) the business and financial synergies achieved through the Investment as stated under the section headed "Reason for and benefits of the Investment" of this Circular.

The Group intends to settle the Transfer Price and the Investment Sum by (i) the Net Proceeds allocated for vertical expansion of both industry chain and supply chain in the property management industry and (ii) the internal resources of the Group. The Group plans to utilise approximately HK$14.3 million (equivalent to approximately RMB12.9 million) from the Net Proceeds and the remainder of the Consideration of approximately RMB78.9 million to be paid out from the internal resources of the Group. The internal resources of the Group consist of cash and cash equivalents and wealth management products, which amounted to approximately RMB119.4 million and RMB27.0 million as at 30 June 2019 respectively. As at the Latest Practicable Date, the Group does not intend to change its plans on the use of proceeds as stated in the prospectus of the Company dated 28 November 2017.

To assess the fairness and reasonableness of the Consideration, the Directors have compared the Consideration with reference to transactions that are comparable to the Investment selected under the following criteria: (i) the transactions involved the acquisition of a majority equity interest, that is, an equity interest of more than 50% in an environmental maintenance service company by Hong Kong or PRC listed companies; (ii) the transactions were announced in the past 24 months prior to the date of the Investment Agreement, as the Directors consider that a 24-month period prior to the date of the Investment Agreement to be representative and meaningful as it reflects the market conditions since the Company has been listed on the Stock Exchange and begun to look for potential acquisition targets.

Based on the criteria as aforesaid, the Directors have identified, under the best effort basis, an exhaustive list of five (5) comparable transactions (the "**Comparable Transactions**").

Set out below is a summary of the Comparable Transactions considered by the Company:

Company name	Stock code	Stock Exchange	Date of announcement	Consideration *(million)*	% of equity interest acquired	Latest full year profit before acquisition *(million)*	Implied PE of acquisition[1]	Implied PE under profit guarantee[2]	Name of target company	Target company's principal location of operation	Main business of the target company
Zhongshan Public Utilities Group Co. Limited* (中山公用事業集團股份有限公司)	000685.CH	China	10/7/2018	RMB236.1	95.5%	RMB16.8	14.74	N/A	1. Guangdong Mingcheng Environmental Technology Co., Ltd.* (廣東名城環境科技股份有限公司)	China	Provision of environmental maintenance services
U-banquet Group Holding Limited	1483.HK	Hong Kong	15/6/2018	HK$132.6	51.0%	RMB17.1	15.23	7.44	1. BYL Property Holdings Group Limited	China	Provision of environmental maintenance service
FSE Engineering Holdings Limited	331.HK	Hong Kong	30/3/2018	RMB502.0	100.0%	HKD51.6	9.73	N/A	1. Waihong Cleaning Limited; 2. New China Steam Laundry Limited	Hong Kong	Provision of facility services including cleaning and laundry services
Tus Environmental Science and Technology Development Co Ltd* (啟迪環境科技發展股份有限公司)	000826.CH	China	17/11/2017	RMB55.1	51.0%	RMB3.4	31.90	N/A	1. Chengdu Xingjian City Environmental Sanitation Services Co., Ltd.* (成都行建城市環衛服務有限公司)	China	Provision of environmental maintenance services
Hainan Ruize New Building Material Co Ltd* (海南瑞澤新型建材股份有限公司)	002596.CH	China	12/9/2017	RMB1,360.0	80.0%	RMB131.8	12.90	6.75	1. Guangdong Lurun Environmental Management Co., Ltd.* (廣東綠潤環境管理有限公司)	China	Provision of environmental maintenance services
					Maximum		**31.90**	**7.44**			
					Minimum		**9.73**	**6.75**			
					Average		**16.90**	**7.09**			
Target Group							**18.00**	**9.00**			

Source: Announcement published by the relevant listed companies in the website of their respective stock exchange

Notes:

1. Implied PE of acquisition is arrived at after dividing the consideration for 100% equity interest by the latest annual profit of the target company before the acquisition.

2. Implied PE under profit guarantee is arrived at after dividing the consideration for 100% equity interest by the guaranteed profit for the year after the acquisition.

3. Over 50% of the revenue of the target companies was attributable to the provision of cleaning and environmental maintenance services.

As not all of the Comparable Transactions involve profit guarantee, the Directors have first made reference to the PE of the Comparable Transactions calculated based on their respective latest full year net profit when determining the PE of the Consideration. As shown in the table above, the PE of the Target Group calculated based on the net profit of the Target Group for the year ended 31 December 2018 was approximately 18.00 times, which was (i) within the range of the PE of the Comparable Transactions of approximately 9.73 times to approximately 31.90 times; and (ii) slightly higher than the average of the PE of the Comparable Transactions of approximately 16.90 times, which the Directors consider as fair and reasonable.

Notwithstanding that the implied PE of the acquisition by Tus Environmental Science and Technology Development Co. Ltd. (the "**Tus Acquisition**") is 31.90 times which is substantially larger than the other PEs of Comparable Transactions disclosed, the Directors do not consider it as an outlier and are of the view that the Tus Acquisition is comparable to the Investment due to the following reasons:

(i) As disclosed in the announcement dated 17 November 2017 regarding the Tus Acquisition, the valuation of Chengdu Xingjian City Environmental Sanitation Services Co., Ltd., being the target company of the Tus Acquisition, was determined based on an independent valuation report prepared by a PRC valuer;

(ii) The target company of the Tus Acquisition and the Target Group adopt similar business models and are mainly engaged in the provision of environmental maintenance services in the PRC. The scope of services of the target company of the Tus Acquisition include (a) city environmental hygiene and cleaning, (b) garbage collection, transportation and removal, and (c) environmental greening maintenance in Chengdu, whereas the scope of services of the Target Group include (a) property cleaning, (b) environmental hygiene, (c) maintenance of marble and greening maintenance, (d) garbage removal, and (e) road cleaning in Fujian and Sichuan provinces;

(iii) The Target Group has started to expand its geographical presence to Chengdu since 2017 in relation to its provision of environmental maintenance services, whereas the target company of the Tus Acquisition is based in Chengdu and it derived the majority of its revenue from Chengdu;

(iv) The Tus Acquisition was announced on 17 November 2017 which is within the past 24 months prior to the date of the Investment Agreement. The Directors consider that a 24-month period prior to the date of the Investment Agreement was representative and meaningful as it reflects the market conditions since the Company has been listed on the Stock Exchange and has begun to look for potential acquisition targets; and

(v) The target company of the Tus Acquisition and the Target Group have comparative scales of revenue. In the year of announcement of the respective transactions, the revenue of the target company of the Tus Acquisition was approximately RMB169.6 million while the revenue of the Target Group was approximately RMB202.3 million.

Based on the reasons as aforesaid, the Directors do not consider the Tus Acquisition to be an outlier.

In addition, the Directors have also made reference to the Comparable Transactions where the vendors of the target companies offered profit guarantees on the future performance of the target companies. Although the PE of the Target Group of approximately 9.00 times calculated based on the Guaranteed NP for the year ending 31 December 2019 is slightly higher than the average of the PE of the Comparable Transactions of approximately 7.09 times and fall outside the range of the PE of the Comparable Transactions of approximately 6.75 times to approximately 7.44 times, the Directors have taken into consideration that (i) each of PE of the Comparable Transactions calculated based on their respective profit guarantee was determined with reference to approximately 50% of the PE calculated based on their respective latest full year profit; (ii) the Target Group achieved impressive net profit growth for the three years ended 31 December 2016, 2017 and 2018 with a CAGR of approximately 480.8%, as compared to that of approximately 49.4%, and 74.1% achieved by BYL Property Holdings Group Limited and Guangdong Lurun Environmental Management Co., Ltd for the three annual financial years and two annual financial years before the respective acquisitions; (iii) the Investment Sum of RMB30,000,000 will be used to expand the operations of the Target Group. This could potentially further improve the Target Group's financial performance in the future; and (iv) as discussed in the section headed "Consideration" of this Circular, the Transfer Price will be reduced if the Audited NP is less than the Guaranteed NP, the Directors consider such mechanism serves as a safeguard to the Group against the potential risk of unsatisfactory performance of the Target Group.

Based on the above, the Directors consider that the higher PE of the Target Group of 9 times calculated based on the Guaranteed NP for the year ending 31 December 2019 is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The Equity Interest Transfer and payment of the First Instalment Payment is conditional upon the fulfillment (or waiver in writing, if applicable) of the following conditions (collectively the "**Conditions Precedent Part I**"):

(1) *Completion of the Reorganisation*. After the completion of the Reorganization as agreed in the Investment Agreement, Ms. Wang and the Target shall provide a confirmation that the Reorganization has been completed together with all relevant supporting documents to Shanghai Pujiang and having been approved by Shanghai Pujiang;

(2) *Signing of legal documents*. All Parties having signed and executed all the documents necessary to give effect to the Equity Interest Transfer, the Capital Injection and the Investment Agreement (including but not limited to the memorandum and articles of association of the Target and the equity transfer

agreement and/or capitalisation agreement required to be submitted to the relevant industry and commerce and/or market supervision and administration bureau of the PRC) in form and substance to the satisfaction of all Parties;

(3) *External approval and authorisation*. All Parties having obtained all permits, consents, approvals and authorisations from all necessary third parties or other government authorities, including all necessary approvals from the Stock Exchange and/or the SFC in connection with this transaction under the Investment Agreement;

(4) *Internal approval and authorisation.* All Parties having obtained approval by their respective shareholders and/or directors to approve the Reorganisation, the Equity Interest Transfer, the Capital Injection and other transactions as contemplated under the Investment Agreement and authorize the execution of all necessary documents. In particular, Shanghai Pujiang having obtained the approval and authorization from the Company;

(5) *Representation and warranties*. All information provided by, as well as the representations and warranties given by the Target and Existing Shareholders under the Investment Agreement to the Shanghai Pujiang remain true, complete, not misleading and accurate at all material respect;

(6) *No material adverse change*. There having no material adverse change nor reasonably expected to have a material adverse change in relation to the Target Group's business, operations, assets, liabilities, taxation or other financial conditions;

(7) *No material judgment, litigation or injunction*. There having no laws, regulations or any orders, decision, judgment or adjudication by any court or relevant government authorities that may prohibit, restrict or rescind the transactions under the Investment Agreement, nor any significant pending or potential litigation, arbitration, decision, judgment, adjudication or order that may cause an adverse impact on the Vendor, the Target Group or the Target Group's investment;

(8) *Adjustment of the latest equity transfers*. The Existing Shareholders having entered into supplemental agreements in relation to, among other things, the transfer price and settlement date for the equity transfers in October 2017, and such transfer prices having been duly paid in accordance to such supplemental agreements. The main terms of the supplemental agreements are as follows:

    (a) Ms. Wang would transfer her holding of 8.48% of the registered capital in the Target to Hezhou Hongda with a transfer price of RMB1,276,419.58 and such transfer price shall be settled within three (3) years from the date of the equity transfer agreement by way of wire transfer;

    (b) Ms. Wang would transfer her holding of 55.79% of the registered capital in the Target to Hezhou Honghui Equity Investment Partnership Enterprise (Limited Partnership)* ((賀州泓匯股權投資合夥企業(有限合夥)) with a transfer price of RMB8,397,576.42 and such transfer price shall be settled within three (3) years from the date of the equity transfer agreement by way of wire transfer;

(c) Ms. Wang would transfer her holding of 2.23% of the registered capital in the Target to Hezhou Hongteng with a transfer price of RMB335,662.22 and such transfer price shall be settled within three (3) years from the date of the equity transfer agreement by way of wire transfer; and

(d) Mr. Kou would transfer his holding of 28.50% of the registered capital in the Target to Hezhou Hongteng with a transfer price of RMB4,289,853.52 and such transfer price shall be settled within three (3) years from the date of the equity transfer agreement by way of wire transfer.

(9) *Non-competition clause*. Each of the core member of the Target (as listed in the Investment Agreement) and the Target having entered into the confidentiality agreement and non-competition agreement to the satisfaction of Shanghai Pujiang. The core members of the Target comprise Ms. Wang, Mr. Kou and two members of the senior management (the "**Covenanting Employees**"). The key terms of confidentiality and non-competition agreement set out (i) the duty of confidentiality owned by the Covenanting Employees during the course of employment with the Target and such obligation shall continue after the termination of their employment until the confidential information becomes public; (ii) that the Covenanting Employees shall not set up or take part in businesses that is similar or compete with the business of the Target during the course of their employment, and within two (2) years after the termination of their employment relationship with the Target; (iii) directly or indirectly procure or employ any employees of the Target or its affiliates, or to terminate or end his employment relationship with the Target; (iv) that the Covenanting Employees shall not publish any material that may harm the reputation or interest of the Target, its directors or employees; and (v) all rights, inventions, design, copyright or other form of intellectual property developed by the Covenanting Employees during the course of their employment, or within one (1) year of termination of such employment relationship (the "**Intellectual Property Rights**"), shall be owned by the Target, and if required, such Covenanting Employees shall assist the Target to acquire such Intellectual Property Rights;

(10) *The completion of the equity pledge registration*. In addition to the 30% equity interest of the Target pledged by the Existing Shareholders in favour of Shanghai Pujiang, the Existing Shareholders having completed the equity pledge registration on the additional 21% of equity interest of the Target held by the Existing Shareholders in favour of Shanghai Pujiang;

(11) *The Co-management Account*. The Co-management Account having been set up; and

(12) *Due diligence*. All due diligence exercise and investigation having completed with regard to the Target Group's financial, legal and other aspects to the satisfaction of Shanghai Pujiang.

The Parties undertake to use their best endeavor to fulfil all Conditions Precedent Part I within 45 Business Days after the date of signing of the Investment Agreement (unless extended with Shanghai Pujiang's consent). If, due to the fault of the Target and the Existing Shareholders, the Conditions Precedent Part I could not all be fulfilled and/or not waived or extended by Shanghai Pujiang, Shanghai Pujiang has the right to terminate the Investment Agreement with written notice to all other Parties. If Shanghai Pujiang terminates the Investment Agreement for the aforesaid reason, the Target and the Existing Shareholders shall refund all the payments made by Shanghai Pujiang under the Investment Agreement to Shanghai Pujiang and compensate Shanghai Pujiang for the loss and damages suffered due to the termination of the Investment Agreement and other liability for breach of the Investment Agreement under the law.

In the event that the Investment was not approved and authorised externally and/or internally, unless the Parties agree to change the terms of the Investment, re-execute the necessary transactional documents and re-submit for internal and/or external review, Shanghai Pujiang has the right to request for the termination of the Investment Agreement and the LOI and the Existing Shareholders and the Target shall thereafter within 15 Business Days return the payment made under the LOI in the amount of RMB10,000,000 without interest to Shanghai Pujiang.

As at the Latest Practicable Date, conditions (3), (4) and (12), under Conditions Precedent Part I have been fulfilled and conditions (5), (6) and (7) have been fully complied with.

The Capitalisation of the Advanced Payment and payment of the Second Instalment Payment are conditional upon the fulfilment (or waiver in writing, if applicable) of the following conditions precedent (collectively the "**Conditions Precedent Part II**"):

(i) *Subsistence of Conditions Precedent Part I*. Conditions Precedent Part I shall continue to be fulfilled;

(ii) *Completion of the Equity Interest Transfer and the Capital Injection*. The Equity Interest Transfer and Capital Injection having been completed and registered at the relevant industry and commerce and/or market supervision bureau of the PRC, and Shanghai Pujiang having been registered on the Target's register of shareholders as a shareholder of 51% equity interest of the Target, representing RMB29,192,525 in the registered share capital of the Target;

(iii) *Revision of the memorandum and articles of association of the Target*. The Target's revised memorandum and articles of association having been filed at the relevant industry and commerce bureau;

(iv) *Handover*. The handover of the corporate documents and files in relation to the operation of the Target Group and the documents, contracts and/or agreements in relation to the Target Group's assets and possessions and all the company seals and chops of the Target Group having been completed; and

(v) *Reorganisation*. The structure of the Target having been reorganised in accordance with the relevant terms and conditions under the Investment Agreement.

The Parties undertake to use their best endeavor to fulfil all Conditions Precedent Part II within 20 Business Days after the date of fulfilment of all Conditions Precedent Part I (unless extended with Shanghai Pujiang's consent). If, due to the fault of the Target and the Existing Shareholders, the Conditions Precedent Part II could not all be fulfilled and/or not waived or extended by Shanghai Pujiang, Shanghai Pujiang has the right to terminate the Investment Agreement with written notice to all other Parties. If Shanghai Pujiang terminates the Investment Agreement for the aforesaid reason, the Target and the Existing Shareholders shall refund all the payments made by Shanghai Pujiang under the Investment Agreement to Shanghai Pujiang and compensate Shanghai Pujiang for the loss and damages suffered due to the termination of the Investment Agreement and other liability for breach of the Investment Agreement under the law.

As at the Latest Practicable Date, none of the conditions under Conditions Precedent Part II have been fulfilled.

Share Pledge

The Existing Shareholders agree to pledge, in total, 51% of the equity interest of the Target held by them respectively in favour of Shanghai Pujiang pursuant to the terms of the Investment Agreement.

Restrictions

From the time of the entering of the Investment the agreement to the completion of the Capital Injection and the Equity Interest Transfer, unless written consents of Shanghai Pujiang have been obtained, the Existing Shareholders and the board of directors of the Target will not, among others, do or procure the Target Group to carry out any or all of the following:

(1) change the scope of the operating businesses of any of the Target Group (except when already disclosed to Shanghai Pujiang);

(2) amend the memorandum and articles of association of the Target Group (other than as required to give effect to the Investment Agreement and the transaction contemplated therein);

(3) enter into any agreement for the acquisition and/or merger with any third parties and/or apply for the winding up and/or dissolution of any of the Target Group;

(4) assign or pledge any shareholding in any of the Target Group or increase the registered share capital of any of the Target Group (except for the purpose of the transactions contemplated under the Investment Agreement);

(5) declare or distribute profits or other distribution of any of the Target Group;

(6) acquire, dispose, pledge, lease out and/or create security interest or in any other way deal with any material asset of any of the Target Group;

(7) enter into any settlement and/or debt repayment arrangement and/or agreement with the Target Group's creditors;

(8) distribute bonus to, or increase the emolument of any management and directors of the Target Group, or amend the terms and conditions of the employment contracts with the Target Group;

(9) provide any guarantee and/or indemnity to any person or corporate entities with a indemnity amount of over RMB100,000;

(10) except in the ordinary course of business, assign to or approve the use by any other persons or corporate entities of the intellectual properties held by any of the Target Group;

(11) implement any material changes to the current tax and/or accounting policies of the Target Group (other than as required by the PRC accounting standards or applicable legislative changes);

(12) breach any laws, regulations and rules of the PRC and/or any order or decisions of any government departments or authorities or any ruling, decision and judgment of the PRC judicial and/or arbitration institutions;

(13) sign, execute or otherwise enter into any agreement or contract by any of the Target Group containing extraordinary terms and conditions (including but not limited to terms and conditions that are unfair to any of the Target Group and/or of a long term effect), or any agreement, suggestion or intent regarding any of the matters abovementioned; and

(14) conduct any other matters which may cause or lead to an material adverse change to the shareholding structure, financial condition, assets, liabilities, operations, future prospects and business of the Target Group.

From the time of entering into the Investment Agreement to the date of the Completion, the Existing Shareholders undertakes to give the following undertakings:

(1) Trademark defect undertaking. The Existing Shareholders shall, before Completion, produces a written undertaking to be liable for all the potential adverse legal consequences arising from the trademark defect of Hong Xin* ("泓欣"), specifically the trademark of Hong Xin* ("泓欣") under Category 37 has been already registered by Zhejiang Yuxin Shipping Company Limited* (浙江泓欣海運有限公司); and

(2) Historical labour defect undertaking. The Existing Shareholders shall, before Completion, produces a written undertaking to be liable for all the potential adverse legal consequences arising from the historical non-compliance of the Target in relation to social security funds arrangement.

Performance fulfilment reward

All Parties agree that if the Existing Shareholders shall achieve the Guaranteed NP in the Guaranteed Periods, in the premises of not affecting the normal operation of the Target, the Target shall, within six (6) months after all Parties confirming that the Guaranteed NP having been achieved for that particular year, release a cash incentive, or in other ways permitted under the law reward in the amount equivalent to 30% of the amount of the actual performance of the Target Group exceeding the Guaranteed NP as a reward to the senior management, core member or other key employees as approved by the board of the Target. Such reward shall be executed in the specific method as approved by the board of the Target.

The cash incentive of 30% was arrived at after arm's length negotiations between Shanghai Pujiang and the Target with reference to (i) the historical financial performance of the Target Group, (ii) the expected level of estimated net profit of the Target Group for the year ending 31 December 2019 and (iii) the Guaranteed NP. Considering that the net profit of the Target Group for the year ended 31 December 2018 was RMB10.3 million, the Guaranteed NP represents an increase of approximately 94.2% in the Audited NP for each Guaranteed Period. Both the Group and the Target are of the view that the level of cash incentive for senior management of the Target, which comprises 4 members (subject to adjustment as approved by the board of the Target after the Completion), should be based on their ability to improve profitability of the Target Group and that the purpose of the cash incentive is to unify the effort of the senior management of the Target in attaining the Guaranteed NP. Furthermore, one of the factors for the success of the Target Group relies on the experience and network of the senior management for the Target to be informed of and invited to participate in the tendering process for the provision of various environmental maintenance and property cleaning services. As such, the effort of the senior management would represent a valuable contribution for the Target to attain the Guaranteed NP. Taking into account the expected level of estimated net profit of the Target during the Guaranteed Periods, both Shanghai Pujiang and the Target consider that a cash incentive of 30% should be sufficient to motivate the senior management. Moreover, as disclosed in the preceding paragraph, the cash incentive is only payable when (i) the actual performance of the Target exceed the Guaranteed NP and (ii) it would not affect the normal operations of the Target, therefore, the cash incentive of 30% is unlikely to have a material impact on the financial performance and financial position of the Target Group while at the same time serves as a sufficient incentive for the senior management to strive to attain the Guaranteed NP.

Obligations after Completion

The Existing Shareholders jointly and severally undertake to Shanghai Pujiang (except when abandoned and/or waived by Shanghai Pujiang in writing), among other matters, not to directly or indirectly transfer or assign the shareholding and/or equity interest in the Target, or dispose of the equity interest in the Target, Hezhou Hongteng and/or Hezhou Hongda or partnership equity interest by way of a pledge or repayment of a debt within five (5) years after Completion, unless with the approval of Shanghai Pujiang. Moreover, subject to the terms and conditions of the Investment Agreement, if the Existing Shareholders shall directly or indirectly transfer the shareholding and/or equity interest in the Target, Hezhou Hongteng and/or Hezhou Hongda or the limited partnership equity interest, Shanghai Pujiang shall have the first right of refusal on the proposed transfer.

POST-COMPLETION BOARD COMPOSITION AND MANAGEMENT OF THE TARGET

Upon Completion, the board of directors of the Target shall comprise five (5) directors. Shanghai Pujiang shall have the right to nominate three (3) directors and Ms. Wang shall have the right to nominate two (2) directors. The chairman of the board of directors of the Target shall be a director elected by majority by the board of directors of the Target.

Further, the chief financial officer of the Target shall be nominated by Shanghai Pujiang.

INFORMATION OF THE GROUP

The Group is a property management service provider in the PRC. The Group mainly engaged in provision of property management service, including engineering, repair and maintenance services, customer services, security services, and cleaning and gardening services for high-end non-residential properties in the PRC and other properties such as public properties, office buildings and hotels, commercial establishments, government properties and residential properties. The Group also provides a range of value-added services including various kinds of consultancy services relating to property management.

INFORMATION OF SHANGHAI PUJIANG

Shanghai Pujiang is a company incorporated in the PRC on 2 December 2002 with limited liability and is an indirect wholly-owned subsidiary of the Company. Shanghai Pujiang is principally engaged in the business of property management services in the PRC.

INFORMATION OF THE VENDOR

The Vendor is a partnership formed in the PRC with limited liability and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the Vendor is an Independent Third Party.

INFORMATION OF THE TARGET GROUP

Business model

The Target Group is principally engaged in the provision of environmental maintenance services and property cleaning services in the PRC, mainly in Fujian and Sichuan provinces. The scope of services of the Target Group mainly include (i) property cleaning, (ii) environmental hygiene services, (iii) maintenance of marble and greening maintenance, (iv) garbage removal and (v) road cleaning services.

The customers of the Target Group's environmental maintenance services are mainly government departments in the PRC. For property cleaning services, the majority of its customers are real estate developers in the PRC.

The majority of the Target Group's revenue is derived from contracts awarded through competitive tendering. The contract period of such service contracts are in the range of one year to seven years, subject to further tender upon expiry, and the service fees are charged on a fixed fee basis. The Target Group is generally required to provide performance bond to its customer as security for the due and faithful performance of tender contracts.

Industry Outlook

The environmental maintenance service industry in the PRC has been experiencing a rapid growth in recent years due to (i) the increasing demand of environmental maintenance services in the PRC, for example, road cleaning services and garbage removal services; and (ii) the implementation of PRC government's policies that have led an increasing amount of government environmental maintenance projects being outsourced to the private companies.

According to the Ministry of Housing and Urban-Rural Development of the PRC (the "**MOHURD**"), the nationwide urban road surface area increased from approximately 6.8 billion square meters in 2014 to approximately 7.9 billion square meters in 2017, representing a CAGR of approximately 5.1% and the annual disposal of solid waste increased from approximately 178 million tons in 2014 to approximately 215 million tons in 2016, representing a CAGR of approximately 6.5%.

Furthermore, the environmental maintenance service industry, which is a sub-sector of the public service sector, has entered into the marketization phase in recent years, which has seen greater numbers of government projects being outsourced to private companies. On 26 September 2013, the General Office of the State Council of the PRC published the Guiding Opinion by the Office of the State Council on Government Purchase of Public Culture Service from Social Forces (Guo Fa Ban [2013] No. 96) (《國務院辦公廳關於政府向社會力量購買服務的指導意見(國發辦[2013]96號文件)》), which stated that the PRC government would be reformed to improve the quality of public services by the way of marketization. On 11 October 2016, the Ministry of Finance of the PRC published Notice of Deeply Advancing the Public-Private Partnership in Public Service Fields (Cai Jin [2016] No. 90) (《關於在公共服務領域深入推進政府和社會資本合作工作的通知(財金[2016]90號文件)》), which indicated that the PRC government would continue to intensify its cooperation with private companies in relation to the provision of public services by the way of marketization. With the support of such government policies, the number of government environmental maintenance projects being outsourced to private companies has increased rapidly in recent years. According to a research report published by Sinolink Securities Co., Ltd., in 2018, the aggregate contract value of the signed contracts of environmental maintenance projects was approximately RMB227.8 billion, representing an increase of approximately 29.8% comparing to the corresponding period in 2017.

In addition, according to a research report published by Sinolink Securities Co., Ltd., the environmental maintenance service industry in the PRC is highly fragmented with approximately 5,000 players. The top 10 players only accounted for approximately 4.1% of the total market share by revenue in 2017. It is expected with the proceeds from the Capital Injection, the Target Group will be able to tender and undertake more environmental maintenance projects of greater scale and expand its market share through organic growth.

Financial Information of the Target Group

As at 30 April 2019, the net asset value of the Target Group was approximately RMB38.0 million.

Set out below is the consolidated audited financial information of the Target Group prepared under HKFRSs for the years ended 31 December 2017 and 31 December 2018 respectively:

	For the year ended	
	31 December 2018	**31 December 2017**
	RMB'000	*RMB'000*
	(approximately)	*(approximately)*
Net profit before taxation and extraordinary items	13,837	12,563
Net profit after taxation and extraordinary items	10,256	9,320
Total revenue	202,349	147,417

Upon Completion, the Target will become an indirect non-wholly owned subsidiary of Company. Accordingly, its financial results of the Target Group will be consolidated in the financial results of the Group.

REASONS FOR AND BENEFITS OF THE INVESTMENT

Following the listing on the Stock Exchange on 11 December 2017, the Group, by leveraging on its capital, has striven to develop as an operator for systematic city management engaging in environmental and property management businesses in core regions around China.

As disclosed in the prospectus of the Company dated 28 November 2017, it is one of the Group's business strategies to expand its business vertically in the supply chain of the property management industry by investing in the providers of various kinds of quality sub-contracted services, such as cleaning, gardening and engineering services. Based on the feasibility studies conducted by the management of the Group, the Target Group has met the Group's selection criteria for vertical expansion for the reasons and benefits below:

Increasing the Group's geographical presence in China

The Target Group is operating in regions where the Group currently does not have a business presence, such as Fujian and Sichuan provinces. The Directors consider that the Investment will facilitate the in-depth regional development of the Group in the southwest region and southeast coast of China.

Increasing the Group's competitiveness

The Directors consider that the business of the Target Group could complement the business of the Group and the Investment could strengthen the Group's market position in the provision of property management services to non-residential properties in the PRC. Furthermore, the Investment could create business synergy for the Group as the Group could integrate the resources, including, among others, the existing customer base and marketing channels of the Target Group to strengthen and expand the Group's operation and scope of services for its existing customers to expand the Group's customer base by providing more ancillary services relating to its principal business of property management services.

Enhancing the Group's overall profitability

According to the consolidated financial information of the Target Group, its financial results in the preceding three years have been on an upward trend. For the year ended 31 December 2018, its revenue amounted to approximately RMB202.3 million and its net profit was approximately RMB10.3 million. The revenue and net profit of the Target Group is expected to continue to grow steadily. Therefore, the Target Group is expected to have a positive contribution to the revenue and profit of the Group after Completion and increase the Group's overall profitability.

Having considered the above, the Directors (including the independent non-executive Directors) consider that the Investment represents an attractive opportunity for the Company and the terms of the transactions contemplated thereunder the Investment Agreement are fair and reasonable, and in the interests of the Shareholders as a whole.

FINANCIAL EFFECTS OF THE INVESTMENT ON THE GROUP

After Completion, the Group will be interested in 51% equity interest in the Target Group and the Target Group will become non-wholly owned subsidiaries of the Company. Accordingly, the financial results of the Target Group will be consolidated into the financial results of the Group.

Earnings

The audited net profit after tax of the Group for the financial year ended 31 December 2018, as disclosed in 2018 annual report of the Company, was approximately RMB26.2 million.

As set out in Appendix II to this Circular, the Target Group recorded an audited net profit after tax of approximately RMB10.3 million for the financial year ended 31 December 2018 and approximately RMB3.7 million for the four months ended 30 April 2019.

The Directors consider that the Investment will bring positive contribution to the earnings of the Enlarged Group but the extent of such contribution will depend on the future performance of the Target Group.

Assets and Liabilities

As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix IV to this Circular, if the Investment had been taken place at 30 June 2019, the Group's total assets would increase from approximately RMB419.0 million to approximately RMB544.2 million and total liabilities would increase from approximately RMB162.0 million to approximately RMB264.3 million, representing a total consolidated net assets position of approximately RMB279.8 million upon Completion.

Further details of the financial effect of the Investment together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information of the Enlarged Group are set out, for illustration purpose only, in Appendix IV to this Circular.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as defined in the Listing Rules) for the Investment exceed 25% but all are less than 100% for the Company, the Investment constitutes a major transaction for the Company and is subject to the announcement, reporting, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, (i) as no Shareholder has material interest in the Investment, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Investment; and (ii) the Company has obtained a written Shareholders' approval dated 6 September 2019 from the Controlling Shareholders for the approval of the Investment. Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from the Controlling Shareholders will be accepted in lieu of holding a general meeting of the Shareholders. As a result, no physical extraordinary general meeting will be convened by the Company to approve the Investment.

RECOMMENDATION

The Board considers that the terms of the Investment Agreement have been entered into arm's length negotiation and the terms of the Agreement are fair and reasonable and in the interest of the Company and Shareholders as a whole.

Although no general meeting will be convened for approving the Investment Agreement, the Directors (including the independent non-executive Directors) believe that the transactions contemplated under the Investment Agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting was convened for approving the Investment, the Directors would have recommended the Shareholders to vote in favour of the resolutions to approve the Investment Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Circular.

Yours faithfully
For and on behalf of
RIVERINE CHINA HOLDINGS LIMITED
Mr. Xiao Xingtao
Chairman and Executive Director

* *The English translation is a translation of the Chinese name and included herein for identification purpose only.*

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group set out in this Circular (i) for the financial years ended 31 December 2016 are set out in the Accountants' Report included in the prospectus of the Company dated 28 November 2017 (the "**Prospectus**"); (ii) for the financial year ended 31 December 2017 are disclosed in pages 126 to 211 of the annual report 2017 of the Company; (iii) for the financial year ended 31 December 2018 are disclosed in pages 140 to 249 of the annual report 2018 of the Company; and (iv) for the period ended 30 June 2019 are disclosed in pages 1 to 11 of the announcement of interim results of the Company. All of these financial statements been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.riverinepm.com):

(i) the Prospectus can be accessed by the direct hyperlink below:

https://www1.hkexnews.hk/listedco/listconews/sehk/2017/1128/ltn20171128025.pdf

(ii) the 2017 annual report of the Company can be accessed by the direct hyperlink below:

https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0427/ltn20180427043.pdf

(iii) the 2018 annual report of the Company can be accessed by the direct hyperlink below:

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn20190426033.pdf

(iv) the 2019 interim announcement of the Company can be accessed by the direct hyperlink below:

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0830/ltn201908301380.pdf

2. INDEBTEDNESS STATEMENT AND CONTINGENT LIABILITIES

(a) Borrowings

As at the close of business on 31 August 2019, being the latest practicable date for the purpose of ascertaining the information contained in this indebtedness statement prior to the printing of this circular, the Enlarged Group had bank borrowings of RMB35.0 million which were unsecured and unguaranteed. RMB3.5 million bank borrowing of the Enlarged Group was unsecured but guaranteed. In addition, the Enlarged Group had unutilised banking facilities of approximately RMB44.0 million.

The borrowings under sales and leaseback arrangements with third party lessors amounted to approximately RMB15.9 million. These sales and leaseback arrangements included sell of certain vehicles at an aggregate consideration of approximately RMB24.9 million and lease-back to the Group for a total lease payment of approximately RMB29.3 million covering the periods ranged between 1 months to 36 months. During the lease period, the group cannot transfer or pledge to any party the relevant vehicle.

(b) Lease liabilities

As at the close of business on 31 August 2019, being the latest practicable date for the purpose of ascertaining the information contained in this indebtedness statement prior to the printing of this circular, the Enlarged Group had lease liabilities of RMB6.0 million in respect of operating leases under HKFRS16 *Lease*.

As at 31 August 2019, the Enlarged Group had no contingent liabilities which have not been properly accrued for.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Enlarged Group did not, at the close of the business on 31 August 2019, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, loans or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptance (other than normal trade bills and payables), acceptance credits, or any guarantees or other material contingent liabilities.

The Directors confirm that, save as disclosed above, there have been no material changes in the indebtedness or contingent liabilities of the Enlarged Group as at the Latest Practicable Date.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the effect of the Investment, the cash flows generated from the operating activities of the Enlarged Group, and the financial resources available to the Enlarged Group, including internally generated funds, the existing bank borrowings and available banking facilities, and in the absence of unforeseeable circumstances, the Enlarged Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this Circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Following the listing on the Stock Exchange on 11 December 2017, the Group, by leveraging on its capital, has striven to develop as an operator for systematic city management engaging in environmental and property management businesses in core regions around the country. Currently, the Group has been actively developing its business in the cities along the eastern coast, as well as the regions along the Yangtze River by extending the horizontal development of complementary products and vertical development along the industrial chain. The Group has gradually kick-started its acquisition and investment activities. Against the backdrop of global economic downturn, the Group will carry out its acquisition activities in a prudent manner.

As a leading service provider in the non-residential property management service industry, the Group will continue to build up its core competitiveness in engineering technology. We endeavor to achieve innovative development in engineering technology with our ability to operate and maintain the online and offline integrated engineering equipment and facility for Shanghai Bund Ke Pu Engineering Management Company Limited* (上海外灘科浦工程管理有限公司) as well as professional resources synchronization mechanism.

Furthermore, based on various technologies, such as internet-of-things, the Internet, 3D technology and big data, the Group will continue to utilise its property management business as a pilot business to develop a self-owned open source smart building system, "Dynamic Building Matrix" ("**DBM**") to manage the data of basic status of buildings, which allows the provision of data and information as well as professional service to relevant parties, including property owners, property users, managers and regulators. Such system is now installed on projects to a different extent covering gross floor area of 3.35 million square meters. In the future, we will further upgrade the system and enhance the database and the same will be applied to more and more internal projects of the Company with an aim to realise the expansion to external market through professional cooperation.

The Group has set up a specific Hub corporate service department targeting at the B-end demand on commercial and office projects in order to build up comprehensive corporate service capability and to initiate marketing activities that stimulate corporate demand. Meanwhile, the Group plans to establish its asset operation business through cooperation with other corporations in 2019, which will focus on the reconstruction of value proposition of remnant assets, and as such, to look for opportunity to develop in such area.

* *The English translation is a translation of the Chinese name and included herein for identification purpose only.*

The following is the text of a report received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.

中汇
ZHONGHUI

25 October 2019

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTOR OF RIVERINE CHINA HOLDINGS LIMITED

Introduction

We report on the historical financial information of Hong Xin Environment Group Company Limited* (the ''Target Company'') (formerly known as Fuzhou Hong Xin Environment Cleaning Service Company Limited*) and its subsidiaries (hereinafter collectively referred to as the ''Target Group'') set out on pages II-4 to II-39, which comprises the consolidated and company statements of financial position of the Target Company as at 31 December 2016, 2017 and 2018 and 30 April 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 December 2016, 2017 and 2018 and four months ended 30 April 2019 (the ''Relevant Periods'') and a summary of significant accounting policies and other explanatory information (together, the ''Historical Financial Information''). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of the Company dated 25 October 2019 in connection with the proposed acquisition of 51% equity interest in the Target Company.

Director's responsibility for the Historical Financial Information

The director of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the director determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 ''Accountants' Reports on Historical Financial Information in Investment Circulars'' issued by the Hong Kong Institute of Certified Public Accountants (the ''HKICPA''). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's and the Target Group's financial position as at 31 December 2016, 2017 and 2018 and 30 April 2019 and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 30 April 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The director of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-5 have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Audit Engagement Director
Practising Certificate Number P06084
Hong Kong, 25 October 2019

* *The English name is a translation of its Chinese name of and included herein for identification purpose only.*

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

Hong Xin Environment Group Company Limited* (the "Target Company") (formerly known as Fuzhou Hong Xin Environment Cleaning Service Company Limited*) was incorporated on 5 July 2000 in the People's Republic of China (the "PRC") with limited liability, engaged in providing environmental maintenance services and property cleaning services in the PRC and acts as an investment holding company. The Target Company and its subsidiaries are hereinafter collectively referred to as the "Target Group". As at the date of this report, the Target Company has the following subsidiaries:

Name of subsidiaries	Place and date of incorporation/ establishment	Issue and fully paid share/ registered capital	Attributable equity interest of the Target Group	Principal activities
Ningde Senlite Cleaning Service Company Limited*	The PRC	RMB10,000,000	100%	Environmental maintenance services and property cleaning services
Fujian Deheng Industrial Company Limited*	The PRC	RMB50,000,000	51%	Environmental maintenance services and property cleaning services
Chengdu Hong Xin Environmental Sanitation Technology Company Limited*	The PRC	RMB10,000,000	80%	Environmental maintenance services and property cleaning services

Name of subsidiaries	Place and date of incorporation/ establishment	Issue and fully paid share/ registered capital	Attributable equity interest of the Target Group	Principal activities
Nanping Jianyang Hong Xin Environmental Cleaning Service Company Limited*	The PRC	RMB2,000,000	100%	Environmental maintenance services and property cleaning services
Nanping Shaowu Hong Xin Environmental Cleaning Service Company Limited*	The PRC	RMB50,000,000	100%	Environmental maintenance services and property cleaning services

All the companies of the Target Group have adopted 31 December as the financial year end date.

No audited financial statements of all the subsidiaries of the Target Company have been prepared for the Relevant Periods as there is no statutory audit requirement in the PRC.

The director of the Target Company has prepared the consolidated financial statements of the Target Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA (the "Underlying Financial Statements"). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

* *The English name is a translation of its Chinese name of and included herein for identification purpose only.*

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Four months ended 30 April	
	Notes	2016	2017	2018	2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*7*	82,041	147,417	202,349	56,287	71,112
Cost of service rendered		(68,911)	(121,421)	(170,371)	(49,009)	(58,955)
Gross profit		13,130	25,996	31,978	7,278	12,157
Interest revenue		29	12	10	4	43
Other income	*8*	—	2	190	—	73
Selling and distribution expenses		(78)	(21)	(108)	(95)	(35)
Administrative expenses		(11,824)	(12,809)	(16,610)	(4,309)	(6,417)
Loss allowance provision for trade receivables		—	(62)	(270)	(85)	—
Profit from operations		1,257	13,118	15,190	2,793	5,821
Finance costs	*10*	(728)	(555)	(1,353)	(274)	(876)
Profit before tax		529	12,563	13,837	2,519	4,945
Income tax expenses	*11*	(225)	(3,243)	(3,581)	(693)	(1,282)
Profit and total comprehensive income for the years/periods	*12*	304	9,320	10,256	1,826	3,663
Profit and total comprehensive income for the years/periods attributable to:						
Owners of the Target Company		304	9,320	10,219	1,826	3,626
Non-controlling interests		—	—	37	—	37
		304	9,320	10,256	1,826	3,663

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2016 *RMB'000*	At 31 December 2017 *RMB'000*	At 31 December 2018 *RMB'000*	At 30 April 2019 *RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	10,426	13,835	23,851	23,008
Right-of-use assets	*14*	1,586	2,575	6,033	6,477
		12,012	16,410	29,884	29,485
CURRENT ASSETS					
Trade receivables	*16*	13,155	28,509	44,850	44,161
Prepayments, deposits and other receivables	*17*	8,598	10,175	26,051	26,894
Due from a shareholder	*18*	—	—	4,020	6,020
Due from a related company	*19*	4,148	1,342	1,377	1,397
Bank and cash balances	*20*	6,056	8,573	19,690	15,389
		31,957	48,599	95,988	93,861
CURRENT LIABILITIES					
Trade payables	*21*	2,282	7,120	7,479	5,679
Accruals and other payables	*22*	14,481	12,996	36,620	29,631
Bank and other borrowings	*23*	7,290	7,500	18,407	22,416
Lease liabilities	*24*	379	979	2,061	2,382
Due to a director	*25*	1,739	5,302	3,953	3,971
Due to a shareholder	*25*	1,331	2,050	—	—
Current tax liabilities		142	2,997	5,837	6,734
		27,644	38,944	74,357	70,813
NET CURRENT ASSETS		4,313	9,655	21,631	23,048
TOTAL ASSETS LESS CURRENT LIABILITIES		16,325	26,065	51,515	52,533

	Notes	At 31 December 2016	2017	2018	At 30 April 2019
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Bank and other borrowings	23	—	—	12,866	10,074
Lease liabilities	24	1,344	1,764	4,292	4,439
		1,344	1,764	17,158	14,513
NET ASSETS		14,981	24,301	34,357	38,020
CAPITAL AND RESERVE					
Share capital	26	15,000	15,000	15,000	15,000
Reserves		(19)	9,301	19,320	22,946
Equity attributable to owners of the Target Company		14,981	24,301	34,320	37,946
Non-controlling interests		—	—	37	74
TOTAL EQUITY		14,981	24,301	34,357	38,020

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Target Company					
	Share capital	Merger reserves	(Accumulated losses)/ retained profits	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016	15,000	—	(323)	14,677	—	14,677
Profit and total comprehensive income for the year	—	—	304	304	—	304
At 31 December 2016 and 1 January 2017	15,000	—	(19)	14,981	—	14,981
Profit and total comprehensive income for the year	—	—	9,320	9,320	—	9,320
At 31 December 2017 and 1 January 2018	15,000	—	9,301	24,301	—	24,301
Profit and total comprehensive income for the year	—	—	10,219	10,219	37	10,256
Effect of merger accounting	—	(200)	—	(200)	—	(200)
At 31 December 2018 and 1 January 2019	15,000	(200)	19,520	34,320	37	34,357
Profit and total comprehensive income for the period	—	—	3,626	3,626	37	3,663
At 30 April 2019	15,000	(200)	23,146	37,946	74	38,020
At 1 January 2018	15,000	—	9,301	24,301	—	24,301
Profit and total comprehensive income for the period (unaudited)	—	—	1,826	1,826	—	1,826
Effect of merger accounting (unaudited)	—	(90)	—	(90)	—	(90)
At 30 April 2018 (unaudited)	15,000	(90)	11,127	26,037	—	26,037

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Four months ended 30 April	
		2016	2017	2018	2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash flows from operating activities						
Profit before tax		529	12,563	13,837	2,519	4,945
Adjustments for:						
Interest revenue		(29)	(12)	(10)	(4)	(43)
Finance costs		728	555	1,353	274	876
Depreciation		3,597	5,306	6,955	1,719	2,679
Loss allowance provision for trade receivables		—	62	270	85	—
Loss on disposal of property, plant and equipment		—	394	—	—	—
Operating profit before working capital changes		4,825	18,868	22,405	4,593	8,457
Change in trade receivables		(4,890)	(15,416)	(16,611)	(9,533)	689
Change in prepayments, deposits and other receivables		1,313	(1,577)	(15,876)	(3,578)	(843)
Change in trade payables		1,219	4,838	359	(2,962)	(1,800)
Change in accruals and other payables		4,021	(1,485)	23,624	14,616	(6,989)
Cash generated from/(used in) operations		6,488	5,228	13,901	3,136	(486)
Income tax paid		(125)	(388)	(741)	(174)	(385)
Interests paid		(619)	(445)	(1,234)	(237)	(785)
Lease interests paid		(109)	(110)	(119)	(37)	(91)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		5,635	4,285	11,807	2,688	(1,747)

	Note	Year ended 31 December			Four months ended 30 April	
		2016	2017	2018	2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Cash flows from investing activities						
Effect of merger accounting		—	—	(200)	(90)	—
Purchases of property, plant and equipment		(3,649)	(8,376)	(15,459)	(406)	(1,361)
Proceeds from disposal of property, plant and equipment		—	53	—	—	—
Interest received		29	12	10	4	43
(Advance to)/repayment from a related company		(971)	2,806	(35)	98	(20)
Advance to a shareholder		—	—	(4,020)	—	(2,000)
NET CASH USED IN INVESTING ACTIVITIES		(4,591)	(5,505)	(19,704)	(394)	(3,338)
Cash flows from financing activities	*28*					
Repayment of bank and other borrowings		(10,260)	(24,840)	(22,177)	(2,000)	(2,983)
Bank and other borrowings raised		7,440	25,050	45,950	18,600	4,200
Repayment of lease liabilities		(339)	(755)	(1,360)	(555)	(451)
Advance from/(repayment to) a director		1,425	3,563	(1,349)	(5,300)	18
Advance from/(repayment to) a shareholder		600	719	(2,050)	(1,319)	—
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES		(1,134)	3,737	19,014	9,426	784

	Note	Year ended 31 December 2016	2017	2018	Four months ended 30 April 2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(90)	2,517	11,117	11,720	(4,301)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEARS/PERIODS		6,146	6,056	8,573	8,573	19,690
CASH AND CASH EQUIVALENTS AT END OF THE YEARS/PERIODS		6,056	8,573	19,690	20,293	15,389
ANALYSIS OF CASH AND CASH EQUIVALENTS						
Bank and cash balances		6,056	8,573	19,690	20,293	15,389

STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2016 RMB'000	2017 RMB'000	2018 RMB'000	At 30 April 2019 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment		10,413	13,829	20,975	20,425
Right-of-use assets		1,586	2,575	6,033	6,408
Investments in subsidiaries	*15*	—	—	200	200
		11,999	16,404	27,208	27,033
CURRENT ASSETS					
Trade receivables		12,072	28,397	41,215	40,995
Prepayments, deposits and other receivables		8,944	10,032	25,841	26,652
Due from subsidiaries	*15*	1,185	156	3,020	2,669
Due from a shareholder	*18*	—	—	4,199	6,199
Due from a related company	*19*	4,148	1,342	1,377	1,397
Bank and cash balances		4,301	8,530	19,453	14,142
		30,650	48,457	95,105	92,054
CURRENT LIABILITIES					
Trade payables		2,282	7,120	7,470	5,774
Accruals and other payables		13,873	12,995	34,663	28,332
Bank and other borrowings	*23*	7,290	7,500	18,407	22,416
Lease liabilities		379	978	2,061	2,347
Due to subsidiaries	*15*	—	1,241	266	372
Due to a director	*25*	1,737	5,300	3,951	3,969
Due to a shareholder	*25*	731	731	—	—
Current tax liabilities		148	3,029	5,417	6,012
		26,440	38,894	72,235	69,222
NET CURRENT ASSETS		4,210	9,563	22,870	22,832
TOTAL ASSETS LESS CURRENT LIABILITIES		16,209	25,967	50,078	49,865

	Notes	At 31 December 2016	2017	2018	At 30 April 2019
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Bank and other borrowings	23	—	—	12,866	10,074
Lease liabilities		1,344	1,764	4,292	4,405
		1,344	1,764	17,158	14,479
NET ASSETS		14,865	24,203	32,920	35,386
CAPITAL AND RESERVE					
Share capital	26	15,000	15,000	15,000	15,000
Reserves	27(b)	(135)	9,203	17,920	20,386
TOTAL EQUITY		14,865	24,203	32,920	35,386

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company was incorporated in the People's Republic of China (the ''PRC'') with limited liability. The address of its registered office and principal place of business are 5/F, Building No. 38, District C, Fuzhou Software Park, No. 89 Ruanjian Road, Gulou District, Fuzhou City, Fujian Province, China.

The Target Company is an investment holding company and principally engaged in providing environmental maintenance services and property cleaning services. The principal activities of its subsidiaries are set out in note 15 to the Historical Financial Information.

In the opinion of the director of the Target Company, as at 30 April 2019, Ms. Wang Hui is the ultimate controlling party of the Target Company.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 below which conform with Hong Kong Financial Reporting Standards (the ''HKFRSs'') issued by the Hong Kong Institute of Certified Public Accountants (the ''HKICPA''). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Target Group had adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting period beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations.

The Target Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Target Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared under the historical cost convention. The Historical Financial Information is presented in Renminbi (''RMB'') which is the Target Group's functional and presentation currency and all figures are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The preparation of the Historical Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the director to exercise its judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these Historical Financial Information, are disclosed in note 5 to the Historical Financial Information.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

Consolidation

The Historical Financial Information include the financial statements of the Target Company and its subsidiaries made up to the Relevant Periods. Subsidiaries are entities over which the Target Group has control. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group has power over an entity when the Target Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Target Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Target Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Target Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Target Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Target Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Target Company.

Merger accounting for business combination under common control

The Historical Financial Information incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the Target Group structure as at 30 April 2019 had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Target Group's accounting policies.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Plant and machinery	10%–100%
Furniture, fixtures and equipment	10%–33.33%
Motor vehicles	10%–25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Target Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Office premises, warehouses and car parks	12.5%–50%
Machinery	20%–33.33%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Target Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group transfers substantially all the risks and rewards of ownership of the assets; or the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Target Group are classified as financial assets at amortised cost.

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Target Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Target Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Target Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Target Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Target Group's performance;

— the Target Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Target Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Target Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Target Group to the funds.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Target Group can no longer withdraw the offer of those benefits and when the Target Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Target Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

A government grant is recognised when there is reasonable assurance that the Target Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Target Group.

(A) A person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

(B) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to a parent of the Target Company.

Impairment of assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets except receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Target Group determines the estimated useful lives, residual values and related depreciation charges for the Target Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Target Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment loss for bad and doubtful debts

The Target Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

6. FINANCIAL RISK MANAGEMENT

The Target Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(a) Credit risk

The carrying amounts of the bank and cash balances, trade and other receivables, amount due from a shareholder and amount due from a related company included in the statements of financial position represent the Target Group's maximum exposure to credit risk in relation to the Target Group's financial assets.

The Target Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history. Amount due from a shareholder and a related company are closely monitored by the director.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings.

The Target Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

— internal credit rating;

— external credit rating (if available);

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

— actual or expected significant changes in the operating results of the borrower;

— significant increases in credit risk on other financial instruments of the same borrower;

— significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and

— significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Target Group. The Target Group normally categorises a receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where receivables have been written off, the Target Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Target Group uses two categories for non-trade loan receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Target Group considers historical loss rates for each category and adjusts for forward looking data.

Category	**Definition**	**Loss provision**
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

All of these loans are considered to have low risk and under the 'Performing' category because they have a low risk of default and have strong ability to meet their obligations.

(b) Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Target Group's financial liabilities is as follows:

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2016				
Trade payables	2,282	—	—	—
Accruals and other payables	14,481	—	—	—
Bank and other borrowings	7,590	—	—	—
Lease liabilities	471	444	1,052	—
Due to a director	1,739	—	—	—
Due to a shareholder	1,331	—	—	—
	27,894	444	1,052	—
At 31 December 2017				
Trade payables	7,120	—	—	—
Accruals and other payables	12,996	—	—	—
Bank and other borrowings	7,672	—	—	—
Lease liabilities	1,093	914	1,008	—
Due to a director	5,302	—	—	—
Due to a shareholder	2,050	—	—	—
	36,233	914	1,008	—

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018				
Trade payables	7,479	—	—	—
Accruals and other payables	36,620	—	—	—
Bank and other borrowings	19,817	9,282	4,452	—
Lease liabilities	2,323	1,763	2,789	125
Due to a director	3,953	—	—	—
	70,192	11,045	7,241	125
At 30 April 2019				
Trade payables	5,679	—	—	—
Accruals and other payables	29,631	—	—	—
Bank and other borrowings	23,769	8,658	1,964	—
Lease liabilities	2,641	2,088	2,577	100
Due to a director	3,971	—	—	—
	65,691	10,746	4,541	100

(c) Interest rate risk

As the Target Group has no significant interest-bearing assets and liabilities, the Target Group's operating cash flows are substantially independent of changes in market interest rates.

(d) Categories of financial instruments

	At 31 December			At 30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets at amortised cost (including cash and cash equivalents)	31,298	48,415	95,197	92,994
Financial liabilities:				
Financial liabilities at amortised cost	26,388	32,760	63,289	58,854

(e) Fair values

The carrying amounts of the Target Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

7. REVENUE

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers:					
— Environmental maintenance services and property cleaning services	82,041	147,417	202,349	56,287	71,112

The Target Group's geographical market is in the PRC. The major service is environmental maintenance services and property cleaning services and the revenue is recognised over time for the Relevant Periods.

Environmental maintenance services and property cleaning services fee income

The Target Group provides environmental maintenance services and property cleaning services to customers. Environmental maintenance services and property cleaning services fee income is recognised when the environmental maintenance services and property cleaning services is rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

8. OTHER INCOME

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)		
Government grants	—	—	190	—	60
Others	—	2	—	—	13
	—	2	190	—	73

9. SEGMENT INFORMATION

The Target Group's operating segment is environmental maintenance services and property cleaning services. Since this is the only operating segment of the Target Group, no further analysis thereof is presented.

The Target Group's operation and operating assets are located in the PRC. Accordingly, no geographical segment information is presented.

Geographical information

The Target Group's revenue are all derived from the PRC based on the location of services provided and all of the Target Group's non-current assets are located in the PRC by physical location of assets.

Revenue from major customers

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Customer a	—	—	20,937	5,920	7,816
Customer b	—	16,591	14,787#	4,027#	4,251#
Customer c	11,509	10,521#	—	—	—
Customer d	10,380	12,871#	9,685#	4,843#	—

Revenue from these customers did not exceed 10% of total revenue in the respective year. These amounts were shown for comparative purpose.

10. FINANCE COSTS

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Lease interests	109	110	119	37	91
Interest on borrowings	619	445	1,234	237	785
	728	555	1,353	274	876

11. INCOME TAX EXPENSES

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Current tax — PRC enterprise income tax					
Provision for the years/periods	225	3,243	3,581	693	1,282

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Target Group's PRC subsidiaries is 25% for the years ended 31 December 2016, 2017, 2018 and four months ended 30 April 2018 and 2019.

The reconciliation between the income tax expenses and the product of profit before tax multiplied by the PRC enterprise income tax rate is as follows:

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Profit before tax	529	12,563	13,837	2,519	4,945
PRC Enterprise Income Tax at 25%	132	3,141	3,459	630	1,236
Tax effect of expenses that are not deductible	93	102	122	63	46
Income tax expenses	225	3,243	3,581	693	1,282

No provision for deferred taxation has been made in the Historical Financial Information as the tax effect of temporary differences is immaterial to the Target Group.

12. PROFIT FOR THE YEARS/PERIODS

The Target Group's profit for the years/periods is stated after charging the following:

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation	3,597	5,306	6,955	1,719	2,679
Loss on disposal of property, plant and equipment	—	394	—	—	—
Loss allowance provision for trade receivables	—	62	270	85	—
Staff costs including director's emoluments					
Salaries, bonuses and allowances	62,783	105,297	136,821	40,887	47,353
Retirement benefits scheme contributions	1,791	3,023	4,412	1,297	2,056
	64,574	108,320	141,233	42,184	49,409

13. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At 1 January 2016	16,495	505	158	17,158
Additions	3,630	19	—	3,649
At 31 December 2016 and 1 January 2017	20,125	524	158	20,807
Additions	8,094	38	244	8,376
Disposals	(527)	—	(158)	(685)
At 31 December 2017 and 1 January 2018	27,692	562	244	28,498
Additions	15,298	73	88	15,459
At 31 December 2018 and 1 January 2019	42,990	635	332	43,957
Additions	1,200	161	—	1,361
At 30 April 2019	44,190	796	332	45,318

	Plant and machinery *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Accumulated depreciation				
At 1 January 2016	6,757	274	117	7,148
Charge for the year	3,124	94	15	3,233
At 31 December 2016 and 1 January 2017	9,881	368	132	10,381
Charge for the year	4,407	82	31	4,520
Disposals	(99)	—	(139)	(238)
At 31 December 2017 and 1 January 2018	14,189	450	24	14,663
Charge for the year	5,338	53	52	5,443
At 31 December 2018 and 1 January 2019	19,527	503	76	20,106
Charge for the period	2,166	17	21	2,204
At 30 April 2019	21,693	520	97	22,310
Carrying amount				
At 31 December 2016	10,244	156	26	10,426
At 31 December 2017	13,503	112	220	13,835
At 31 December 2018	23,463	132	256	23,851
At 30 April 2019	22,497	276	235	23,008

Certain property, plant and equipment with an aggregate carrying amount of nil, nil, RMB18,197,000 and RMB16,582,000 as at 31 December 2016, 2017, 2018 and 30 April 2019 were pledged to secure the borrowings of the Target Group respectively.

14. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	At 31 December			At 30 April
	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*	2019 *RMB'000*
Right-of-use assets				
Office premises, warehouses and car parks	1,435	1,530	4,512	4,376
Machinery	151	1,045	1,521	2,101
	1,586	2,575	6,033	6,477
Lease commitments of short-term leases	—	33	48	12

The maturity analysis, based on undiscounted cash flows, of the Target Group's lease liabilities is as follows:

	At 31 December			At 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	471	1,093	2,323	2,641
Between 1 and 2 years	444	914	1,763	2,088
Between 2 and 5 years	1,052	1,008	2,789	2,577
Over 5 years	—	—	125	100
	1,967	3,015	7,000	7,406

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Depreciation charge of right-of-use assets					
Office premises, warehouses and car parks	334	367	597	126	359
Machinery	30	419	915	—	116
	364	786	1,512	126	475
Lease interests	109	110	119	37	91
Expenses related to short-term leases	15	50	123	21	22
Expenses related to leases of low-value assets that are not short-term leases	—	—	20	8	2
Total cash outflow for leases	463	915	1,622	621	566
Additions to right-of-use assets	182	1,775	4,970	—	919

The Target Group leases various office premises, warehouses, car parks and machines. Lease agreements are typically made for fixed periods of 0.5 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

15. SUBSIDIARIES

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries as at 31 December 2016, 31 December 2017, 31 December 2018 and 30 April 2019 are as follows:

Name	Notes	Place of incorporation/ registration and operation	Paid up issued/ registered capital	(a) Percentage of ownership interest/profit sharing (b) Voting power	At 31 December 2016		At 31 December 2017		At 31 December 2018		At 30 April 2019		Principal activities
			RMB'000		*Direct*	*Indirect*	*Direct*	*Indirect*	*Direct*	*Indirect*	*Direct*	*Indirect*	
Ningde Senlite Cleaning Service Company Limited*	(i)	The PRC	10,000	(a):	100%	0%	100%	0%	100%	0%	100%	0%	Environmental maintenance services and property cleaning services
				(b):	100%	0%	100%	0%	100%	0%	100%	0%	
Chengdu Hong Xin Environmental Sanitation Technology Company Limited*	(ii)	The PRC	10,000	(a):	Nil	Nil	80%	0%	80%	0%	80%	0%	Environmental maintenance services and property cleaning services
				(b):	Nil	Nil	80%	0%	80%	0%	80%	0%	
Nanping Shaowu Hong Xin Environmental Cleaning Service Company Limited*	(i)	The PRC	50,000	(a):	Nil	Nil	Nil	Nil	100%	0%	100%	0%	Environmental maintenance services and property cleaning services
				(b):	Nil	Nil	Nil	Nil	100%	0%	100%	0%	
Nanping Jianyang Hong Xin Environmental Cleaning Service Company Limited*	(i)	The PRC	2,000	(a):	Nil	Nil	100%	0%	100%	0%	100%	0%	Environmental maintenance services and property cleaning services
				(b):	Nil	Nil	100%	0%	100%	0%	100%	0%	
Fujian Deheng Industrial Company Limited*	(ii)	The PRC	50,000	(a):	51%	0%	51%	0%	51%	0%	51%	0%	Environmental maintenance services and property cleaning services
				(b):	51%	0%	51%	0%	51%	0%	51%	0%	
Sichuan Juhong Environmental Engineering Technology Company Limited*	(i)	The PRC	50,050	(a):	100%	0%	100%	0%	Nil	Nil	Nil	Nil	De-registered
				(b):	100%	0%	100%	0%	Nil	Nil	Nil	Nil	

* *The English name is a translation of its Chinese name and included herein for identification purpose only.*

Notes:

(i) The subsidiary is a wholly owned domestic limited company incorporated in the PRC.

(ii) The subsidiary is a non-wholly owned domestic limited company incorporated in the PRC.

As at 31 December 2016, 2017, 2018 and 30 April 2019, the bank and cash balances of the Target Group's subsidiaries in the PRC denominated in RMB amounted to RMB1,755,000, RMB43,000, RMB237,000 and RMB1,247,000 respectively. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

16. TRADE RECEIVABLES

The Target Group's trading terms with other customers are mainly on credit. The credit terms generally range from 0 to 90 days. The Target Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the director.

	At 31 December			At 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	13,155	28,571	45,182	44,493
Provision for loss allowance	—	(62)	(332)	(332)
Carrying amount	13,155	28,509	44,850	44,161

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	At 31 December			At 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	12,883	28,162	43,790	43,719
91 to 180 days	189	8	652	65
181 to 365 days	32	321	98	67
Over 365 days	51	18	310	310
	13,155	28,509	44,850	44,161

Reconciliation of loss allowance for trade receivables:

	At 31 December			At 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	—	—	62	332
Increase in loss allowance for the year/period	—	62	270	—
At end of the year/period	—	62	332	332

The Target Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	1–30 days past due	31–60 days past due	Over 60 days past due	Total
At 31 December 2016					
Weighted average expected loss rate	0%	0%	0%	0%	
Receivable amount *(RMB'000)*	12,921	5	168	61	13,155
Loss allowance *(RMB'000)*	—	—	—	—	—
At 31 December 2017					
Weighted average expected loss rate	0%	0%	0%	22%	
Receivable amount *(RMB'000)*	28,285	—	7	279	28,571
Loss allowance *(RMB'000)*	—	—	—	62	62
At 31 December 2018					
Weighted average expected loss rate	0%	6%	15%	50%	
Receivable amount *(RMB'000)*	44,373	34	612	163	45,182
Loss allowance *(RMB'000)*	156	2	92	82	332
At 30 April 2019					
Weighted average expected loss rate	0%	5%	0%	50%	
Receivable amount *(RMB'000)*	44,152	61	—	280	44,493
Loss allowance *(RMB'000)*	189	3	—	140	332

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December			At 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	659	184	791	867
Tender deposits	5,444	5,067	12,847	14,643
Contract execution deposits	1,248	3,673	5,679	4,562
Rental deposits	415	53	60	64
Other deposits	—	5	119	114
Other receivables	832	1,193	6,555	6,644
	8,598	10,175	26,051	26,894

18. DUE FROM A SHAREHOLDER

The amount is unsecured, interest-free and have no fixed repayment terms.

19. DUE FROM A RELATED COMPANY

Amount due from a related company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance is as follows:

Name	Name of director having beneficial interest	At 1 January 2016	At 31 December 2016	2017	2018	At 30 April 2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Fuzhou Honghui Environmental Protection Technology Co., Ltd.*	Ms. Wang Hui	3,177	4,148	1,342	1,377	1,397

The above advance is unsecured, interest-free and has no fixed repayment terms.

Maximum amounts outstanding due from a related company disclosed are as follows:

Name	Year ended 31 December 2016	2017	2018	Four months ended 30 April 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fuzhou Honghui Environmental Protection Technology Co., Ltd.*	4,148	4,148	1,377	1,397

* The English name is a translation of its Chinese name and included herein for identification purpose only.

20. BANK AND CASH BALANCES

As at 31 December 2016, 2017, 2018 and 30 April 2019, the bank and cash balances of the Target Group denominated in RMB amounted to RMB6,056,000, RMB8,573,000, RMB19,690,000 and RMB15,389,000 respectively. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

21. TRADE PAYABLES

The aging analysis of trade payables, based on the invoice date, is as follows:

	At 31 December 2016	2017	2018	At 30 April 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	1,341	2,595	52	11
91 to 180 days	941	3,569	5,255	—
181 to 365 days	—	956	2,172	5,668
	2,282	7,120	7,479	5,679

22. ACCRUALS AND OTHER PAYABLES

	At 31 December			At 30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued salaries	9,084	8,939	14,879	11,903
Other tax payables	735	2,208	3,170	2,843
Deposits received	—	—	10,000	10,000
Others	4,662	1,849	8,571	4,885
	14,481	12,996	36,620	29,631

23. BANK AND OTHER BORROWINGS

	At 31 December			At 30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured bank borrowings	—	2,000	—	—
Secured bank borrowings *(Note a)*	6,440	3,000	—	3,500
Unsecured other borrowings	850	2,500	10,350	10,700
Secured other borrowings *(Note b)*	—	—	20,923	18,290
Total borrowings	7,290	7,500	31,273	32,490

Notes:

(a) At 31 December 2016, 2017, 2018 and 30 April 2019, bank borrowings are secured by an independent third party's and director's investment properties, an independent third party's investment properties, nil and certain independent third parties' investment properties respectively.

(b) Details of the assets pledged to secured borrowings are set out in note 29 to the Historical Financial Information.

The borrowings are repayable as follows:

On demand or within one year	7,290	7,500	18,407	22,416
In the second year	—	—	8,547	8,155
In the third to fifth years, inclusive	—	—	4,319	1,919
	7,290	7,500	31,273	32,490
Less: Amounts due for settlement within 12 months (shown under current liabilities)	(7,290)	(7,500)	(18,407)	(22,416)
Amount due for settlement after 12 months	—	—	12,866	10,074

The average interest rates at end of the years/period were as follows:

	At 31 December			At 30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured bank borrowings	N/A	7.125%	N/A	N/A
Secured bank borrowings	4.9%–7.6%	6.7%–8.0%	N/A	6.3%
Unsecured other borrowings	0%	0%	0%	0%
Secured other borrowings	N/A	N/A	7.7%–8.5%	7.7%–8.5%

At 31 December 2016, 2017, 2018 and 30 April 2019, bank borrowings of RMB6,440,000, RMB5,000,000, nil and RMB3,500,000 are arranged at floating rates respectively, thus exposing the Target Group to cash flow interest rate risk.

24. LEASE LIABILITIES

	At 31 December			At 30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease payments				
Less than 1 year	471	1,093	2,323	2,641
Between 1 and 2 years	444	914	1,763	2,088
Between 2 and 5 years	1,052	1,008	2,789	2,577
Over 5 years	—	—	125	100
	1,967	3,015	7,000	7,406
Less: future finance charges	(244)	(272)	(647)	(585)
Present value of lease liabilities	1,723	2,743	6,353	6,821

	At 31 December			At 30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Present value of lease payments				
Less than 1 year	379	979	2,061	2,382
Between 1 and 2 years	375	831	1,573	1,911
Between 2 and 5 years	969	933	2,595	2,429
Over 5 years	—	—	124	99
Present value of lease liabilities	1,723	2,743	6,353	6,821
Less: Amount due for settlement within 12 months (shown under current liabilities)	(379)	(979)	(2,061)	(2,382)
Amount due for settlement after 12 months	1,344	1,764	4,292	4,439

At 31 December 2016, 2017, 2018 and 30 April 2019, the average effective borrowing rate was 6.25%, 7.35%, 6.9% and 6.3% respectively. Interest rates are fixed at the contract dates and thus expose the Target Group to fair value interest rate risk.

25. DUE TO A DIRECTOR/SHAREHOLDER

The amounts due are unsecured, interest-free and have no fixed terms of repayment.

26. SHARE CAPITAL

	Amount
	RMB'000
Authorised ordinary shares:	
At 1 January 2016, 31 December 2016, 1 January 2017, 31 December 2017, 1 January 2018, 31 December 2018, 1 January 2019 and 30 April 2019	50,050
Issued and fully paid ordinary shares:	
At 1 January 2016, 31 December 2016, 1 January 2017, 31 December 2017, 1 January 2018, 31 December 2018, 1 January 2019 and 30 April 2019	15,000

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

27. RESERVES

(a) Target Group

The amounts of the Target Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Target Company

	(Accumulated losses)/ retained profits
	RMB'000
At 1 January 2016	(627)
Profit for the year	492
At 31 December 2016 and 1 January 2017	(135)
Profit for the year	9,338
At 31 December 2017 and 1 January 2018	9,203
Profit for the year	8,717
At 31 December 2018 and 1 January 2019	17,920
Profit for the period	2,466
At 30 April 2019	20,386
At 1 January 2018	9,203
Profit for the period (unaudited)	1,442
At 30 April 2018 (unaudited)	10,645

(c) Nature and purpose of reserves of the Target Group

Merger reserves

The merger reserves represents the effect of business combination under common control.

28. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the Target Group's changes in liabilities arising from financing activities during the Relevant Periods:

	Bank and other borrowings	**Lease liabilities**	**Due to a director**	**Due to a shareholder**	**Total liabilities from financing activities**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016	10,110	1,880	314	731	13,035
Changes in cash flows	(2,820)	(339)	1,425	600	(1,134)
Non-cash changes					
— additions	—	182	—	—	182
At 31 December 2016 and 1 January 2017	7,290	1,723	1,739	1,331	12,083
Changes in cash flows	210	(755)	3,563	719	3,737
Non-cash changes					
— additions	—	1,775	—	—	1,775
At 31 December 2017 and 1 January 2018	7,500	2,743	5,302	2,050	17,595
Changes in cash flows	23,773	(1,360)	(1,349)	(2,050)	19,014
Non-cash changes					
— additions	—	4,970	—	—	4,970
At 31 December 2018 and 1 January 2019	31,273	6,353	3,953	—	41,579
Changes in cash flows	1,217	(451)	18	—	784
Non-cash changes					
— additions	—	919	—	—	919
At 30 April 2019	32,490	6,821	3,971	—	43,282
At 1 January 2018	7,500	2,743	5,302	2,050	17,595
Changes in cash flows (unaudited)	16,600	(555)	(5,300)	(1,319)	9,426
At 30 April 2018 (unaudited)	24,100	2,188	2	731	27,021

29. PLEDGE OF ASSETS

The following assets were pledged to secure certain borrowings granted to the Target Group at the end of the year/period:

	At 31 December			At 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment *(Note a)*	—	—	18,197	16,582

Note:

(a) On 5 February 2018, the Target Company entered into a loan agreement with a financial institution for a borrowing of RMB9,000,000, which is secured by a pledge of property, plant and equipment with a carrying amount of RMB9,030,000, bears interest at 8.4% per annum with maturity period of 36 months.

On 13 June 2018, the Target Company entered into a loan agreement with a financial institution for a borrowing of RMB9,500,000, which is secured by a pledge of property, plant and equipment with a carrying amount of RMB7,553,000, bears interest at 7.7% per annum with maturity period of 36 months.

On 1 November 2018, the Target Company entered into a loan agreement with a financial institution for a borrowing of RMB6,400,000, which is secured by a pledge of property, plant and equipment with a carrying amount of RMB5,582,000, bears interest at 8.5% per annum with maturity period of 36 months.

30. CONTINGENT LIABILITIES

As at 31 December 2016, 2017, 2018 and 30 April 2019, the Target Group and Target Company did not have any significant contingent liabilities.

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of its subsidiaries in respect of any period subsequent to 30 April 2019.

*The following is the management discussion and analysis of the Target Group for the years ended 31 December 2016, 2017 and 2018 and for the four months ended 30 April 2018 and 2019 (the "**Relevant Period**"). The following financial information is based on the financial information of the Target Group as set out in Appendix II to this circular*

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

The Target was incorporated in 5 July 2000 and is principally engaged in providing environmental sanitation cleaning services and acts as an investment holding company. The principal activities of its subsidiaries are set out in note 15 to Appendix II. Please refer to the section headed "Letter from the Board — Information of the Target Group" in this circular for the business information of the Target Group.

The Target has not carried on any business other than environmental maintenance services and property cleaning services and the business operation of the Target is located in the PRC. Accordingly, no analysis of business and geographical segments is presented.

FINANCIAL REVIEW

Set out below is the financial performance of the Target Group for the relevant periods as extracted from the accountants' report on the Target Group in Appendix II to this Circular:

	Years ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue	82,041	147,417	202,349	56,287	71,112
Cost of service rendered	(68,911)	(121,421)	(170,371)	(49,009)	(58,955)
Gross profit	13,130	25,996	31,978	7,278	12,157
Interest revenue	29	12	10	4	43
Other income	—	2	190	—	73
Selling and distribution expenses	(78)	(21)	(108)	(95)	(35)
Administrative expenses	(11,824)	(12,809)	(16,610)	(4,309)	(6,417)
Loss allowance provision for trade receivables	—	(62)	(270)	(85)	—
Profit from operations	1,257	13,118	15,190	2,793	5,821
Finance costs	(728)	(555)	(1,353)	(274)	(876)

	Years ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before tax	529	12,563	13,837	2,519	4,945
Income tax expenses	(225)	(3,243)	(3,581)	(693)	(1,282)
Profit and total comprehensive income for the years/periods	304	9,320	10,256	1,826	3,663
Profit and total comprehensive income for the years/periods attributable to:					
Owners of the Target	304	9,320	10,219	1,826	3,626
Non-controlling interests	—	—	37	—	37
	304	9,320	10,256	1,826	3,663

REVENUE

The revenue of the Target Group is derived from providing environmental maintenance and property cleaning services to customers.

Revenue increased by approximately 79.8% from approximately RMB82.0 million for the year ended 31 December 2016 to approximately RMB147.4 million for the year ended 31 December 2017. The increase was mainly due to (i) the expansion of the Target Group's geographical presence in Chengdu in 2017 in relation to its provision of environmental maintenance services, and (ii) the Target Group's continuation to build up its market presence and brand awareness of its property cleaning services in Fujian province.

Revenue increased by approximately 37.3% from approximately RMB147.4 million for the year ended 31 December 2017 to approximately RMB202.3 million for the year ended 31 December 2018. The increase was mainly due to (i) the continued revenue contribution from its existing contracts and (ii) the successful bidding of new contracts by the Target Group during the year.

Revenue increased by approximately 26.3% from approximately RMB56.3 million for the four months ended 30 April 2018 to approximately RMB71.1 million for the four months ended 30 April 2019. The increase was mainly due to the successful bidding of three new large scale projects during the period, including two government environmental maintenance projects and one property cleaning service project.

COST OF SERVICE RENDERED

The cost of service rendered of the Target Group primarily comprises staff costs, consumables, depreciation and other expenses. The percentage of cost of service rendered to sales for the years ended 31 December 2016, 2017, 2018 and four months ended 30 April 2018 and 2019 were approximately 84.0%, 82.4%, 84.2%, 87.1% and 82.9% of the Target Group's total revenue respectively. The increase in cost of service rendered was mainly due to the increase in staff costs, as the Target Group hired more employees due to its business expansion.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 and 2019, the Target Group recorded gross profit of approximately RMB13.1 million, RMB26.0 million, RMB32.0 million, RMB7.3 million and RMB12.2 million respectively and the gross profit margin was approximately 16.0%, 17.6%, 15.8%, 12.9% and 17.1% respectively, for the same periods. The increase in the Target Group's gross profit margin during the Relevant Period was mainly due to the Target Group had provided more environmental maintenance services which had a relatively higher gross profit margin compared to other projects.

The Target Group's gross profit margin is usually lower in the first quarter of the year due to the Target Group having to pay overtime costs, welfare and bonuses for its staff during the Chinese New Year.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly represent promotion costs. These expenses for the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 and 2019 were approximately RMB78,000, RMB21,000, RMB108,000, RMB95,000 and RMB35,000 respectively.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily comprises (i) staff costs including directors' emoluments and (ii) other expenses associated with the Target Group's general administrative activities. Administrative expenses for the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 and 2019 were approximately RMB11.8 million, RMB12.8 million, RMB16.6 million, RMB4.3 million and RMB6.4 million respectively. The increase in administrative expenses was mainly due to the Target Group's expansion in business scale.

LOSS ALLOWANCE PROVISION FOR TRADE RECEIVABLES

The amount represents the movements in the provision for loss allowance for trade receivables calculated based on the expected credit loss rate applicable to the Target Group.

FINANCE COSTS

Finance costs comprise interest on lease liabilities and interest on borrowings. Finance costs for the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 and 2019 were approximately RMB0.7 million, RMB0.6 million, RMB1.4 million, RMB0.3 million and RMB0.9 million respectively. The increase in finance costs was mainly attributable to the increase in the Target Group's bank and other borrowings during the Relevant Period.

NET PROFIT FOR THE YEAR/PERIOD

For the years ended 31 December 2016, 2017, 2018 and four months ended 30 April 2018 and 2019, the Target Group recorded net profit of approximately RMB0.3 million, RMB9.3 million, RMB10.3 million, RMB1.8 million and RMB3.7 million respectively. As the Target Group has engaged in more projects which led to the increase in its revenue, a higher net profit was recorded during the Relevant Period.

ASSETS AND LIABILITIES

Set out below is the assets and liabilities of the Target Group for the Relevant Periods as extracted from the accountants' report on the Target Group in Appendix II to this circular:

	At 31 December			At 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	10,426	13,835	23,851	23,008
Right-of-use assets	1,586	2,575	6,033	6,477
	12,012	16,410	29,884	29,485
CURRENT ASSETS				
Trade receivables	13,155	28,509	44,850	44,161
Prepayments, deposits and other receivables	8,598	10,175	26,051	26,894
Due from a shareholder	—	—	4,020	6,020
Due from a related company	4,148	1,342	1,377	1,397
Bank and cash balances	6,056	8,573	19,690	15,389
	31,957	48,599	95,988	93,861

	At 31 December			At 30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT LIABILITIES				
Trade payables	2,282	7,120	7,479	5,679
Accruals and other payables	14,481	12,996	36,620	29,631
Bank and other borrowings	7,290	7,500	18,407	22,416
Lease liabilities	379	979	2,061	2,382
Due to a director	1,739	5,302	3,953	3,971
Due to a shareholder	1,331	2,050	–	—
Current tax liabilities	142	2,997	5,837	6,734
	27,644	38,944	74,357	70,813
NET CURRENT ASSETS	4,313	9,655	21,631	23,048
TOTAL ASSETS LESS CURRENT LIABILITIES	16,325	26,065	51,515	52,533
NON-CURRENT LIABILITIES				
Bank and other borrowings	—	—	12,866	10,074
Lease liabilities	1,344	1,764	4,292	4,439
	1,344	1,764	17,158	14,513
NET ASSETS	14,981	24,301	34,357	38,020
CAPITAL AND RESERVE				
Share capital	15,000	15,000	15,000	15,000
Reserves	(19)	9,301	19,320	22,946
Equity attributable to owners of the Target	14,981	24,301	34,320	37,946
Non-controlling interests	—	—	37	74
TOTAL EQUITY	14,981	24,301	34,357	38,020

The Target Group's net assets as at 31 December 2016, 2017, 2018 and 30 April 2019 were approximately RMB15.0 million, RMB24.3 million, RMB34.4 million and RMB38.0 million respectively. The increase was due to the net profit made by the Target Group during each of the respective financial years.

LIQUIDITY AND FINANCIAL RESOURCES

The principal sources of funding for the operation of the Target Group have been internally generated funds and bank and other borrowings. As at 31 December 2016, 2017, 2018 and 30 April 2019, the Target Group had cash and cash equivalents of approximately RMB6.1 million, RMB8.6 million, RMB19.7 million and RMB15.4 million, respectively and all of them were denominated in RMB.

The non-current assets of the Target Group mainly consisted of property, plant and equipment. As at 31 December 2016, 2017, 2018 and 30 April 2019, the non-current assets were approximately RMB12.0 million, RMB16.4 million, RMB29.9 million and RMB29.5 million, respectively. The non-current assets increased by approximately 36.7% and 82.3% for the years ended 31 December 2017 and 2018 respectively which was mainly due to increase of property, plant and equipment. It decreased by approximately 1.3% for the four months ended 30 April 2019 due to depreciation.

BANK AND OTHER BORROWINGS

The bank and other borrowings which were denominated in RMB as at 31 December 2016, 2017, 2018 and 30 April 2019 were approximately RMB7.3 million, RMB7.5 million, RMB31.3 million and RMB32.5 million respectively. The gearing ratios (calculated as total bank and other borrowing amount divided by shareholders' equity) were approximately 48.7%, 30.9%, 91.0% and 85.5% respectively as at 31 December 2016, 2017, 2018 and 30 April 2019. Due to the expansion of the Target Group's business scale, the Group had to utilise more bank and other borrowings for (i) the purchase of property, plant and equipment; and (ii) the payment of performance bonds when the Target Group is engaged in government environmental maintenance projects.

The Target Group did not experience any difficulties in rolling over its banking facilities for the Relevant Period.

LEASE LIABILITIES

The Target Group's lease liabilities was approximately RMB1.7 million, RMB2.7 million, RMB6.4 million and RMB6.8 million as at 31 December 2016, 2017, 2018 and 30 April 2019. The increase was due to the rental of floor washing machines and new office, which are used in the provision of the Target Group's property cleaning services.

FOREIGN EXCHANGE EXPOSURE

All of the Target Group's revenue and expenses are denominated in RMB and most of the Target Group's assets and liabilities are denominated in RMB, which is the functional currency of all the members of the Target Group. The Target Group also uses RMB as its reporting currency. The Directors believe that the Target Group's operations are not currently subject to any significant direct foreign exchange risk and the Target Group did not use any financial instruments to hedge its exposure to such risk. The management of the Target Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

As at 31 December 2016, 2017 and 2018 and 30 April 2019, the Target Group did not have any significant capital commitments.

INFORMATION ON EMPLOYEES

As at 31 December 2016, 2017, 2018 and 30 April 2019, the Target Group had a total of 2,789, 3,512, 3,847 and 3,573 employees respectively, including the director. Total staff costs (including director's emoluments) for the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 and 2019 were approximately RMB64.6 million, RMB108.3 million, RMB141.2 million, RMB42.2 million and RMB49.4 million respectively. Remuneration is determined with reference to market norms as well as individual employee's performance, qualification and experience.

The remuneration to the employees includes salaries, bonuses, contributions to defined contribution retirement schemes and other allowances and benefits in kind. The Target Group provides its personnel formal and on-the-job training to enhance their technical skills as well as knowledge of industry quality standard.

The director and senior management of the Target Group receive compensation in the form of salaries, bonuses, contributions to defined contribution retirement schemes and other allowances and benefits in kind subject to applicable laws, rules and regulations in the PRC. The aggregate amounts of emoluments (including fees, salaries and other benefits in kind) paid to the director for the years ended 31 December 2016, 2017, 2018 and four months ended 30 April 2018 and 2019 was approximately RMB94,000, RMB94,000, RMB214,000, RMB31,000 and RMB123,000 respectively.

According to the Investment Agreement, all Parties agree that if the Existing Shareholders shall achieve the Guaranteed NP in the financial years ending 31 December 2019 and/or 2020 in accordance with the Investment Agreement, in the premises of not affecting the normal operation of the Target, the Target shall, within six (6) months after all Parties confirming that the Guaranteed NP having been achieved for that particular year, release a cash incentive, or in other ways permitted under the law reward in the amount equivalent to 30% of the amount of the actual performance of the Target exceeding the Guaranteed NP as a reward to the senior management, core member or other key employees as approved by the board of the Target. Such reward shall be executed in the specific method as approved by the board of the Target.

PLEDGE OF ASSETS

Save as securities provided for bank and other borrowings of the Target Group as disclosed in note 29 to the historical financial information of the accountants' report on the Target Group in Appendix II to this circular, there was no pledge on the Target Group's assets as at 31 December 2016, 2017, 2018 and 30 April 2019.

CONTINGENT LIABILITIES

The Target Group had no material contingent liabilities as at 31 December 2016, 2017, 2018 and 30 April 2019.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Target Group did not have any significant investment, material acquisition or disposal for the years ended 31 December 2016, 2017, 2018 and four months ended 30 April 2018 and 2019, nor any future plans for material investments or capital assets.

FUTURE PLANS

The Target Group has been engaged in the business of providing environmental maintenance and property cleaning services. It is expected that the Investment would not have any significant impact to the daily operation and administration of the Target Group. The Target Group will continue to focus on its existing business, and expand its business scale by leveraging the property management business of the Group in the PRC.

A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

(i) Basis of Preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group

The following is an illustrative and unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**"), comprising the unaudited pro forma statement of assets and liabilities of the Enlarged Group which have been prepared on the basis of the notes set out below and in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effects of the acquisition of the Target Group (the "**Acquisition**") on the Group as if the Acquisition had taken place on 30 June 2019.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Group for the year ended 31 December 2018 and the revised/new accounting standards adopted in the published interim results announcement of the Group for the six months ended 30 June 2019.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information contained in this circular and the accountant's report on the Target Group and set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 4.29(1) of the Listing Rules, for the purposes of illustrating the effect of the Acquisition is based on a number of assumptions, estimates and uncertainties. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not reflect the true picture of the financial position of the Enlarged Group had the Acquisition been completed at 30 June 2019 or any future date.

(ii) Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group as at 30 June 2019

			Pro forma adjustments		
	Unaudited consolidated statement of assets and liabilities of the Group	Consolidated statement of assets and liabilities of Target Group	other	adjustments	Unaudited pro forma statement of assets and liabilities of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note1)	*(Note2)*	*(Note3)*	*(Note4)*	
NON-CURRENT ASSETS					
Property, plant and equipment	5,615	23,008	—	—	28,623
Right-of-use assets	—	6,477	—	—	6,477
Intangible assets	873	—	59,060	—	59,933
Investments in associates	44,712	—	—	—	44,712
Investments in joint ventures	19,334	—	—	—	19,334
Equity investment designated at fair value through other comprehensive income	700	—	—	—	700
Deferred tax assets	35	—	—	—	35
Goodwill	—	—	34,519	—	34,519
Total non-current assets	71,269	29,485	93,579	—	194,333
CURRENT ASSETS					
Inventories	164	—	—	—	164
Trade receivables	106,973	44,161	—	—	151,134
Prepayments, deposits and other receivables	82,400	26,894	(10,000)	—	99,294
Restricted bank balances	11,830	—	—	—	11,830
Wealth management products	27,000	—	—	—	27,000
Due from a shareholder	—	6,020	—	—	6,020
Due from a related company	—	1,397	—	—	1,397
Cash and cash equivalents	119,393	15,389	(81,800)	—	52,982
Total current assets	347,760	93,861	(91,800)	—	349,821
Total assets	419,029	123,346	1,779	—	544,154

			Pro forma adjustments		
	Unaudited consolidated statement of assets and liabilities of the Group	**Consolidated statement of assets and liabilities of Target Group**	**other**	**adjustments**	**Unaudited pro forma statement of assets and liabilities of the Enlarged Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note1)	*(Note2)*	*(Note3)*	*(Note4)*	
CURRENT LIABILITIES					
Trade payables	53,607	5,679	—	—	59,286
Other payables and accruals	65,338	29,631	—	2,199	97,168
Interest-bearing bank and other borrowings	35,000	22,416	—	—	57,416
Lease Liabilities	—	2,382	—	—	2,382
Due to a director	—	3,971	—	—	3,971
Tax payable	8,093	6,734	—	—	14,827
Total current liabilities	162,038	70,813	—	2,199	235,050
NON-CURRENT LIABILITIES					
Other borrowings	—	10,074	—	—	10,074
Lease Liabilities	—	4,439	—	—	4,439
Deferred income tax liabilities	—	—	14,765	—	14,765
Total non-current liabilities	—	14,513	14,765	—	29,278
Total liabilities	162,038	85,326	14,765	2,199	264,328

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1 The amounts are extracted from the Interim condensed consolidated statement of financial position of the Group as at 30 June 2019 as set out in the published interim results announcement of the Group for the six months ended 30 June 2019.

2 The amounts are extracted from the audited consolidated statements of financial position of the Target Group as at 30 April 2019 as set out in Appendix II to this circular.

3 For the purpose of the Unaudited Pro Forma Financial Information, it is assumed that the consideration of RMB91,800,000 for the Acquisition will be paid by cash of the Company. Upon completion of the Acquisition, the Company will own 51% equity interest in the Target Group. The identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group at their fair value under the acquisition method of accounting in accordance with Hong Kong Financial Reporting Standard ("**HKFRS**") 3 "Business Combination".

Goodwill arising from the Acquisition of 51% equity interest in the Target Group is calculated as follows:

	Note	*RMB'000*
Consideration	*a*	91,800
Buyer's capital contribution to the Target Company	*a*	(30,000)
Identifiable assets acquired and liabilities assumed	*b*	(82,315)
Non-controlling interest	*b*	55,034
Goodwill arising from the Acquisition	*c*	34,519

(a) Pursuant to the Share Sale and Purchase Agreement, the consideration payable for the Sale Share is RMB91,800,000 (subject to adjustments), representing the Transfer Price of RMB61,800,000 (subject to adjustments) and Investment Sum of RMB30,000,000 is payable by Shanghai Pujiang set out in page 10. Before 30 June 2019, the Group paid RMB10,000,000 to the Target Company as part of the Shareholder's Loan. After the completion of the Acquisition, the Company and non-controlling interest will own 51% and 49% of the net identifiable assets of the Target Group, respectively. For details of consideration payable manner, please refer to the Letter from The Board to this circular.

The Directors are of the view that the guaranteed NP of RMB20 million during the Relevant Periods could be achieved by the Target Group.

(b) This adjustment represents the recognition of goodwill which is the excess of acquisition cost over the fair value of identifiable assets acquired, and the liabilities assumed. The fair value of identifiable assets acquired and liabilities assumed in the Target Company is determined in accordance with HKFRS 3, "Business Combination". For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purpose only, the Directors have assessed the fair values of the identifiable assets and liabilities of the Target Group as at 30 April 2019 by taking reference of the valuation of the Target Group as at 30 April 2019 carried out by PricewaterhouseCoopers, an independent valuer.

	RMB'000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	23,008
Right-of-use assets	6,477
Intangible assets *(i)*	59,060
Other identifiable assets	93,861
Trade payables	(5,679)
Other payables and accruals	(29,631)
Interest-bearing bank and other borrowings	(22,416)
Deferred income tax liabilities	(14,765)
Other liabilities assumed	(27,600)
Total identifiable net assets	82,315
Buyer's capital contribution to the Target Company	30,000
Adjusted identified net assets	112,315
Non-controlling interest *(j)*	(55,034)

(i) The intangible assets mainly consist of the identifiable customer contract/relationship in the amount of RMB59,060,000 and it has an expected useful life of 9.7 years and are determined by taking reference of the valuation of the Target Group as at 30 April 2019 carried out by PricewaterhouseCoopers, an independent valuer.

(j) The Buyer's capital contribution to Target Company consisted the additional assets to the Target Group before the Acquisition, and the non-controlling shareholders share the interest of Target Group including the addition capital contribution in its proportion of 49%.

(c) For the purpose of the Unaudited Pro Forma Financial Information, the Directors have assessed whether there is any impairment in respect of the goodwill expected to arise from the Acquisition following the principles set out in Hong Kong Accounting Standard 36 "Impairment of Assets". Based on the Directors' assessment, the Directors consider that there is no impairment on the goodwill.

The Company will adopt consistent accounting policies and principal assumptions and valuation method (as used in the Unaudited Pro Forma Financial Information) to assess the impairment of the Enlarged Group's goodwill in the future, and communicate such basis with its external auditor and audit committee.

4 The adjustment represents the estimated legal and professional fees and other expenses of approximately RMB2.2 million payable by the Company in connection with the Acquisition.

5 Apart from the Transaction, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Group subsequent to 30 June 2019.

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

EY 安永

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Riverine China Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Riverine China Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), and HongXin Environment Group Company Limited and its subsidiaries (collectively the "**Target Group**") (collectively the "**Enlarged Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated of statement of assets and liabilities as at 30 June 2019 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages IV-1 to IV-6 of the Company's circular dated 25 October 2019, in connection with the acquisition of the Target Group (the "**Transaction**") by a subsidiary of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-6.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2019 as if the Transaction had taken place at 30 June 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2019, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "*Code of Ethics for Professional Accountants*" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction at 30 June 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Director on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants

Hong Kong, 25 October 2019

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

Directors' and chief executives' interests in Shares

As at the Latest Practicable Date, the Directors and chief executives of the Company have the following interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") of the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange are as follows:

Director	Nature of Interest	Number of issued Shares/underlying Shares held	percentage of interest
Mr. Xiao Xingtao ("**Mr. Xiao**")	Interest held jointly with another person; interest of controlled corporation *(Note 1)*	299,154,000	73.87%
Mr. Fu Qichang ("**Mr. Fu**")	Interest held jointly with another person; interest of controlled corporation *(Note 1)*	299,154,000	73.87%

Notes:

1. The 299,154,000 Shares are held by Partner Summit Holdings Limited ("**Partner Summit**"), a company incorporated in the British Virgin Islands which is owned as to 87% by Vital Kingdom Investments Limited ("**Vital Kingdom**"), 10% by Source Forth Limited ("**Source Forth**") and 3% by Pine Fortune Global Limited ("**Pine Fortune**"). Mr. Xiao and Mr. Fu own the entire issued share capital of Vital Kingdom and Source Forth respectively and they have confirmed that they would jointly control their interests in the Company. Thus, both Mr. Xiao and Mr. Fu were deemed to be interested in 299,154,000 Shares held by Partner Summit under the SFO. Mr. Xiao is one of the directors of Partner Summit and the sole director of Vital Kingdom. Mr. Fu is one of the directors of Partner Summit and the sole director of Source Forth.

2. All the interests disclosed above represent long positions in the shares of the Company. Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors or their associate(s) had any interests or short positions in the shares, underlying Shares and/or debt securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests

As at Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than the Directors) had interest in the shares and the underlying shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Nature of interests	Number of issued ordinary/ underlying Shares held	Percentage of interest
Partner Summit	Beneficial Owner	299,154,000	73.87%
Vital Kingdom	Interest held jointly with another person; interest of controlled corporation *(Note 2)*	299,154,000	73.87%
Source Forth	Interest held jointly with another person; interest of controlled corporation *(Note 2)*	299,154,000	73.87%

Name of Shareholder	Nature of interests	Number of issued ordinary/ underlying Shares held	Percentage of interest
Pine Fortune	Interest held jointly with another person; interest of controlled corporation *(Note 2)*	299,154,000	73.87%
Mr. Chen Yao ("**Mr. Chen**")	Interest held jointly with another person; interest of controlled corporation *(Note 2)*	299,154,000	73.87%
S.I. Infrastructure Holdings Limited	Interest of controlled corporation *(Note 3)*	30,000,000	7.41%
Shanghai Industrial Holdings Limited ("**Shanghai Industrial**")	Interest of controlled corporation *(Note 3)*	30,000,000	7.41%
Shanghai Industrial Investment (Holdings) Company Limited ("**Shanghai Industrial Investment**")	Interest of controlled corporation *(Note 3)*	30,000,000	7.41%
Shanghai Industrial Investment Treasury Company Limited ("**Shanghai Treasury**")	Interest of controlled corporation *(Note 3)*	30,000,000	7.41%
Shanghai Investment Holdings Limited ("**Shanghai Investment**")	Interest of controlled corporation *(Note 3)*	30,000,000	7.41%

Name of Shareholder	Nature of interests	Number of issued ordinary/ underlying Shares held	Percentage of interest
Sure Advance Holdings Limited ("**Sure Advance**")	Beneficial owner *(Note 3)*	30,000,000	7.41%

Notes:

1. All the interests stated below represent long positions in the shares of the Company.

2. As at Latest Practicable Date, 299,154,000 Shares were held by Partner Summit, which is owned as to 87% by Vital Kingdom, 10% by Source Forth and 3% by Pine Fortune. Mr. Xiao, Mr. Fu and Mr. Chen own the entire issued share capital of Vital Kingdom, Source Forth and Pine Fortune respectively and they have confirmed that they would jointly control their respective interests in the Company. Therefore, Mr. Chen, Pine Fortune, Vital Kingdom and Source Forth were deemed to be interested in 299,154,000 Shares held by Partner Summit under the SFO.

3. Information is extracted from the corporate substantial shareholder notices filed by S.I., Shanghai Industrial, Shanghai Industrial Investment, Shanghai Treasury, Shanghai Investment and Sure Advance on 11 December 2017. Shanghai Industrial Investment directly holds 100% of the issued share capital of Shanghai Treasury, which in turn holds 100% of the issued share capital of Shanghai Investment, which in turn holds 47.77% of the issued share capital of Shanghai Industrial, which in turn holds 100% of the issued share capital of S.I., which in turn holds 100% of the issued share capital of Sure Advance. Therefore, S.I., Shanghai Industrial, Shanghai Industrial Investment, Shanghai Treasury and Shanghai Investment were taken to be interested in the number of shares held by Sure Advance pursuant to Part XV of the SFO.

Save as disclosed above, and so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in Shares or underlying Shares which (a) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein; or (ii) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

3. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Director has entered into a service contract with the Company for an initial fixed term of three years and renewable automatically until terminated by not less than three months' notice in writing served by either party on the other expiring at the end of the initial term or any time thereafter.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

5. INTEREST IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to, any member of the Enlarged Group or were proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Save for the interests of the Directors in the contract as set out in item (i) as set out in the paragraph headed "7. Material Contracts" in this appendix, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, there were no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, were entered into by members of the Enlarged Group within the two years immediately preceding the date of this Circular which is or may be material:

(a) the equity transfer agreement dated 29 October 2017 entered into between Mr. Kou as transferor and the Target as transferee in relation to the acquisition of the entire equity interest in Ning De Sen Li Te Zheng Cleaning Service Company Limited* (寧德森立特正保潔服務有限公司), the target company, by the Target for a total consideration of RMB90,000;

(b) the deed of non-competition dated 15 November 2017 entered into by the Controlling Shareholders in favour of the Company in relation to certain non-competition undertakings given in favour of the Group;

(c) the deed of indemnity dated 15 November 2017 entered into by the Controlling Shareholders in favour of the Company in relation to certain indemnities given in favour of the Group;

(d) the cornerstone investment agreement dated 21 November 2017 entered into among the Company, Sure Advance Holdings Limited and China Industrial Securities International Capital Limited and Haitong International Securities Company Limited pursuant to which Sure Advance Holdings Limited agreed to subscribe for 30,000,000 Shares at the price of HK$2.14 per Share;

(e) the underwriting agreement dated 27 November 2017 entered into among the Company, the Controlling Shareholders, the executive Directors, China Industrial Securities International Capital Limited, Haitong International Securities Company Limited, ChaoShang Securities Limited, China Goldjoy Securities Limited, China Sky Securities Limited, Head & Shoulders Securities Limited, SPDB International Capital Limited, Yicko Securities Limited and Yue Xiu Securities Company Limited in relation to the Hong Kong public offering of Shares at the offer price of HK$2.14 per Share;

(f) the underwriting agreement dated 4 December 2017 entered into among the Company, the Controlling Shareholders, the executive Directors, China Industrial Securities International Capital Limited, Haitong International Securities Company Limited, ChaoShang Securities Limited, China Goldjoy Securities Limited, China Sky Securities Limited, Head & Shoulders Securities Limited, SPDB International Capital Limited, Yicko Securities Limited and Yue Xiu Securities Company Limited in relation to the international placing of Shares at the offer price of HK$2.14 per Share;

(g) the equity transfer agreement dated 5 March 2018 entered into between Ms. Wang as transferor and the Target as transferee in relation to the acquisition of 51% of the entire equity interest in Fujian Deheng Industrial Company Limited* (福建德恒實業有限公司), the target company, by the Target for a total consideration of RMB100,000;

(h) the sale and purchase agreement dated 25 April 2018 entered into between Shanghai Pujiang and 南通盛和物業管理有限公司 (Nantong Sheng He Property Management Limited*) in relation to the acquisition of 2% equity interests of 南通浦盛智能物業有限公司 (Nantong Pu Sheng Intelligent Property Company Limited*), currently a 51% subsidiary of the Company, for the total consideration of RMB40,000;

(i) the equity transfer agreement dated 26 April 2018 entered into between 上海浦江控股有限公司 (Shanghai Pujiang Holding Company Limited*) and Shanghai Pujiang in relation to the acquisition of the entire equity interest in 上海外灘科浦工程管理有限公司 (Shanghai Bund Ke Pu Engineering Management Company Limited*) by Shanghai Pujiang for a total consideration of RMB3,109,929.82;

(j) the cooperation framework agreement dated 28 April 2018 entered into between Shanghai Pujiang and 中民物業投資有限公司 (Zhongmin Property Investment Company Limited*) ("**Zhongmin Property**"), pursuant to which, Shanghai Pujiang will cooperate with Zhongmin Property to enter the non-residential property management market, creating complementary advantages in terms of information management and service as well as exploring various opportunities in the property service market for a term of three years;

(k) the cooperation framework agreement dated 8 May 2018 entered into between the Company and 上海盈展資產管理有限公司 (Shanghai URF Asset Management Company Limited*) ("**Shanghai URF**") pursuant to which, the Company and Shanghai URF will share their resources in existing properties to materialize commercial cooperation in terms of management services for existing properties as well as the positioning, promotion and services for revitalization of commercial properties in urban areas;

(l) the cooperation framework agreement dated 8 May 2018 entered into among the Company, 上海介谷科技有限公司 (Shanghai Jie Gu Technology Company Limited*), a subsidiary of the Company, 深圳市海億達科技股份有限公司 (Shenzhen Hietech Technologies Co., Ltd.*) ("**Shenzhen Hietech**"), together with 深圳市能效通網絡有限公司 (Shenzhen NXTEC Co., Ltd.*) ("**Shenzhen NXTEC**") pursuant to which, the Group will carry out commercial cooperation with Shenzhen Hietech and Shenzhen NXTEC in the fields of facility operation and maintenance and energy conservation services and push forward the positioning of Internet of Things for the Group's property projects;

(m) the framework agreement dated 13 May 2018 entered into among the Target, Ms. Wang, Mr. Kou, Hezhou Honghui Equity Investment Partnership Enterprise (Limited Partnership)* ((賀州泓匯股權投資合夥企業(有限合夥)) ("**Hezhou Honghui**"), Hezhou Hongteng, Hezhou Hongda and the potential investor in relation to the investment in the Target after which the potential investor shall own at least 60% of the equity interest of the Target;

(n) the agreement dated June 2018 entered into among the Target, Ms. Wang, Mr. Kou, Hezhou Honghui, Hezhou Hongteng, Hezhou Hongda and the potential investor in relation to the investment in the Target which the potential investor shall pay a sum of earnest money to the shareholders of the Target;

(o) the property management framework agreement dated 7 June 2018 entered into between 安徽外灘物業管理有限公司 (Anhui Bund Property Management Company Limited*) and 安徽皖投置業有限責任公司 (Anhui Wan Tou Property Limited*) in relation to the provision of property management services by the Group for a term from 7 June 2018 to 31 December 2020;

(p) the termination memorandum dated 28 August 2018 from the potential investor to Ms. Wang, Mr. Kou, Hezhou Honghui, Hezhou Hongteng and Hezhou Hongda in relation to the termination of the framework agreement dated 13 May 2018 and the agreement dated June 2018 and the return of the earnest money paid thereunder;

(q) the trust deed dated 30 August 2018 entered into between the Company and Acheson Limited (as restated, supplemented and amended from time to time) in respect of the share award scheme adopted by the Company on 30 August 2018;

(r) the initial letter of intent dated 16 November 2018 entered into among Shanghai Pujiang, Hezhou Hongteng, Hezhou Hongda, Mr. Kou, Ms. Wang, Hezhou Honghui Equity Investment Partnership Enterprise (Limited Partnership)* (賀州泓匯股權投資合夥企業(有限合夥)) (collectively the "**Original Shareholders**") and the Target in relation to the proposed investment in the Target by Shanghai Pujiang and the proposed acquisition of 10% equity interest in the Target from the Original Shareholders by Shanghai Pujiang;

(s) the letter of intent dated 11 January 2019 entered into among Shanghai Pujiang, the Original Shareholders and the Target in relation to the proposed investment in the Target by Shanghai Pujiang and the proposed acquisition of 51% equity interest in the Target from the Original Shareholders by Shanghai Pujiang;

(t) the letter of intent dated 8 February 2019 entered into among the Company, the target which is engaged in the business of property management and the authorized representative of the existing shareholders of the target in relation to the proposed acquisition of 80% of the entire issued share capital of the target by the Company;

(u) the framework agreement dated 29 March 2019 entered into among the Company, the target company which is engaged in the business of provision of security services to residential and commercial buildings and shopping arcades in Hong Kong and the authorized representatives of the existing shareholders of the target company in relation to the proposed acquisition of at least 51% of the entire issued share capital of the target company by the Company;

(v) the equity transfer agreement dated 22 July 2019 and entered into among 上海鋼領企業管理有限公司 (Shanghai Ganglian Enterprise Management Co., Ltd.*), 上海竑豐企業管理有限公司 (Shanghai Hong Feng Enterprise Management Co., Ltd.*), 宋勇 (Song Yong), 唐新風 (Tang Xin Feng) as vendors, 上海悅越實業發展有限公司 (Shanghai Yueyue Industrial Development Co., Ltd.*) as shareholder, Shanghai Pujiang as purchaser and 上海新市北企業管理服務有限公司 (Shanghai Xin Shi Bei Enterprise Management Services Co., Ltd.*) as the target in relation to the sale and purchase of the 27.5% of the equity interest in the target for the total consideration to be no more than RMB27,500,000;

(w) the Investment Agreement;

(x) the equity transfer agreement dated 20 September 2019 and entered into among Shanghai Pujiang as purchaser, Beijing Ao Zhong Kun Lun Business Consultancy Company Limited* (北京澳中昆侖商務諮詢有限公司) as the vendor and Bengbu Zhi Xin Property Company Limited* (蚌埠市置信物業有限公司), a JV company owned as to 50% by Shanghai Pujiang before the acquisition, as the target company in relation to the acquisition of 8% of the equity interest in the target company for a total consideration of RMB741,019 by Shanghai Pujiang; and

(y) the framework agreement dated 24 September 2019 and entered into among Shanghai Pujiang as the purchaser, the target company who is engaged in the business of provision of property management services in Shanghai and Hunan province, and the authorised representative of the vendors, being the existing shareholders of the target company, in relation to the proposed acquisition of 51% of the equity interests of the target company by Shanghai Pujiang.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018 (being the date to which the latest published audited accounts of the Company were made up).

9. EXPERT AND CONSENT

(a) The following is the qualification of the expert who is named in this Circular or has given their opinion or advice which is contained in this Circular:

Name	**Qualification**
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
Ernst & Young	Certified Public Accountants

(b) As at the Latest Practicable Date, each of the experts did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Each of the experts has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter, opinion, report and references to its name in the form and context in which they are included.

(d) The letter, opinion and report given by each of the experts are given as of the date of this Circular for incorporation in this Circular. As at the Latest Practicable Date, each of the experts is not beneficially interested in the share capital of any member of the Group nor had any interest, direct or indirect, in any assets which have been, since 31 December 2018 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. GENERAL INFORMATION

(a) The company secretary of the Company is Ms. Cheung Kam Mei, Helen and Mr. Jia Shaojun. Ms. Cheung is a qualified solicitor in Hong Kong, a member of the Law Society of Hong Kong since 2002, a member of the Law Society of England and Wales since 2003 and a member of the Hong Kong Institute of Chartered Secretaries since 2005. Mr. Jia has over 20 years of experience in strategy planning and corporate management and also a holder of chief financial officer qualifying certificate from the Shanghai National Accounting Institute.

(b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(c) The headquarters of the Company is at 14th Floor, Jiushi Tower, 28 South Zhongshan Road, Shanghai, PRC.

(d) The principal place of business of the Company in Hong Kong is at 2/F, King's House 971 King's Road, Quarry Bay Hong Kong.

(e) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(f) In the event of inconsistency, the English text of this Circular prevails over the Chinese text.

(g) All references to times and dates in this Circular refer to Hong Kong times and dates.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 2/F, King's House 971 King's Road, Quarry Bay Hong Kong for a period of 14 days from the date of this Circular:

(a) the memorandum of association and bye-laws of the Company;

(b) the letter from the Board, the text of which is set out on pages 6 to 29 of this Circular;

(c) the annual reports of the Company for year ended 31 December 2017 and year ended 31 December 2018;

(d) the accountants' report on the Target issued by ZHONGHUI ANDA CPA Limited, the text of which is set out in Appendix II to this Circular;

(e) the report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV of this Circular;

(f) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix;

(g) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(h) the service contracts referred to in the paragraph headed "Directors' Service Contracts" in this appendix; and

(i) this Circular.

* *The English translation is a translation of the Chinese name and included herein for identification purpose only.*