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## **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)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2022**

#### **RESULTS**

The Board is pleased to announce the unaudited condensed consolidated results of Riverine China Holdings Limited and its subsidiaries for the six months ended 30 June 2022 together with the comparative figures for the previous period as follows:

#### **INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>2022 (Unaudited) RMB'000</b>	2021 (Unaudited) RMB'000
<b>REVENUE</b>	4	<b>445,325</b>	429,566
Cost of services provided		<u>(374,674)</u>	<u>(369,827)</u>
Gross profit		<b>70,651</b>	59,739
Other income and gains	4	<b>7,654</b>	15,722
Selling and distribution expenses		<b>(9,115)</b>	(6,903)
Administrative expenses		<b>(40,499)</b>	(37,928)
Other expenses		<b>(5,100)</b>	—
Interest expenses	6	<b>(6,673)</b>	(2,127)
Share of profits and losses of:			
Joint ventures		<b>982</b>	1,852
Associates		<b>4,168</b>	6,962

		<b>2022</b>	2021
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>PROFIT BEFORE TAX</b>	5	<b>22,068</b>	37,317
Income tax expense	7	<b>(4,978)</b>	(7,638)
<b>PROFIT FOR THE PERIOD</b>		<b><u>17,090</u></b>	<b><u>29,679</u></b>
Attributable to:			
Owners of the parent		<b>11,540</b>	23,439
Non-controlling interests		<b><u>5,550</u></b>	<u>6,240</u>
		<b><u>17,090</u></b>	<b><u>29,679</u></b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted ( <i>RMB</i> )	9	<b><u>0.03</u></b>	<u>0.05</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>PROFIT FOR THE PERIOD</b>	<b><u>17,090</u></b>	<b><u>29,679</u></b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income/(loss):	16	(48)
Exchange differences:		
Exchange differences on translation of foreign operations	<u>516</u>	<u>(44)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>532</u>	<u>(92)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b><u>532</u></b>	<b><u>(92)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>17,622</u></b>	<b><u>29,587</u></b>
Attributable to:		
Owners of the parent	12,072	23,347
Non-controlling interests	<u>5,550</u>	<u>6,240</u>
	<b><u>17,622</u></b>	<b><u>29,587</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		<b>30 June 2022</b>	31 December 2021
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>35,371</b>	37,351
Investment properties		<b>116,800</b>	121,900
Right-of-use assets		<b>4,671</b>	6,586
Goodwill		<b>25,901</b>	25,901
Finance lease receivables		<b>82,273</b>	88,169
Other intangible assets		<b>40,235</b>	43,938
Investments in joint ventures		<b>24,665</b>	21,883
Investments in associates		<b>69,952</b>	69,690
Equity investments designated at fair value through other comprehensive income		<b>2,719</b>	8,929
Other non-current assets		<b>31,478</b>	32,698
Deferred tax assets		<b>1,639</b>	859
		<hr/>	<hr/>
Total non-current assets		<b>435,704</b>	457,904
<b>CURRENT ASSETS</b>			
Inventories		<b>112</b>	129
Trade receivables	11	<b>321,300</b>	190,265
Prepayments and other receivables		<b>98,160</b>	91,287
Restricted bank balances		<b>19,968</b>	22,424
Finance lease receivables		<b>11,409</b>	10,900
Cash and cash equivalents	12	<b>99,004</b>	177,764
		<hr/>	<hr/>
Total current assets		<b>549,953</b>	492,769

		<b>30 June</b>	31 December
		<b>2022</b>	2021
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>129,785</b>	116,773
Other payables and accruals		<b>115,862</b>	122,992
Interest-bearing bank loans and other borrowings		<b>134,455</b>	112,694
Lease liabilities		<b>15,343</b>	15,707
Tax payable		<b>22,696</b>	20,517
		<hr/>	<hr/>
Total current liabilities		<b>418,141</b>	388,683
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>131,812</b>	104,086
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>567,516</b>	561,990
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other borrowings		<b>2,606</b>	4,117
Lease liabilities		<b>171,732</b>	179,072
Deferred tax liabilities		<b>16,948</b>	18,941
		<hr/>	<hr/>
Total non-current liabilities		<b>191,286</b>	202,130
		<hr/>	<hr/>
Net assets		<b>376,230</b>	359,860
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>3,391</b>	3,391
Reserves		<b>291,154</b>	280,334
		<hr/>	<hr/>
		<b>294,545</b>	283,725
Non-controlling interests		<b>81,685</b>	76,135
		<hr/>	<hr/>
Total equity		<b>376,230</b>	359,860
		<hr/> <hr/>	<hr/> <hr/>

# NOTES

## 1. CORPORATE AND GROUP INFORMATION

Riverine China Holdings Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 December 2017.

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

### 3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2022	Property management services RMB'000 (Unaudited)	Urban sanitary services RMB'000 (Unaudited)	Sublease service from investment properties RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue (note 4)</b>				
Service provided to external customers	<u>318,115</u>	<u>123,251</u>	<u>3,959</u>	<u>445,325</u>
<b>Segment results</b>	<u>43,317</u>	<u>23,738</u>	<u>3,596</u>	<u>70,651</u>
<b>Reconciliation:</b>				
Interest income				2,840
Share of profits and losses of:				
Joint ventures				982
Associates				4,168
Other unallocated income and gains				4,814
Corporate and other unallocated expenses				(59,216)
Finance costs (other than interest on lease liabilities)				(2,171)
Profit before tax				<u>22,068</u>

Six months ended 30 June 2021	Property management services RMB'000 (Unaudited)	Urban sanitary services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue (note 4)</b>			
Service provided to external customers	<u>293,914</u>	<u>135,652</u>	<u>429,566</u>
<b>Segment results</b>	<u>32,782</u>	<u>26,957</u>	<u>59,739</u>
<b>Reconciliation:</b>			
Interest income			561
Share of profits and losses of:			
Joint ventures			1,852
Associates			6,962
Other unallocated income and gains			15,161
Corporate and other unallocated expenses			(45,017)
Finance costs (other than interest on lease liabilities)			(1,941)
Profit before tax			<u>37,317</u>

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, share of profits and losses of joint ventures and associates, non-lease-related finance costs, other unallocated income and gains as well as corporate and other unallocated expenses are excluded from such measurement.

No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

An analysis of revenue is as follows:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<i>Revenue from contracts with customers</i>		
Property management services income on the lump sum basis	<b>317,533</b>	292,987
Property management services income on the fixed remuneration basis	<b>582</b>	927
Urban sanitary services income	<b>123,251</b>	135,652
<i>Revenue from other sources</i>		
Gross rental income from sublease service from investment properties	<b>3,959</b>	—
	<b>445,325</b>	429,566

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Timing of revenue recognition</b>		
Services transferred over time		
Property management services	<b>318,115</b>	293,914
Urban sanitary services income	<b>123,251</b>	135,652
	<u><b>441,366</b></u>	<u>429,566</u>

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b><u>Other income</u></b>		
Bank interest income	<b>618</b>	561
Interest income from finance lease receivables	<b>2,222</b>	—
Government grants*	<b>2,076</b>	2,143
Covid-19-related rent concessions from lessors	<b>2,297</b>	—
Others	<b>435</b>	111
	<u><b>7,648</b></u>	<u>2,815</u>
<b><u>Gains</u></b>		
Gain on disposal of an associate	<b>6</b>	12,907
	<u><b>7,654</b></u>	<u>15,722</u>

\* Government grants include various subsidies received by the Group from the relevant government bodies. There are no unfulfilled conditions or contingencies relating to these grants.

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended	
	30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of services provided	374,674	369,827
Depreciation of property, plant and equipment	6,906	5,133
Depreciation of right-of-use assets	1,915	1,758
Amortisation of intangible assets	3,703	3,695
Research and development cost	2,824	2,718
Employee benefit expenses* (including Directors' and chief executive's remuneration)		
Wages and salaries	110,013	126,642
Pension scheme contributions (defined contribution scheme)	24,338	26,946
Equity-settled share option expense	(1,252)	575
Lease payments not included in the measurement of lease liabilities	551	349
Auditor's remuneration	1,060	850
Bank charges	87	113
Office expenses	2,152	2,422
Impairment of trade receivables, net	2,648	2,242
Gain on disposal of an associate	(6)	(12,907)
Bank interest income	(618)	(561)
Interest income from finance lease receivables	(2,222)	—
Government grants	(2,076)	(2,143)

\* Amounts of RMB283,095,000 and RMB280,401,000 of staff costs were included in "Cost of services provided" in profit or loss during the six months ended 30 June 2022 and 2021, respectively.

## 6. INTEREST EXPENSES

An analysis of interest expenses is as follows:

	For the six months ended	
	30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expense on bank loans and other borrowings	2,171	1,941
Interest on lease liabilities	4,502	186
	<u>6,673</u>	<u>2,127</u>

## 7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group and the Company are not liable for income tax in Hong Kong as they did not have assessable income sourced from Hong Kong during the period.

The Company is a tax-exempted company incorporated in the Cayman Islands.

Provision for the PRC income tax has been made at the applicable income tax rate of 25% (2021: 25%) on the assessable profits of the PRC subsidiaries.

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current Mainland China corporate income tax charge for the period	<b>7,750</b>	9,075
Deferred tax	<b>(2,772)</b>	(1,437)
Total tax charge for the period	<b><u>4,978</u></b>	<b><u>7,638</u></b>

## 8. INTERIM DIVIDENDS

The Directors of the Company proposed not to declare any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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

The calculation of basic earnings per share amount is based on the profit for the period attributable to the ordinary equity holders of the parent and the weighted average number of ordinary shares of 396,782,000 (2021: 396,782,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the year ended 30 June 2022 (2021: Nil).

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

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent	<b><u>11,540</u></b>	<b><u>23,439</u></b>

	<b>Number of shares</b>	
	<b>2022</b>	2021
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year	<u><b>396,782,000</b></u>	<u>396,782,000</u>
<b>Earnings per share</b>		
Basic and diluted ( <i>RMB</i> )	<u><b>0.03</b></u>	<u>0.05</u>

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets at a cost of RMB4,959,000 (30 June 2021: RMB9,565,000), excluding property, plant and equipment acquired through a business combination.

Assets with a net book value of RMB33,000 were disposed of by the Group during the six months ended 30 June 2022(30 June 2021: RMB153,000), resulting in a net loss on disposal of RMB9,000 (30 June 2021: RMB20,000).

The Group pledged certain of its motor vehicles to secure the Group's borrowings which were included as interest-bearing other borrowings RMB9,502,000. The net carrying amounts of these pledged motor vehicles as at 30 June 2022 were RMB11,112,000.

## 11. TRADE RECEIVABLES

	<b>30 June 2022</b>	31 December 2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<b>330,093</b>	196,410
Impairment	<u><b>(8,793)</b></u>	<u>(6,145)</u>
	<u><b>321,300</b></u>	<u>190,265</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance are normally required. The credit period is generally 10 to 30 days, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

At 30 June 2022, included in the Group's trade receivables are amounts due from the Group's associates of RMB526,000 (31 December 2021: RMB340,000) and amounts due from joint ventures of RMB581,000 (31 December 2021: RMB2,015,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of the respective reporting periods, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 1 year	<b>312,184</b>	187,779
Over 1 year	<b>9,116</b>	2,486
	<b><u>321,300</u></b>	<u>190,265</u>

## 12. CASH AND CASH EQUIVALENTS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Cash and bank balances	<b><u>99,004</u></b>	<u>177,764</u>

At the end of reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB98,027,000 (2021: RMB176,887,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

### 13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the respective reporting periods, based on the invoice date, is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 3 months	<b>119,138</b>	109,760
3 to 12 months	<b>2,516</b>	4,928
Over 1 year	<b>8,131</b>	2,085
	<b><u>129,785</u></b>	<b><u>116,773</u></b>

The trade payables are unsecured, non-interest-bearing and are normally settled on terms of 5 to 90 days.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY OVERVIEW**

The urbanization development of the PRC has been gradually accelerating since 1980s with urbanization rate increasing from approximately 19.4% in 1980 to 64.72% in 2021. As compared with the average urbanization rate of approximately 70% in developed countries, there are further potential for urbanization development in the PRC. Improved urbanization has led to an increased demand for residential and other property projects, resulting in an increased demand for comprehensive urban public services including property management services, sublease services from investment properties and urban sanitary services.

The rapidly growing economy in the PRC has spurred continuous growth in annual disposable income per urban capita. According to the National Bureau of Statistics of China's preliminary calculation, the annual disposable income per urban capita increased from approximately RMB43,834 in 2020 to approximately RMB47,412 in 2021. The increasing demand for better living conditions is another factor triggering the growth of property management and environmental sanitary markets.

In line with the economic growth and urbanization of the PRC, there are increasing supply of public facilities such as museums, arenas and stadiums as well as newly-constructed urban road areas to cater for the increasing demand from city dwellers of the PRC. Meanwhile, the increased urban population is promoting the demand for refuse treatment both in qualities and quantities.

### **BUSINESS REVIEW**

The Group, through its operating subsidiaries and investments in associates, provides a wide range of comprehensive urban public services, including property management services with valued-added services to a variety of properties in the PRC, sublease services from investment properties and urban sanitary services to various areas.

The properties managed by the Group are mainly located in Shanghai and expanded to Tianjin, Anhui, Zhejiang, Jiangsu, Jiangxi, Fujian, Sichuan, Henan, Hubei and Hunan provinces. The urban sanitary services are mainly performed in Fujian and Sichuan provinces.

During the Period, the Group through its subsidiaries and investments in associated companies had entered into 513 property management agreements for the provision of various kinds of property management services for the properties in the PRC, remaining at a stable level compared with 508 property management agreements in the same period of 2021.

During the Period, approximately 71.4% of total revenue was generated from the provision of property management services, of which approximately 88.6% to non-residential properties whereas the remaining approximately 11.4% was generated from residential properties. Also, approximately 27.7% of the Group's total revenue was generated from the provision of urban sanitary services, and approximately 0.9% of the Group's total revenue was generated from sublease services from investment properties.

The Group's property management services have been and will continue to be strategically focused on highend non-residential properties in the PRC and the Group's urban sanitary service is an important part of the comprehensive urban public services. Meanwhile, the sublease services from investment properties will be the Group's important new sector for business growth.

The table below sets forth a breakdown of revenues by type of services provided for the period indicated.

	For the six months ended 30 June			
	2022		2021	
	Revenue	% of total	Revenue	% of total
	<i>RMB'000</i>		<i>RMB'000</i>	
Property management services on the lump sum basis	317,533	71.3%	292,987	68.2%
Property management services on the fixed remuneration basis	582	0.1%	927	0.2%
Urban sanitary service	123,251	27.7%	135,652	31.6%
Sublease services from investment properties	3,959	0.9%	—	—
Total	<u>445,325</u>	<u>100%</u>	<u>429,566</u>	<u>100%</u>

The table below sets forth a breakdown of revenues from providing property management services by type of managed properties for the period indicated.

	For the six months ended 30 June			
	2022		2021	
	Revenue <i>RMB'000</i>	% of total	Revenue <i>RMB'000</i>	% of total
Commercial establishments & office buildings	210,010	66.0%	199,608	67.9%
Public properties	63,060	19.8%	59,998	20.4%
Residential properties	36,263	11.4%	22,076	7.5%
Others	8,782	2.8%	12,232	4.2%
Total	<u>318,115</u>	<u>100%</u>	<u>293,914</u>	<u>100%</u>

The table below sets forth a breakdown of revenues from providing urban sanitary services by various areas for the period indicated.

	For the six months ended 30 June			
	2022		2021	
	Revenue <i>RMB'000</i>	% of total	Revenue <i>RMB'000</i>	% of total
Fujian	77,735	63.1%	87,407	64.4%
Sichuan	43,249	35.1%	44,885	33.1%
Other	2,267	1.8%	3,360	2.5%
Total	<u>123,251</u>	<u>100%</u>	<u>135,652</u>	<u>100%</u>

## HUMAN RESOURCES

The Group employed 4,508 employees and dispatched staff as of 30 June 2022. The Group also subcontracted part of the labour intensive work, such as security, cleaning and gardening services and certain specialized engineering repairs and maintenance works to sub-contractors. The employment contracts either have no fixed terms, or if there are fixed terms, the terms are generally up to three years, after which the Group will evaluate renewals based on performance appraisals. All of the full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. In addition, discretionary bonuses may also be awarded to employees based on the individual employee's performance. The Group conducts regular performance appraisals to ensure that the employees receive feedback on their performance.

## PROSPECTS

Over the years since 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 urban 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 as well as professional resources synchronization mechanism.

Furthermore, based on various technologies, such as the 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. In 2022, we continued to achieve the sales of this system to customers at home and abroad. The Group will ensure the stability and reliability of our advanced technology, prudently expand the market at home and abroad and gradually realize the output effect of our technology investment in China.

Since the outbreak of COVID-19 in China in January 2020, the Group has taken active measures to implement the regulations and requirements issued by the local government on the prevention and control of COVID-19, and carry out all epidemic prevention work, focusing on the health of the customers, users and employees and the public security and social responsibilities. Although this outbreak has had a huge impact on the global economy, and may inevitably continue to spread and affect the upstream and downstream enterprises of the Group to varying degrees, however, according to the current guidance of domestic policies, the important role of sanitation and property management in urban comprehensive services in the epidemic will be recognized by the community. The Group will continue to deepen its strategic positioning, assess and measure the risks posed by the outbreak, and identify and seize the opportunities in this crisis.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately 3.7% to approximately RMB445.3 million for the six months ended 30 June 2022 from approximately RMB429.6 million for the six months ended 30 June 2021. The increase in revenue was mainly attributable to (i) the revenue generated from property management services increased from approximately RMB293.9 million for the six months ended 30 June 2021 to approximately RMB318.1 million for the Period, (ii) the revenue generated from environmental sanitary services decreased from approximately RMB135.7 million for the six months ended 30 June 2021 to approximately RMB123.3 million for the Period, and (iii) the newly initialized rental income generated from sublease services from investment properties, which amounted to approximately RMB4.0 million.

### **Cost of services provided**

The Group's cost of services provided increased by approximately 1.3% to approximately RMB374.7 million for the six months ended 30 June 2022 from approximately RMB369.8 million for the six months ended 30 June 2021. The increase in cost of service provided was primarily due to (i) the increase in property management services income which leads to the increase in staff costs and sub-contracting staff costs; and (ii) the Group continues to recruit more talented staff and provide training for the existing staff to cope with the expansion of operations.

### **Gross profit and gross profit margin**

The Group's gross profit increased by approximately 18.4% to approximately RMB70.7 million for the six months ended 30 June 2022 from approximately RMB59.7 million for the six months ended 30 June 2021 due to an increase in revenue despite being partially offset by the increase in the cost of services provided. Gross profit margin increased to 15.9% for the six months ended 30 June 2022 from 13.9% for the six months ended 30 June 2021.

### **Other income and gains**

The Group's net other income and gains decreased to approximately RMB7.7 million for the six months ended 30 June 2022 from approximately RMB15.7 million for the six months ended 30 June 2021. The decrease in net other income and gains was primarily due to the one-off investment gain from disposal of Shanghai Xin Shi Bei during the period of six months ended 30 June 2021, despite being partially offset by the increase in other income recognized from sublease services from investment properties.

## **Selling and distribution expenses**

The selling and distribution expenses increased by approximately 31.9% to approximately RMB9.1 million for the six months ended 30 June 2022 from approximately RMB6.9 million for the six months ended 30 June 2021. The increase in selling and distribution expenses was primarily due to increased business expansion and advertising activities as well as more recruited talented staff.

## **Administrative expenses**

The administrative expenses increased to approximately RMB40.5 million for the six months ended 30 June 2022 from approximately RMB37.9 million for the six months ended 30 June 2021, which was mainly due to the increase in expenses related to operation of sublease services from investment properties.

## **Other Expenses**

Other expenses with the amount of RMB5.1 million for the six months ended 30 June 2022 represented for the valuation loss on decrease in the fair value of the investment properties, which was resulted from the increased vacancy rate affected by the Covid-19 prolonged pandemic and rent concessions to lessees.

## **Interest expenses**

The interest expenses increased to approximately RMB6.7 million for the six months ended 30 June 2022 from approximately RMB2.1 million for the six months ended 30 June 2021, which was due to the increase in average bank loans and other borrowings during the Period, as well as the increase in finance cost for lease liabilities arisen from sublease services of investment properties.

## **Share of profits and losses of joint ventures**

Shares of profits of joint ventures decreased to approximately RMB1.0 million for the six months ended 30 June 2022 from approximately RMB1.9 million for the six months ended 30 June 2021, which was primarily due to the decrease in profits shared from Zhong Min Zhi Da amounted to approximately RMB1.3 million, despite being partially offset by the increase in profits shared from Hefei Zheng Wen amounted to approximately RMB0.4 million.

## **Share of profits and losses of associates**

Share of profit of associates decreased by approximately 40.0% to approximately RMB4.2 million for the six months ended 30 June 2022 from approximately RMB7.0 million for the six months ended 30 June 2021 which was primarily due to the decrease in profits shared from Shanghai Qiang Sheng, Anhui Pu Bang and Ningbo Plaza amounted to approximately RMB1.3 million, RMB0.6 million and RMB0.9 million respectively.

## **Income tax expense**

The income tax expenses decreased to approximately RMB5.0 million for the six months ended 30 June 2022 as compared to the income tax expenses of approximately RMB7.6 million for the six months ended 30 June 2021. The decrease in income tax expenses was mainly due to the decrease in profit before tax which applied for income tax obligation for the Period.

## **Profit for the period and net profit margin**

As a result of foregoing, the net profit decreased by approximately 42.4% to approximately RMB17.1 million for the six months ended 30 June 2022 from approximately RMB29.7 million for the six months ended 30 June 2021, while the net profit margin decreased to 3.8% for the six months ended 30 June 2022 from 6.9% for the six months ended 30 June 2021.

## **Other intangible assets and goodwill**

The other intangible assets and goodwill primarily included customer relationship and goodwill obtained from a business combination. The other intangible assets decreased to approximately RMB66.1 million as at 30 June 2022 from approximately RMB69.8 million as at 31 December 2021, which was primarily due to the amortization of customer relationship.

## **Trade receivables**

The trade receivables increased by approximately 68.8% to approximately RMB321.3 million for the six months ended 30 June 2022 from approximately RMB190.3 million for the year ended 31 December 2021, which was mainly due to the delayed collection of trade receivable from client caused by 2-months' lockdown in Shanghai due to COVID-19. The trade receivables turnover (average trade receivables divided by revenues multiplied by 182 days) increased to 104.8 days for the Period as compared to 75.0 days for the six months ended 30 June 2021.

## **Prepayments and other receivables**

The prepayment and other receivables increased by approximately 7.6% to approximately RMB98.2 million for the six months ended 30 June 2022 from approximately RMB91.3 million for the year ended 31 December 2021. The increase was primarily due to the increase in payments on behalf of residents.

## **Trade payables**

The trade payables increased by approximately 11.1% to approximately RMB129.8 million for the six months ended 30 June 2022 as compared with approximately RMB116.8 million for the year ended 31 December 2021, which was mainly due to the increase in cost of services provided with business expansion. The trade payables turnover (average trade payables divided by cost of services multiplied by 182 days) was kept at a stable level of 60.0 days for the Period as compared to 59.8 days for the six months ended 30 June 2021.

## **Other payables and accruals**

The other payables and accruals decreased to approximately RMB115.9 million for the six months ended 30 June 2022 as compared with approximately RMB123.0 million for the year ended 31 December 2021. The decrease was primarily due to the settlement of accrued cost of services provided.

## **Cash Flow**

For the six months ended 30 June 2022, the net cash used in operating activities was approximately RMB91.8 million. The net cash generated from investing activities for the Period was approximately RMB1.6 million. The net cash from financing activities for the Period was approximately RMB10.9 million. This was primarily due to the increase in bank loans and other borrowings.

## **PLEDGE OF ASSETS**

Other than certain property, plant and equipment with carrying amount of approximately RMB11,112,000 as at 30 June 2022 (31 December 2021: RMB13,592,000) pledged to financing institutions, No trade receivable has been pledged to secure certain of the other borrowings as at 30 June 2022 and 31 December 2021.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES**

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB99.0 million. Cash and cash equivalents decreased by approximately RMB78.8 million as compared with the beginning of 2022. The total interest-bearing bank loans and other borrowings increased to approximately RMB137.1 million as at 30 June 2022 from approximately RMB116.8 million as at 31 December 2021. The gearing ratio (total debts divided by total equity) as at 30 June 2022 was 36.4% (31 December 2021: 25.6%). The current ratio (total current assets divided by total current liabilities) as at 30 June 2022 was 1.3 (31 December 2021: 1.3).

### **Financial management and policy**

The management has designed and implemented a risk management policy to address various potential risks identified in relation to the operation of the businesses, including financial, operational and the interest risks from the property management agreements. The risk management policy sets forth procedures to identify, analyse, categorise, mitigate and monitor various risks.

The Board is responsible for overseeing the overall risk management system and assessing and updating the same, if necessary. The risk management policy is reviewed on a quarterly basis. The risk management policy also sets forth the reporting hierarchy of risks identified in the operations.

### **Contingent Liabilities**

As at 30 June 2022, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.

## **INTERIM DIVIDENDS**

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2022.

## **OTHER INFORMATION**

### **Corporate Governance and Other Information**

The Board is committed to maintaining and upholding high standards of corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the Shareholders.

The Company has adopted the code provisions set out in the CG Code contained in Appendix 14 the Listing Rules.

In the opinion of the Directors, the Company adopted and complied with all the code provisions of the CG Code throughout the six months ended 30 June 2022.

### **Audit Committee and Review of Interim Results**

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rule and the CG Code. The audit committee consists of three members, namely Mr. Shu Wa Tung Laurence, Mr. Cheng Dong and Mr. Weng Guoqiang, all being independent non-executive Directors. Mr. Shu Wa Tung Laurence is the chairman of the audit committee and is the independent non-executive Director with the appropriate professional qualifications. The unaudited consolidated interim results of the Group for the six months ended 30 June 2022 and this report have been reviewed by the audit committee of the Board. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited consolidated interim results of the Group for the six months ended 30 June 2022.

### **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquiry of all Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2022.

### **Material Acquisition and Disposals of Subsidiaries or Associates**

The Group had no material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2022. In addition, the Group had no significant investments held during the six months ended 30 June 2022.

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the six months ended 30 June 2022, neither the Company, nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities.

## **PUBLICATION OF 2022 INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement for the six months ended 30 June 2022 is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.riverinepm.com](http://www.riverinepm.com)). The interim report of the Company for the six months ended 30 June 2022 will be despatched to shareholders of the Company and published on the above websites in due course.

### **DEFINITIONS**

In this interim report, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. The English translation of company names in Chinese or another language which are marked with “\*” for identification purposes only.

“Anhui Pu Bang”	Anhui Pu Bang Property Management Company Limited* (安徽浦邦物業管理有限公司), a limited liability company established in the PRC on 4 August 2015, the associated company of the Company and indirectly owned as to 49% by the Company and 51% by an Independent Third Party
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules
“Company”	Riverine China Holdings Limited (浦江中國控股有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability on 27 July 2016
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hefei Zheng Wen”	Hefei Zheng Wen Bund Property Management Company Limited* (合肥市政文外灘物業管理有限公司), a limited liability company established in the PRC on 14 April 2004, a joint venture company of the Company and indirectly owned as to 50% by the Company and 50% by an Independent Third Party
“HK\$” or “HK dollars” or “HK cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual or a company(ies) who or which is/are independent 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 (within the meaning of the Listing Rules) and not otherwise a Connected Person of the Company
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Ningbo Plaza”	Ningbo Plaza Property Management Company Limited* (寧波市城市廣場物業管理有限公司), a limited liability company established in the PRC on 20 January 1995, an associated company of the Company and indirectly owned as to 49% by the Company and 51% by an Independent Third Party
“Period”	the six month ended 30 June 2022
“PRC” or “China”	the People’s Republic of China which, for the purposes of this report, excludes Hong Kong, Macau and Taiwan

“Pujiang Property”	Shanghai Pujiang Property Company Limited* (上海浦江物業有限公司), a limited liability company established in the PRC on 2 December 2002 and an indirect wholly-owned subsidiary of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Shanghai Bund Ke Pu”	Shanghai Bund Ke Pu Engineering Management Company Limited* (上海外灘科浦工程管理有限公司), a limited liability company established in the PRC on 30 November 2004 and a non wholly-owned subsidiary of the Company and indirectly owned as to 97% by the Company and as to 3% by an Independent Third Party
“Shanghai Qiang Sheng”	Shanghai Qiang Sheng Property Company Limited* (上海強生物業有限公司), a limited liability company established in the PRC on 17 December 1992, an associate of the Company and indirectly owned as to 30% by the Company and as to 70% by an Independent Third Party
"Shanghai Xin Shi Bei"	Shanghai Xin Shi Bei Enterprise Management Service Co., Ltd* (上海新市北企業管理有限公司), a limited liability company established in the PRC on 6 July 2005, an associated company of the Company and indirectly owned as to 27.5% by the Company and 52.75% and 19.75% by two Independent Third Parties respectively. On 17 June 2021, Pujiang Property and the other two shareholders of Shanghai Xin Shi Bei, who are Independent Third Parties, entered into a sale and purchase agreement with the Purchaser, whereby, amongst other things, Pujiang Property agreed to transfer and the Purchaser agreed to purchase 27.5% equity interest in Shanghai Xin Shi Bei from Pujiang Property for a consideration of RMB40,755,000 (the “Disposal”). The Disposal was completed on 30 June 2021. Upon completion of the Disposal, the Company ceased to have any interests in Shanghai Xin Shi Bei
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)

“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhong Min Zhi Da”	Zhong Min Zhi Da (Shanghai) Information Technology Company Limited* (中民智達(上海)信息科技有限公司), a limited liability company established in the PRC on 13 November 2018, a joint venture company of the Company and indirectly owned as to 58.50% by the Company and 41.50% by four independent third parties
“%” or “per cent”	per centum or percentage

By order of the Board  
**Riverine China Holdings Limited**  
**Xiao Xingtao**  
*Chairman*

Hong Kong, 30 August 2022

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Xiao Xingtao (Chairman), Mr. Fu Qichang, Mr. Xiao Yuqiao, and Ms. Wang Hui; one non-executive Director, namely Mr. Zhang Yongjun; and three independent non-executive Directors, namely Mr. Cheng Dong, Mr. Weng Guoqiang and Mr. Shu Wa Tung Laurence.*