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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

RESULTS

The Board is pleased to announce the audited consolidated results of Riverine China Holdings Limited and its subsidiaries for the year ended 31 December 2017 together with the comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000*
REVENUE	*3(a)*	**363,303**	309,268
Cost of services provided	*4(a)*	**(296,434)**	(248,625)
Gross profit		**66,869**	60,643
Other income and gains, net	*3(b)*	**7,611**	10,283
Selling and distribution expenses		**(4,682)**	(4,188)
Administrative expenses		**(42,690)**	(31,267)
Finance costs	5	**(1,496)**	(1,177)
Share of profits and losses of:			
Joint ventures		**5,148**	4,280
Associates		**7,159**	2,285

	Notes	**2017**	2016
		RMB'000	*RMB'000*
PROFIT BEFORE TAX	*4*	**37,919**	40,859
Income tax expense	*6*	**(1,752)**	(10,323)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**36,167**	30,536
Attributable to:			
Owners of the parent		**35,919**	30,966
Non-controlling interests		**248**	(430)
		36,167	30,536
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*8*	**0.12**	0.10

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,003**	2,341
Intangible assets		**19**	47
Investments in associates		**34,936**	28,171
Investments in joint ventures		**15,395**	13,897
Available-for-sale investments		**–**	–
Deferred tax assets		**10,089**	8,444
Total non-current assets		**62,442**	52,900
CURRENT ASSETS			
Inventories		**97**	112
Trade receivables	9	**56,972**	61,443
Prepayments, deposits and other receivables		**74,430**	23,454
Amount due from a related party		**–**	30,112
Restricted bank balances		**17,084**	11,389
Wealth management products		**2,000**	–
Cash and cash equivalents		**156,100**	79,434
Total current assets		**306,683**	205,944
CURRENT LIABILITIES			
Trade payables	10	**58,368**	50,415
Other payables and accruals		**69,966**	71,278
Interest-bearing bank borrowings		**5,000**	50,000
Tax payable		**20,288**	26,859
Total current liabilities		**153,622**	198,552
NET CURRENT ASSETS		**153,061**	7,392
TOTAL ASSETS LESS CURRENT LIABILITIES		**215,503**	60,292
Net assets		**215,503**	60,292
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,349**	–
Reserves		**206,905**	56,271
		210,254	56,271
Non-controlling interests		**5,249**	4,021
Total equity		**215,503**	60,292

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 (the "Listing").

2.1 BASIS OF PRESENTATION AND PREPARATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus dated 28 November 2017, the Company became the holding company of the companies now comprising the Group on 24 October 2016. As the Reorganisation only involved inserting new holding entities over a group of subsidiaries under common control of the Controlling Shareholders, and has not resulted in a change of the respective voting and beneficial interests, the financial statements have been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of 2016.

The consolidated statements of profit or loss and comprehensive income, statements of changes in equity and statements of cash flows of the Group for the year ended 31 December 2016 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2016 and 2017 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss.

The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2017, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements throughout the year ended 31 December 2016 and 2017.

The financial statements have been prepared under the historical cost convention.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014–2016 Cycle*	*Disclosure of Interests in other Entities: Clarification of the Scope of HKFRS 12*

The adoption of these revised HKFRSs has had no significant financial effect on these financial statements.

3. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the value of services rendered.

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

(a) Revenue:

	2017	2016
	RMB'000	*RMB'000*
Property management services income on the lump sum basis	**358,689**	303,863
Property management services income on the fixed remuneration basis	**4,614**	5,160
Others	**–**	245
	363,303	309,268

(b) Other income and gains, net:

	2017	2016
	RMB'000	*RMB'000*
Bank interest income	**855**	684
Government grants*	**6,477**	7,980
Net gain on disposal of a subsidiary**	**–**	851
Others	**279**	768
	7,611	10,283

* 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.

** Net gain on disposal of a subsidiary represented Shanghai Fukeruide Property Management Co., Ltd., a subsidiary of the Group, which was disposed of in August 2016 to a related party, Shanghai Pujiang Holding Company Limited (上海浦江控股有限公司), for nil consideration.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2017	2016
	RMB'000	*RMB'000*
(a) Cost of sales:		
Cost of services provided	**296,434**	248,625
(b) Employee benefit expenses (including Directors' and chief executive's remuneration:		
Wages and salaries	**82,506**	75,357
Pension scheme contributions (defined contribution scheme), social welfare and other welfare	**27,350**	24,822
	109,856	100,179
(c) Other items:		
Depreciation of items of property, plant and equipment	**551**	585
Amortisation of intangible assets	**28**	34
Minimum lease payments under operating leases	**1,318**	1,372
Bank charges	**95**	84
Auditor's remuneration	**925**	573
Office expenses	**1,260**	1,095
Listing expenses	**10,592**	8,907
Research and development cost	**3,086**	–
Compensation expense for litigation	**1,280**	–
Net loss on disposal of items of property, plant and equipment	**487**	268

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	RMB'000	*RMB'000*
Interest expense on bank borrowings	**1,496**	1,177

6. INCOME TAX EXPENSE

Tax on the consolidated statements of profit or loss and comprehensive income represents:

	2017	2016
	RMB'000	*RMB'000*
Current Mainland China corporate income tax		
Charge for the year	**3,397**	12,636
Deferred tax	**(1,645)**	(2,313)
Total tax charge for the year	**1,752**	10,323

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiary incorporated in the British Virgin Islands are not subject to any income tax.

Subsidiary incorporated in Hong Kong is subject to profits tax at the rate of 16.5% (2016:16.5%). No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

In accordance with the Corporate Income Tax Law of the People's Republic of China, subsidiaries established in the PRC were subject to the income tax rate of 25% (2016: 25%) during the year.

7. DIVIDENDS

The board has recommended the payment of a final dividend of HK$0.03 per ordinary share for the year ended 31 December 2017, representing a total payment of approximately HK$12,150,000 (equivalent to approximately RMB9,726,000). The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The dividends declared by the Company's subsidiaries to the then shareholders during the year are as follows:

	2017	2016
	RMB'000	*RMB'000*
Dividends declared	**9,726**	–

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 (2016: Nil).

The calculation of basic earnings per share is based on:

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**35,919**	30,966

	2017	2016
	Number of Shares	*Number of Shares*
Shares		
Weighted average number of ordinary shares for the purpose to calculation of earning per share	**305,753,425**	300,000,000
Earnings per share		
Basic and diluted *(RMB)*	**0.12**	0.10

The weighted average number of ordinary shares, which were deemed to have been issued throughout the year, used to calculate the basic earnings per share for the year ended 31 December 2016 was 300,000,000.

The weighted average number of ordinary shares, used to calculate the basic earnings per share for the year ended 31 December 2017 includes the weighted average of 5,753,425 ordinary shares issued in connection with the Company's IPO, and the aforesaid 300,000,000 ordinary shares.

9. TRADE RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**56,972**	61,443

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance in normally required. The credit period is generally 10 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.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**49,977**	53,264
3 to 6 months	**3,204**	4,132
More than 6 months but less than 1 year	**943**	3,716
Over 1 year	**2,848**	331
	56,972	61,443

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**49,977**	53,264
Less than 1 month past due	**1,619**	2,675
1 to 3 months past due	**1,585**	1,457
More than 3 months past due	**3,791**	4,047
	56,972	61,443

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is made in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

10. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**53,660**	46,762
3 to 12 months	**2,719**	3,031
Over 1 year	**1,989**	622
	58,368	50,415

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 only 19.4% in 1980 to 58.5% in 2017. Improved urbanization has led to an increased demand for residential and other property projects, resulting in an increased demand for property management services. According to the National New Urbanisation Plan (國家新型城鎮化規劃) (2014–2020) published in March 2014, the urbanization rate of permanent resident population is expected to reach 60% by 2020. The PRC property industry and property management industry will continue to develop in tandem with rising urbanization.

The fast-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 RMB33,616 in 2016 to RMB36,396 in 2017. The increasing demand for better living conditions is another reason for the growth of property management industry.

In line with the economic growth and urbanization of the PRC, there will be increasing supply of public properties such as museums, arenas and stadiums to cater for the increasing demand from city dwellers of the PRC.

BUSINESS REVIEW

The Group, through its subsidiaries and investments in associated companies, provide a wide range of property management services and valued-added services to a variety of properties in the PRC, a majority of which are in Shanghai. A few properties managed by the Group are located in Anhui, Zhejiang, Jiangshu, Hubei and Hunan Provinces. During the Period, the Group through its subsidiaries and investments in associated companies had entered into 318 property management agreements for the provision of various kinds of property management services for the properties in the PRC, representing an increase of 14.4% as compared to 278 property management agreements in the previous year.

During the Period, approximately 91.0% of total revenue was generated from provision of property management services to non-residential properties whereas the remaining 9.0% was generated from residential properties and other services. Hence, the Group's property management services have been and will continue to be strategically focused on non-residential properties in the PRC.

During the Period, the revenue was generated from the provision of property management services. Property management services comprise (i) engineering, repair and maintenance services, (ii) customer services, (iii) security services, and (iv) cleaning and gardening services. Approximately 98.7% of the revenue during the Period were generated from the provision of property management services on a lump sum basis. As to the lump sum basis, the customers pay a lump sum service fee for the management services and the Group bear all the costs and expenses involved in the management of a property or facility.

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

	For the year ended 31 December			
	2017		2016	
	Revenue	**% of total**	Revenue	% of total
	RMB'000		*RMB'000*	
Lump sum basis:				
Fees related to				
revenue-bearing GFA				
Public properties	**84,355**	**23.2%**	79,136	25.5%
Office buildings and hotels	**141,760**	**39.0%**	115,216	37.3%
Commercial establishments	**23,865**	**6.6%**	20,369	6.6%
Government properties	**12,138**	**3.3%**	11,144	3.6%
Residential properties	**32,272**	**8.9%**	19,847	6.4%
Subtotal	**294,390**	**81.0%**	245,712	79.4%
Fees related to non-revenue bearing GFA				
Residential properties	**511**	**0.1%**	65	0.1%
Non-residential properties	**63,788**	**17.6%**	58,086	18.7%
	64,299	**17.7%**	58,151	18.8%
Total of lump sum basis	**358,689**	**98.7%**	303,863	98.2%
Fixed remuneration basis				
Residential properties	**–**	**–**	315	0.1%
Non-residential properties	**4,614**	**1.3%**	4,845	1.6%
Total of fixed remuneration basis	**4,614**	**1.3%**	5,160	1.7%
Others	**–**	**–**	245	0.1%
Total	**363,303**	**100.0%**	309,268	100.0%

The table below sets forth a breakdown of revenue-bearing GFA under the management of the Group by type of properties for the year indicated.

	For the year ended 31 December			
	2017		2016	
	GFA	**% of total**	GFA	% of total
	'000 sq.m.		*'000 sq.m.*	
Public properties	**1,530**	**31.2%**	1,419	31.7%
Office buildings and hotels	**1,495**	**30.4%**	1,471	32.9%
Commercial establishments	**452**	**9.2%**	524	11.7%
Government properties	**59**	**1.2%**	101	2.3%
Residential properties	**1,373**	**28.0%**	958	21.4%
Total	**4,909**	**100.0%**	4,473	100.0%

The table below sets forth a breakdown of management fee per sq.m. of revenue-bearing GFA under the management of the Group by type of properties for the year indicated.

	For the year ended 31 December	
	2017	2016
	RMB	*RMB*
Average monthly fee per GFA (sq.m.)		
Public properties	**4.6**	4.6
Office buildings and hotels	**7.9**	6.5
Commercial establishments	**4.4**	3.2
Government properties	**11.1**	9.2
Residential properties	**2.0**	1.7

During the Period, the average monthly fee per GFA is relatively higher for offices buildings and hotels government properties and public properties . Thus, the higher the ratio of office buildings and hotels, government properties and public properties under management, the higher average monthly fee per GFA will be. The total GFA of the managed residential properties increased by approximately 43.3% to approximately 1,373,000 sq.m. for the year ended 31 December 2017 from approximately 958,000 sq.m. for the year ended 31 December 2016. Due to the management focus on high-end residential properties with higher profit margin, the average monthly fee per GFA of residential properties increased by approximately 17.6% to RMB2.0 per sq.m. for the year ended 31 December 2017 from RMB1.7 per sq.m. for the year ended 31 December 2016.

HUMAN RESOURCES

The Group employed 1,299 employees and dispatched staff as of 31 December 2017. 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 evaluate renewals based on performance appraisals. All of the full-time employees are paid a fixed salary and may be grant other allowances, based on their positions. In addition, discretionary bonuses may also be awarded to employees based on the employee's performance. The Group conduct regular performance appraisals to ensure that the employees receive feedback on their performance.

PROSPECTS

The Group believes that the Listing on the Main board of the Stock Exchange on 11 December 2017 will benefit the Group taking into account (i) that the proceeds from the Listing will enable the Group to grasp the business opportunities arising from (a) the expected growth of the property management industry in the PRC; and (b) the Group's competitive edge in the public property management sector in the industry; (ii) the proceeds of Listing would mitigate cash outflow exposure; and (iii) the Listing will enhance the Group's corporate profile, credibility, brand awareness and market status amongst customers, suppliers, subcontractors and employees, enable us to raise fund in the capital market for future business development and diversify our shareholder base. The Group intends to implement the following principal strategies to expand its business and create value for the shareholders of the Company:

- Horizontal expansion by acquisition, investment or forming business alliance with property management companies in the markets to which the Group want to expand its property management business.

- Vertical expansion of both industry chain and supply chain in the property management industry by providing consultancy services and information, data collection, and analysis services and information technology systems to property developers and property owners; and by expanding the scope of services in order to enhance customers' satisfaction.

- The development of information technology system on both database level and application level in order to enhance the quality of property management services and for streamlining and standardising property management services in order to elevate service quality, improve consistency and optimise cost efficiency.

- Recruitment of more talent in order to facilitate the provision of a wide range of services to customers, property developers and property owners in various stages of property development.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 17.5% to RMB363.3 million for the year ended 31 December 2017 from RMB309.3 million for the year ended 31 December 2016. The increase in revenue was mainly attributable by the increase in the property management services by 19.8% to RMB294.4 million from those revenue-bearing GFA. Revenue derived from providing property management services for office buildings and hotels, commercial establishments and residential properties increased by 23.0%, 17.2% and 62.6%, respectively which was mainly attributable to the increase in the average monthly fee per GFA (sq.m.) for the aforesaid properties for the year ended 31 December 2017. The total GFA of the managed residential properties increased by approximately 43.3% to approximately 1,373,000 sq.m. for the year ended 31 December 2017 from approximately 958,000 sq.m. for the year ended 31 December 2016. Due to the management focus on high-end residential properties with higher profit margin, the average monthly fee per GFA (sq.m.) of residential properties increased by approximately 17.6% to RMB2.0 for the year ended 31 December 2017 from RMB1.7 for the year ended 31 December 2016.

Cost of services provided

The Group's cost of services provided increased by approximately 19.2% to RMB296.4 million for the year ended 31 December 2017 from RMB248.6 million for the year ended 31 December 2016. The increase in cost of service provided was primarily due to (i) increase in property management services income from revenue-bearing GFA which leads to the increase in staff costs and sub-contracting staff costs, and (ii) the Group continues to recruit more talent staff and providing training for existing staff to cope with the expansion of operations.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 10.4% to RMB66.9 million for the year ended 31 December 2017 from RMB60.6 million for the year ended 31 December 2016 due to an increase in revenue despite being partially offset by the increase in the cost of services provided. Gross profit margin for the year ended 31 December 2017 was approximately 18.4% which is lower than gross profit margin for the year ended 31 December 2016 at approximately 19.6% as a result of the increase in cost of services provided.

Other income and gains, net

The Group's net other income and gains decreased to RMB7.6 million for the year ended 31 December 2017 from RMB10.3 million for the year ended 31 December 2016. The decrease in net other income and gains was primarily due to the decrease in government grants from RMB8.0 million for the year ended 31 December 2016 to RMB6.5 million for the year ended 31 December 2017 and no gain on disposal of subsidiary at RMB0.9 million for the year ended 31 December 2017.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 11.9% to RMB4.7 million for the year ended 31 December 2017 from RMB4.2 million for the year ended 31 December 2016. The increased in selling and distribution expenses was primarily due to the marketing and promotion team carried out more marketing and promotional activities when bidding for new projects during the year ended 31 December 2017.

Administrative expenses

The administrative expenses increased by approximately 36.4% to RMB42.7 million for the year ended 31 December 2017 from RMB31.3 million for the year ended 31 December 2016. The increase in the administrative expenses was primarily attributable to (i) the increase of staff costs by approximately 26.4% to RMB20.6 million for the year ended 31 December 2017 from RMB16.3 million for the year ended 31 December 2016; (ii) the increase of listing expenses by approximately 19.1% to RMB10.6 million for the year ended 31 December 2017 from RMB8.9 million for the year ended 31 December 2016; (iii) the incurrence of compensation expenses for litigation approximately RMB1.3 million for the year ended 31 December 2017; and (iv) the increase of research and development expenses approximately of RMB3.1 million for the development of information technology system on both database level and application level in order to enhance the quality of property management services and no such expenses was incurred for the year ended 31 December 2016.

Finance costs

The finance costs increased to RMB1.5 million for the year ended 31 December 2017 from RMB1.2 million for the year ended 31 December 2016. The increase in the finance costs was due to the monthly average outstanding loan balance was higher in 2017.

Share of profits and losses of joint ventures

Share of profits of joint venture increased by approximately 18.6% to RMB5.1 million for the year ended 31 December 2017 from RMB4.3 million for the year ended 31 December 2016 due to increase in profits shared from Hefei Zheng Wen.

Share of profits and losses of associates

Share of profits of associated was substantially increased by approximately 213.0% to RMB7.2 million for the year ended 31 December 2017 from RMB2.3 million for the year ended 31 December 2016 which was primarily due to increase in profits shared from Shanghai Qiang Sheng and Ningbo Plaza amounted to RMB3.0 million and RMB1.3 million, respectively, for the Period.

Income tax expense

The income tax expenses decreased to RMB1.8 million for the year ended 31 December 2017 from RMB10.3 million for the year ended 31 December 2016. The decrease in income tax expense was mainly due to the release of income tax provision made in prior years approximately at RMB8.6 million.

Profit for the period and net profit margin

As a result of foregoing, the net profit increased by approximately 18.7% to RMB36.2 million for the year ended 31 December 2017 from RMB30.5 million for the year ended 31 December 2016 and the net profit margin slightly increased to 10.0% for the year ended 31 December 2017 from 9.9% for the year ended 31 December 2016.

Trade receivables

The trade receivables decreased by approximately 7.2% to RMB57.0 million for the year ended 31 December 2017 from RMB61.4 million for the year ended 31 December 2016, primarily due to the adoption of more stringent controls over its outstanding receivables and speed up the collection. The trade receivables turnover (average trade receivables divided by revenue multiplied by 365 days) was 59.5 days (2016: 65.9 days).

Prepayments, deposits and other receivables

The prepayment, deposits and other receivables increased by approximately 216.6% to RMB74.4 million for the year ended 31 December 2017 from RMB23.5 million for the year ended 31 December 2016. The increase in prepayment, deposits and other receivables primarily due to the amount of net proceeds from international placing approximately RMB50.2 million for the year ended 31 December 2017 which was subsequently received on 10 January 2018.

Trade payables

The trade payables increased by approximately 15.9% to RMB58.4 million as at 31 December 2017 from RMB50.4 million as at 31 December 2016. The increase in trade payables was in line with the increase in property management services income which led to the increase in cost of services provided. The trade payables turnover (average trade payables divided by cost of services provided multiplied by 365 days) was 67.0 days (2016: 76.2 days).

Other payables and accruals

The other payables and accruals decreased by approximately 1.8% to RMB70.0 million as at 31 December 2017 from RMB71.3 million as at 31 December 2016. As at 31 December 2017, receipts on behalf of residents accounted for 38.4% of total other payables and accruals. The receipts on behalf of residents decreased by approximately 19.7% to RMB26.9 million as at 31 December 2017 from RMB33.5 million as at 31 December 2016, primarily due to the earlier settlement of utilities expenses and repair works.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

As at 31 December 2017, the Group had cash and cash equivalents of RMB156.1 million. Cash and cash equivalents increased by RMB76.7 million as compared with the beginning of 2017. The total interest-bearing bank borrowings decreased to RMB5.0 million as at 31 December 2017 from RMB50.0 million as at 31 December 2016, which was primarily due to repayment of bank borrowings. The gearing ratio (total debts divided by total equity) as at 31 December 2017 was 2.3% (31 December 2016: 82.9%). The current ratio (total current assets divided by total current liabilities) as at 31 December 2017 was 2.0 (31 December 2016: 1.0).

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, if necessary. The risk management policy is reviewed on a quarterly basis. The risk management policy also set forth the reporting hierarchy of risks identified in the operations.

Contingent Liabilities

As at 31 December 2017, the Directors was not aware of any significant events that would have resulted in material contingent liabilities.

Subsequent Event

On 5 January 2018, the Company issued additional 5,000,000 shares at the price of HK$1.55 per share as result of exercise of over-allotment options by the underwriters.

DIVIDENDS

The Board recommends the payment of a final dividend of HK$0.03 per Share for the year ended 31 December 2017 (the "**2017 Final Dividend**") with a sum of approximately HK$12.2 million (equivalent to approximately RMB9.7 million) which is subject to shareholders' approval at the forthcoming 2018 annual general meeting of the Company to be held on Monday, 11 June 2018 (the "**AGM**"). The 2017 Final Divided, if approved, will be distributed on or about Monday, 16 July 2018 to shareholders of the Company whose names appear on the register of members of the Company on Thursday, 21 June 2018.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM of the Company, the register of members of the Company will be closed from Wednesday, 6 June 2018 to Monday, 11 June 2018, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong. Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 5 June 2018.

Subject to the approval of the proposed 2017 Final Dividend from the shareholders of the Company at the annual general meeting, the register of members of the Company will be closed from Tuesday, 19 June 2018 to Thursday, 21 June 2018, both days inclusive, during which period no transfer of Shares will be registered for ascertaining Shareholders' entitlement to the proposed 2017 Final Dividend. In order to qualify for the proposed 2017 Final Dividend, all transfer of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong. Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 15 June 2018.

USE OF PROCEEDS

Net proceeds from the IPO (including the exercise of the over-allotment options on 5 January 2018), after deducting the underwriting commission and other estimated expenses in connection with the Global Offering which the Company received amounted to approximately HK$125.5 million (equivalent to approximately RMB104.9 million), comprising HK$117.9 million (equivalent to approximately RMB98.6 million) raised from the Global Offering and HK$7.6 million (equivalent to approximately RMB6.3 million) from the issue of shares pursuant to the exercise of the over-allotment options, respectively. As of the date of this announcement, the Company does not anticipate any changes to its plan on the use of proceeds as stated in the prospectus of the Company dated 28 November 2017.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to establishing good corporate governance practices and ensuring integrity, transparency and comprehensive disclosure. The Board believes that such commitment is beneficial to safeguard the interests of the Company and its shareholders.

The Board has adopted the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company has been listed on the Main Board of the Stock Exchange since 11 December 2017 (the "Listing Date"). The Board is pleased to report compliance with the code provisions of the CG Code from the Listing Date to 31 December 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by Directors. In response to specific enquiry made by the Company, each of the Directors confirmed that he had complied with the required standard set out in the Model Code from the Listing Date to 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed shares of the Company during the Period.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 December 2017 have been reviewed by the Audit Committee. The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Company's external auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF 2017 ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the year ended 31 December 2017 is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.riverinepm.com). The annual report of the Company for the year ended 31 December 2017 will be despatched to shareholders of the Company and published on the above websites in due course.

DEFINITIONS

In this announcement, 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.

"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

"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
"Director(s)"	the director(s) of the Company
"GFA"	gross floor area
"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 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
"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
"Ningbo Plaza"	Ningbo Plaza Property Management Company Limited* (寧波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 and indirectly owned as to 49% by the Company and 51% by an independent Third Party
"Period"	the year ended 31 December 2017
"PRC" or "China"	the People's Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Shanghai Fukeruide"	Shanghai Fukeruide Property Services Limited* (上海福克瑞德物業服務有限公司) (currently known as Shanghai Fukeruide Real Estate Agency Limited* (上海福克瑞德房地產經紀有限公司), a limited liability company established in the PRC on 30 June 2006 and an indirect wholly-owned subsidiary of Pujiang Property prior to its disposal by the Group on 26 September 2016

"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 associated company and indirectly owned as to 30% by the Company and as to 70% by an independent Third Party
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 15 November 2017
"Shareholder(s)"	holder(s) of issued Share(s)
"sq. m."	square metre
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%" or "per cent"	per centum or percentage

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

Shanghai, PRC, 27 March 2018

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