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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 27.5% OF THE EQUITY INTERESTS IN THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 22 July 2019 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendors, Shareholder E and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Sale Equity Interests, representing 27.5% of the equity interests of the Target Company, for the Consideration upon and subject to the terms and conditions of the Equity Transfer Agreement. Upon completion, the Target Company will become an associated company of the Group and will be owned as to 27.5%, 52.75% and 19.75% by the Purchaser, Shareholder E and Vendor A respectively.

Following completion of the Acquisition, the Target Company will become an indirect associated company of the Company and is expected to be accounted for as investments of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

GENERAL

As Completion is subject to fulfilment or waiver (as the case may be) of the conditions precedent to the Equity Transfer Agreement and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 22 July 2019 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendors, Shareholder E and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Sale Equity Interests, representing 27.5% of the equity interests of the Target Company, for the Consideration upon and subject to the terms and conditions of the Equity Transfer Agreement.

THE PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

Summarised below are the principal terms of the Equity Transfer Agreement:

Date: 22 July 2019 (after trading hours)

Parties:	(i) Vendors	:	Vendor A, Vendor B, Vendor C and Vendor D
	(ii) Purchaser	:	Shanghai Pujiang Property Company Limited, an indirect wholly-owned subsidiary of the Company
	(iii) Other parties	:	Shareholder E and the Target Company

As at the date of this announcement, the Target Company is owned as to 52.75%, 27.95%, 11.8%, 3.75% and 3.75% by Shareholder E, Vendor A, Vendor B, Vendor C and Vendor D respectively. Upon Completion, the Target Company will be owned as to 52.75%, 27.5% and 19.75% by Shareholder E, the Purchaser and Vendor A respectively.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Shareholder E, the Vendors and the Target Company are Independent Third Parties.

Nature of the transaction and business to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Equity Interests at the Consideration in cash. Upon completion of the Acquisition, (a) the Purchaser will own 27.5% of the equity interests of the Target Company; and (b) the Target Company will become an indirect associated company of the Company and is expected to be accounted for as investments of the Company.

The Target Group is principally engaged in the provision of property management services for office buildings, complexes and public facilities within high-tech industrial zones in Shanghai and Jiangsu province.

Consideration

The Consideration of the Acquisition is no more than RMB27,500,000 and shall be payable by the Purchaser in cash upon satisfaction of the conditions precedent (or waiver thereof) in the following manner:

(1) a refundable deposit in the sum of RMB13,750,000 shall be paid by the Purchaser to the Vendors within seven (7) Business Days upon receiving notice from the Target Company and the Vendors. The said refundable deposit will be used to satisfy part of the Consideration upon the Target Company and the Vendors, amongst other things, register the Purchaser as shareholder of the Target Company holding 27.5% of the equity interests of the Target Company with the local Administration of Industry and Commerce;

(2) a sum of RMB6,875,000 shall be paid within five (5) Business Days upon the Target Company and the Vendors register the Purchaser as the shareholder holding 27.5% of the equity interests of the Target Company with the local Administration of Industry and Commerce; and

(3) a sum of RMB6,875,000 (the "**Third Instalment Payment**") shall be paid within seven (7) Business Days upon the parties to the Equity Transfer Agreement confirm that the net profit of the Target Company as shown in the consolidated audited accounts of the Target Company for the year ended 31 December 2019 is not less than the net profit of the Target Company as shown in the consolidated audited accounts of the Target Company for the year ended 31 December 2018, which is approximately RMB10,370,000.

If the net profit of the Target Company for the year ended 31 December 2019 is less than that for the year ended 31 December 2018, the Third Instalment Payment shall be adjusted as follows:

(a) deduct from the Third Instalment Payment a sum equivalent to the following:

A = shortfall of the net profit x 27.5% x 10

A is the amount to be deducted from the Third Instalment Payment (the "**Deducted Amount**")

(b) if the Deducted Amount exceeds the Third Instalment Payment, the Purchaser shall not be liable to pay any sum for the Third Instalment Payment.

The Consideration was arrived at after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms with reference to a valuation report on the Target Group prepared by a valuer appointed by the Purchaser dated 20 May 2019.

Refundable Deposit

Upon satisfaction of the conditions precedent (or waiver thereof), a refundable deposit in the sum of RMB13,750,000 shall be paid by the Purchaser to the Vendors within seven (7) Business Days upon receiving notice from the Target Company and the Vendors. The refundable deposit shall be refunded to the Purchaser if the Target Company and the Vendors fail to register the transfer of the Sale Equity Interests and the Purchaser as shareholder of the Target Company holding 27.5% equity interests in the Target Company at the local Administration of Industry and Commerce according to the terms of the Equity Transfer Agreement.

Conditions precedent to the Acquisition

Completion is subject to and conditional upon the satisfaction in full or (at the sole and absolute discretion of the Purchaser) the waiver of the following conditions (collectively, the "**Conditions Precedent**") (where appropriate):

(1) signing of the Equity Transfer Agreement and necessary transaction documents (including documents for registration with the local Administration of Industry and Commerce) to the satisfaction of all parties in form and in content;

(2) the permission, approval, consent and authorisation of all the necessary third parties or other government authorities has been obtained;

(3) the necessary board approval and/or shareholders' approval approving the Acquisition, the Equity Transfer Agreement and the signing of necessary documents have been obtained;

(4) up to the Completion Date, the representations, warranties and undertakings given by the Target Company and Vendors in the Equity Transfer Agreement remain true, complete, accurate and not misleading in all material respects;

(5) up to the Completion Date, there is no material change to the Target Group's business, operations, assets, liabilities, taxation or other financial conditions and there is no occurrence or in reasonably foreseeable future of any event, fact, condition, change or other circumstances that may cause material adverse change to the Target Company or its shareholding or any Material Adverse Effect;

(6) up to the Completion Date, there is no law, regulation or any order, decision, judgement or adjudication by any court or relevant government authorities that may prohibit, restrict or rescind the transfer of the Sale Equity Interests, nor any significant pending or potential litigation, arbitration, decision, judgment, adjudication or order that may cause an adverse impact on the Vendors, the Target Group or the Target Group's investment;

(7) the Target Company has employed an auditor and valuer acceptable to the Purchaser to audit and assess the Target Company and the auditor and the valuer have issued relevant audited reports and valuation reports; and

(8) satisfaction of the financial, legal and other due diligence review of the Target Group by the Purchaser.

Each of the parties shall use their best endeavours to procure the fulfilment of the conditions precedent within forty (40) Business Days of the signing of the Equity Transfer Agreement (the "**Relevant Period**") or to a later date to be agreed by the Purchaser. If any of the conditions precedent could not be fulfilled for over twenty (20) Business Days after the expiry of the Relevant Period and the conditions precedent are not waived by the Purchaser or the Relevant Period is not extended by the Purchasers, the Purchaser has the right to rescind the Equity Transfer Agreement upon giving notice to the other parties. The Vendors shall forthwith return any sums already paid by the Purchaser to the Purchaser. Further, if any of the conditions precedent was not fulfilled due to the fault of the Vendors, the Vendors shall be liable to pay damages to the Purchaser for all loss suffered by the Purchaser and be responsible for other liabilities under the law for breach of the Equity Transfer Agreement.

COMPLETION

Upon the Target Company and the Vendors register the transfer of the Sale Equity Interests and the Purchaser as a shareholder holding 27.5% of the equity interests in the Target Company at the local Administration of Industry and Commerce, the Acquisition shall be deemed to be completed. Following the completion of the Acquisition, the Target Company will become an indirect associated company of the Company and is expected to be accounted for as investments of the Company.

COMPOSITION OF BOARD OF DIRECTORS OF THE TARGET COMPANY

Upon Completion, the board of directors of the Target Company (the "**Board of the Target Company**") shall comprise five (5) directors. Shareholder E shall have the right to nominate two (2) directors, the Purchaser shall have the right to nominate one (1) director, Vendor A shall have the right to nominate one (1) director and the parties shall jointly nominate one (1) employee of the Target Company as the remaining director.

FINANCIAL INFORMATION OF THE TARGET GROUP

For the financial years ended 31 December 2017 and 31 December 2018, the audited financial information on the Target Company prepared pursuant to the Generally Accepted Accounting Principles of the PRC was as follows:

	For the financial year ended 31 December 2018 (audited) *RMB'000*	**For the financial year ended 31 December 2017** (audited) *RMB'000*
Turnover	263,570	207,757
Net profit (losses) before taxation	17,124	10,897
Net profit (losses) after taxation	12,830	8,267
Total assets	95,186	70,598
Net Assets (liabilities)	36,385	28,645

INFORMATION ABOUT THE TARGET GROUP

The Target Company is a company incorporated in the PRC on 6 July 2005 with limited liability. The Target Group is principally engaged in the provision of property management services for office buildings, complexes and public facilities within high-tech industrial zones in Shanghai and Jiangsu province.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been strategically and progressive expanding the scope of its operations in order to maintain the growth of its business. The Acquisition would allow the Group to leverage on the Target Group's businesses to expand its businesses, enlarge its market share and expand its customer base in the PRC, especially in the market segment of property management for industrial zones. The business of the Target Group complements the business of the Group and the Acquisition could strengthen the Group's market position in the property management services industry in the PRC. Besides, the Acquisition would allow the Company to achieve economies of scale by leveraging on the Group's information technology system. Moreover, the Acquisition is in line with and conducive to the overall business strategy of the Group and could enhance its long-term business growth and generate increased return to the Shareholders.

As a result, the Acquisition would create synergy for the Group as the prospect and long-term profitability of the Target Group would optimise the Group's financial performance and contribute to the future development of the Group.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Acquisition is made on normal commercial terms and the terms contained therein are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5%, but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"Acquisition"	the acquisition of 27.5% of the equity interests of the Target Company from the Vendors as contemplated under the Equity Transfer Agreement
"Board"	the board of Directors of the Company
"Business Day(s)"	a day other than any Saturday, Sunday or public holiday in the PRC
"Company"	Riverine China Holdings Limited, a company incorporated under the laws of the Cayman Islands, shares of which are listed on the Stock Exchange (Stock code: 1417)
"Consideration"	RMB27,500,000, being the initial total consideration of the Acquisition and is subject to adjustment if the net profit as shown in the consolidated audited accounts of the Target Company for the year ended 31 December 2019 is less than the net profit as shown in the consolidated audited accounts of the Target Company for the year ended 31 December 2018 (which is approximately RMB10,370,000)
"Completion"	completion of the transfer of Sale Equity Interests in accordance with the Equity Transfer Agreement
"Completion Date"	the day on which the Target Company and the Vendors complete registration of the transfer of 27.5% equity interests in the Target Company at the local Administration of Industry and Commerce
"Director(s)"	the director(s) of the Company
"Equity Transfer Agreement"	the equity transfer agreement dated 22 July 2019 and entered into between the Vendors, Shareholder E, the Purchaser and the Target Company in relation to the Acquisition
"Group"	collectively, the Company and its subsidiaries

"Independent Third Party(ies)"	an individual(s) 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 and not otherwise a connected person of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"material"	any event, act or fact that involves an amount exceeding RMB1,000,000 (provided in relation to event that is not incurred in the ordinary course of business, the amount shall be RMB300,000 and in relation to damages paid to third parties, the amount shall be RMB100,000), or an amount equivalent to 20% of the net asset value of the Target Group as shown in the latest consolidated audited accounts of the Target Group when such event occurred
"Material Adverse Effect"	any fact, event or development that (i) has or may have adverse effect on the business, assets, liabilities (including contingent liabilities), performance or financial conditions of the Target Group, such that the Target Group suffers a loss in asset that amounts to more than 10% of the net asset of the Target Group in the immediately preceding financial year when such relevant event or development occurs (for the avoidance of doubt, the loss in net asset does not include the reduction of net asset due to profit distribution), or results in reduction of the actual net profit of the Target Group in the relevant financial year when such event or development occurs and the reduction of net profit amounts to more than 10% of the expected net profit of the Target Group as expected by the parties to the Equity Transfer Agreement, or (ii) results in any director of the Target Company (except for the representative nominated by the Purchaser) loses his capacity to carry out his duties for more than three months
"PRC"	the People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Purchaser"	上海浦江物業有限公司 (Shanghai Pujiang Property Company Limited)*, a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Equity Interests"	means 27.5% of the equity interests of the Target Company

"Shareholder(s)"	holder(s) of issued share(s) of HK$1.00 each in the share capital of the Company
"Shareholder E"	上海悦越實業發展有限公司 (Shanghai Yueyue Industrial Development Co., Ltd.)*, a company incorporated in the PRC and an Independent Third Party
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	上海新市北企業管理服務有限公司, (Shanghai Xin Shi Bei Enterprise Management Services Co., Ltd.)*, a company incorporated in the PRC and an Independent Third Party
"Target Group"	The Target Company and its two non-wholly owned subsidiaries whereby the Target Company holds an equity interests of 60% and 70% respectively. The holders of the remaining equity interests of the subsidiaries are Independent Third Parties
"Vendor A"	上海鋼領企業管理有限公司 (Shanghai Ganglian Enterprise Management Co., Ltd.)*, a company incorporated in the PRC and an Independent Third Party
"Vendor B"	上海竑豐企業管理有限公司, (Shanghai Hong Feng Enterprise Management Co., Ltd), a company incorporated in the PRC and an Independent Third Party
"Vendor C"	宋勇 (Song Yong), an Independent Third Party
"Vendor D"	唐新風 (Tang Xin Feng), an Independent Third Party
"Vendors"	Collectively, Vendor A, Vendor B, Vendor C and Vendor D
"%" or "per cent"	per cent

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

Hong Kong, 22 July 2019

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 Mr. Jia Shaojun; 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.

* *The English name is for identification purpose only*