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 2019

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 2019 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 2019

	Notes	**2019 (Unaudited) *RMB'000***	2018 (Unaudited) *RMB'000*
REVENUE	*3(a)*	**225,346**	187,446
Cost of services provided	*4(a)*	**(186,689)**	(152,941)
Gross profit		**38,657**	34,505
Other income and gains	*3(b)*	**3,019**	4,115
Selling and distribution expenses		**(4,560)**	(3,076)
Administrative expenses		**(24,066)**	(21,722)
Finance costs	5	**(647)**	(236)
Share of profits and losses of:			
Joint ventures		**3,108**	2,656
Associates		**3,429**	5,465

	Notes	**2019 (Unaudited)** ***RMB'000***	2018 (Unaudited) *RMB'000*
PROFIT BEFORE TAX	*4*	**18,940**	21,707
Income tax expense	*6*	**(1,202)**	(1,616)
PROFIT FOR THE PERIOD		**17,738**	20,091
Attributable to:			
Owners of the parent		**16,435**	19,409
Non-controlling interests		**1,303**	682
		17,738	20,091
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted *(RMB)*	*8*	**0.04**	0.05

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2019

	2019 (Unaudited) *RMB'000*	2018 (Unaudited) *RMB'000*
PROFIT FOR THE PERIOD	**17,738**	20,091
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(490)**	(12)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(490)**	(12)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(490)**	(12)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**17,248**	20,079
Attributable to:		
Owners of the parent	**15,945**	19,397
Non-controlling interests	**1,303**	682
	17,248	20,079

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	**As at 30 June 2019 (Unaudited)** ***RMB'000***	As at 31 December 2018 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**5,615**	3,750
Intangible assets		**873**	895
Investments in associates		**44,712**	41,283
Investments in joint ventures		**19,334**	18,226
Equity investments designated at fair value through other comprehensive income		**700**	700
Deferred tax assets		**35**	35
Total non-current assets		**71,269**	64,889
CURRENT ASSETS			
Inventories		**164**	284
Trade receivables	*9*	**106,973**	82,943
Prepayments, deposits and other receivables		**82,400**	62,133
Restricted bank balances		**11,830**	11,107
Wealth management products		**27,000**	1,000
Financial assets at fair value through profit or loss		**–**	84,527
Cash and cash equivalents		**119,393**	80,481
Total current assets		**347,760**	322,475
CURRENT LIABILITIES			
Trade payables	*10*	**53,607**	53,043
Other payables and accruals		**65,338**	65,108
Interest-bearing bank borrowings		**35,000**	20,000
Tax payable		**8,093**	9,470
Total current liabilities		**162,038**	147,621
NET CURRENT ASSETS		**185,722**	174,854
TOTAL ASSETS LESS CURRENT LIABILITIES		**256,991**	239,743
Net assets		**256,991**	239,743
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,391**	3,391
Reserves		**243,643**	227,698
		247,034	231,089
Non-controlling interests		**9,957**	8,654
Total equity		**256,991**	239,743

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

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

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 financial statements for the year ended 31 December 2018.

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 financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the exemption approach for all short-term leases with the date of initial applications at 1 January 2019.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for several items of property. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies an exemption approach for all short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

During the period, the Group recognises the lease payments as expenses on a straight-line basis over the lease term due to the lease term of the contracts ended within 12 months of the date of initial application.

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of services rendered.

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

(a) Revenue:

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Property management services income on the lump sum basis	**222,862**	185,431
Property management services income on the fixed remuneration basis	**2,484**	2,015
	225,346	187,446

(b) Other income and gains:

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Bank interest income	**571**	229
Government grants*	**1,902**	3,240
Others	**546**	646
	3,019	4,115

* 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.

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
(a) Cost of sales:		
Cost of services provided	**186,689**	152,941
(b) Employee benefit expenses (including Directors' and chief executive's remuneration)		
Wages and salaries	**48,273**	40,910
Pension scheme contributions (defined contribution scheme), social welfare and other welfare	**16,516**	15,407
	64,789	56,317
(c) Other items:		
Depreciation of items of property, plant and equipment	**631**	267
Amortisation of intangible assets	**108**	5
Minimum lease payments under operating leases	**829**	975
Bank charges	**236**	50
Auditor's remuneration	**230**	230
Office expenses	**501**	584
Research and development cost	**4,362**	2,889
Net loss on disposal of items of property, plant and equipment	**24**	1

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest expense on bank borrowings	**647**	236

6. 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.

Under the People's Republic of China (the "PRC") Corporate Income Tax Law (the "New CIT Law"), the income tax rate became 25% starting from 1 January 2008. Therefore, a provision for the PRC income tax has been made at the applicable income tax rate of 25% (2018: 25%) on the assessable profits of the PRC subsidiaries.

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current Mainland China corporate income tax		
Charge for the period	**1,202**	2,699
Deferred tax	**–**	(1,083)
Total tax charge for the period	**1,202**	1,616

7. DIVIDENDS

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Proposed interim dividend for 2019: HK0.8 cent (2018: HK1.0 cent) per ordinary share	**2,927**	3,535

The board has approved to pay an interim dividend of HK0.8 cent per Share for the six months ended 30 June 2019 (the "2019 Interim Dividend") with a sum of approximately HK$3.2 million (equivalent to approximately RMB2.9 million).

8. 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 of RMB16,435,000 and the weighted average number of ordinary shares of 405,000,000 in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period.

9. TRADE RECEIVABLES

	As at	As at
	30 June	31 December
	2019	2018
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade receivables	**107,113**	83,083
Impairment	**(140)**	(140)
	106,973	82,943

The Group's trading terms with its customers are mainly on credit, except for new customers, where payments in advance are 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 respective reporting periods, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2019 (Unaudited) ***RMB'000***	As at 31 December 2018 (Audited) *RMB'000*
Within 3 months	**81,705**	70,584
3 to 6 months	**11,739**	6,324
More than 6 months but less than 1 year	**9,911**	3,687
Over 1 year	**3,618**	2,348
	106,973	82,943

10. TRADE PAYABLES

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

	As at 30 June 2019 (Unaudited) ***RMB'000***	As at 31 December 2018 (Audited) *RMB'000*
Within 3 months	**49,388**	49,070
3 to 12 months	**3,608**	2,064
Over 1 year	**611**	1,909
	53,607	53,043

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 59.6% in 2018. 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 RMB36,396 in 2017 to RMB39,251 in 2018. 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 operating subsidiaries and investments in associates, provides 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 Tianjin, Anhui, Zhejiang, Jiangsu, Hubei, Henan and Hunan Provinces. During the Period, the Group through its operating subsidiaries and investments in associates had entered into 405 property management agreements for the provision of various kinds of property management services for the properties in the PRC, representing an increase of 11.0% as compared to 365 property management agreements for the same period in 2018.

During the Period, approximately 91.6% of total revenue was generated from provision of property management services to non-residential properties whereas the remaining 8.4% 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 98.9% of the revenue during the Period was 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 bears 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 period indicated.

	For the six months ended 30 June			
	2019		2018	
	Revenue	**% of total**	Revenue	% of total
	RMB'000		*RMB'000*	
Lump sum basis:				
Fees related to revenue-bearing GFA				
Public properties	**58,292**	**25.9%**	47,286	25.2%
Office buildings and hotels	**71,345**	**31.6%**	75,570	40.3%
Commercial establishments	**25,812**	**11.4%**	12,471	6.7%
Government properties	**6,438**	**2.9%**	6,582	3.5%
Residential properties	**17,729**	**7.9%**	18,552	9.9%
Subtotal	**179,616**	**79.7%**	160,461	85.6%
Fees related to non-revenue bearing GFA				
Residential properties	**1,126**	**0.5%**	412	0.2%
Non-residential properties	**42,120**	**18.7%**	24,558	13.1%
	43,246	**19.2%**	24,970	13.3%
Total of lump sum basis	**222,862**	**98.9%**	185,431	98.9%
Fixed remuneration basis				
Non-residential properties	**2,484**	**1.1%**	2,015	1.1%
Total of fixed remuneration basis	**2,484**	**1.1%**	2,015	1.1%
Total	**225,346**	**100.0%**	187,446	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 period indicated.

	For the six months ended 30 June			
	2019		2018	
	GFA	**% of total**	GFA	% of total
	'000 sq.m.		*'000 sq.m.*	
Public properties	**1,897**	**34.1%**	1,542	30.5%
Office buildings and hotels	**1,528**	**27.4%**	1,486	29.4%
Commercial establishments	**634**	**11.4%**	452	9.0%
Government properties	**67**	**1.2%**	65	1.3%
Residential properties	**1,439**	**25.9%**	1,506	29.8%
Total	**5,565**	**100.0%**	5,051	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 period indicated.

	For the six months ended 30 June	
	2019	2018
	RMB	*RMB*
Average monthly fee per GFA (sq.m.)		
Public properties	**5.1**	5.1
Office buildings and hotels	**8.3**	8.5
Commercial establishments	**6.8**	4.6
Government properties	**16.0**	17.0
Residential properties	**2.1**	2.1

During the Period, the average monthly fee per GFA is relatively higher for offices buildings and hotels, government properties and commercial establishments. Thus, the higher the ratio of office buildings and hotels, government properties and commercial establishments under management, the higher average monthly fee per GFA will be. The total GFA of the managed residential properties decreased by approximately 4.4% to approximately 1,439,000 sq.m. for the six months ended 30 June 2019 from approximately 1,506,000 sq.m. for the six months ended 30 June 2018. The average monthly fee per GFA of residential properties was maintained at a stable level at approximately RMB2.1 per sq.m. for the six months ended 30 June 2019 as compared with RMB2.1 per sq.m. for the six months ended 30 June 2018.

HUMAN RESOURCES

The Group employed 1,399 employees and dispatched staff as of 30 June 2019. 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

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

As a leading service provider in the non-residential property management service industry, the Group will continue to build up its core competitiveness in engineering technology. We endeavor to achieve innovative development in engineering technology with our ability to operate and maintain the online and offline integrated engineering equipment and facility for Shanghai Bund Ke Pu as well as professional resources synchronization mechanism.

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

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

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 20.2% to RMB225.3 million for the six months ended 30 June 2019 from RMB187.4 million for the six months ended 30 June 2018. The increase in revenue was mainly attributable to the increase in property management services income by 11.9% to RMB179.6 million from those revenue-bearing GFA. Revenue derived from provision of property management services for commercial establishments and public properties increased by 107.0% and 23.3% respectively which was mainly attributable to the increase in the managed GFA for public properties and increase in average monthly fee per GFA (sq.m.) for the commercial establishments for the six months ended 30 June 2019. Furthermore, the revenue derived from non-revenue bearing GFA increased to approximately RMB43.2 million for the six months ended 30 June 2019 from approximately RMB25.0 million for the six months ended 30 June 2018.

Cost of services provided

The Group's cost of services provided increased by approximately 22.1% to RMB186.7 million for the six months ended 30 June 2019 from RMB152.9 million for the six months ended 30 June 2018. 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 12.2% to RMB38.7 million for the six months ended 30 June 2019 from RMB34.5 million for the six months ended 30 June 2018 due to an increase in revenue despite being partially offset by the increase in the cost of services provided. Gross profit margin for the six months ended 30 June 2019 was approximately 17.2% which is lower than gross profit margin for the six months ended 30 June 2018 at approximately 18.4% as a result of the increase in cost of services provided.

Other income and gains

The Group's net other income and gains decreased to RMB3.0 million for the six months ended 30 June 2019 from RMB4.1 million for the six months ended 30 June 2018. The decrease in net other income and gains was primarily due to the decrease in government grants.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 48.4% to RMB4.6 million for the six months ended 30 June 2019 from RMB3.1 million for the six months ended 30 June 2018. The increase in selling and distribution expenses was primarily due to recruitment of more marketing staff for business expansion during the six months ended 30 June 2019.

Administrative expenses

The administrative expenses increased by approximately 10.6% to RMB24.0 million for the six months ended 30 June 2019 from RMB21.7 million for the six months ended 30 June 2018. The increase in the administrative expenses was primarily attributable to (i) the increase of staff costs by approximately 15.0% to RMB13.8 million for the six months ended 30 June 2019 from RMB12.0 million for the six months ended 30 June 2018 due to recruitment of more middle and senior management for the expansion of the business, and (ii) the increase of research and development cost by approximately 51.7% to RMB4.4 million for the six months ended 30 June 2019 from RMB2.9 million for the six months ended 30 June 2018 for the development of the information technology system on both database level and application level in order to enhance the quality of the property management services. The aforementioned increases were partially offset by the decrease in other administrative expenses such as travelling expenses.

Finance costs

The finance costs increased to RMB0.6 million for the six months ended 30 June 2019 from RMB0.2 million for the six months ended 30 June 2018, which was due to the increase in average bank borrowings during the Period.

Share of profits and losses of joint ventures

Shares of profits of joint ventures increased to RMR3.1 million for the six months ended 30 June 2019 from RMB2.7 million for the six months ended 30 June 2018, which was primarily due to increase in profits shared from Bengbu Zhi Xin amounted to RMB0.4 million for the Period.

Share of profits and losses of associates

Share of profit of associates was substantially decreased by approximately 38.2% to RMB3.4 million for the six months ended 30 June 2019 from RMB5.5 million for the six months ended 30 June 2018 which was primarily due to decrease in profits shared from Shanghai Qiang Sheng amounted to RMB2.2 million for the Period.

Income tax expense

The income tax expenses decreased to RMB1.2 million for the six months ended 30 June 2019 as compared to the income tax expenses of RMB1.6 million for the six months ended 30 June 2018. The decrease in income tax expenses was mainly due to the slight increase in release of income tax provision from RMB3.1 million for the six months ended 30 June 2018 to RMB3.3 million for the six months ended 30 June 2019. The release of tax provision of RMB3.1 million and RMB3.3 million, represented difference between tax provided under Deemed Profit Basis and Accounting Book Basis for certain entities of the Group for the years ended 31 December 2012, 2013 and 2014. For further details, please refer to Financial Information section of the Company’s prospectus dated 28 November 2017.

Profit for the period and net profit margin

As a result of foregoing, the net profit decreased by approximately 11.9% to RMB17.7 million for the six months ended 30 June 2019 from RMB20.1 million for the six months ended 30 June 2018 and the net profit margin decreased to 7.9% for the six months ended 30 June 2019 from 10.7% for the six months ended 30 June 2018.

Trade receivables

The trade receivables increased by approximately 29.1% to RMB107.0 million for the six months ended 30 June 2019 from RMB82.9 million for the year ended 31 December 2018, which primarily kept in line with the increased revenue. The trade receivables are in line with the historical pattern throughout the Period. The trade receivables turnover (average trade receivables divided by revenues multiplied by 182 days) increased from 69.7 days for the six months ended 30 June 2018 to 76.7 days for the Period.

Prepayments, deposits and other receivables

The prepayment, deposits and other receivables increased by approximately 32.7% to RMB82.4 million for the six months ended 30 June 2019 from RMB62.1 million for the year ended 31 December 2018. The increase was primarily due to the increase in deposits paid for tendering, prepayment to suppliers and payments on behalf of residents with the business expansion.

Trade payables

The trade payables remained stable at RMB53.6 million for the six months ended 30 June 2019 as compared with RMB53.0 million for the year ended 31 December 2018. The trade payables turnover (average trade payables divided by cost of services provided by 182 days) decreased from 61.7 days for the six months ended 30 June 2018 to 52.0 days for the Period.

Other payables and accruals

The other payables and accruals remained stable at RMB65.3 million for the six months ended 30 June 2019 as compared with RMB65.1 million for the year ended 31 December 2018. As at 30 June 2019, receipts on behalf of residents accounted for 42.5% of total other payables and accruals.

Cash Flow

For the six months ended 30 June 2019, the net cash used in operating activities was approximately RMB30.3 million. Operating cash inflows before changes in working capital was approximately RMB13.3 million, which was primarily attributable to profit before tax for the Period of approximately RMB18.9 million, as mainly adjusted by deducting share of profits of joint ventures and associates of RMB6.5 million. Changes in working capital contributed to the cash outflow of RMB41.0 million, which primarily consisted of an increase in prepayments, other receivables and other current assets of RMB17.1 million. The increase in outstanding trade receivables increased the cash outflow by RMB24.0 million. The cash outflow was further increased by income tax paid of RMB2.6 million for the six months ended 30 June 2019. The net cash used in investing activities for the six months ended 30 June 2019 was RMB29.2 million. This was primarily due to the increased payment in structured deposits of RMB26.0 million. The net cash from financing activities for the six months ended 30 June 2019 was RMB14.3 million. This was primarily due to the net increase in bank borrowings at RMB15.0 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

As at 30 June 2019, the Group had cash and cash equivalents of RMB119.4 million. Cash and cash equivalents increased by RMB38.9 million as compared with the beginning of 2019. The total interest-bearing bank borrowings increased to RMB35.0 million as at 30 June 2019 from RMB20.0 million as at 31 December 2018. The gearing ratio (total debts divided by total equity) as at 30 June 2019 was 13.6% (31 December 2018: 8.3%). The current ratio (total current assets divided by total current liabilities) as at 30 June 2019 was 2.1 (31 December 2018: 2.2).

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 2019, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.

Subsequent Event

On 22 July 2019, the Company, through Pujiang Property, entered into an equity transfer agreement with the vendors, a shareholder of the target and the target, all are Independent Third Parties, whereby Pujiang Property conditionally agreed to acquire 27.5% of the equity interests of the target from the vendors. The target 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. For details, please refer to the announcement of the Company dated 22 July 2019.

DIVIDENDS

The Board has resolved to pay an interim dividend of HK$0.8 cent per Share for the six months ended 30 June 2019 (the "2019 Interim Dividend") with a sum of approximately HK$3.2 million (equivalent to approximately RMB2.9 million). The 2019 Interim Dividend will be distributed on or about Friday, 11 October 2019 to Shareholders whose names appear on the register of members of the Company on Wednesday, 18 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17 September 2019 to Wednesday, 18 September 2019, both days inclusive, during which period no transfer of Shares will be registered for ascertaining Shareholders' entitlement to the 2019 Interim Dividend. In order to qualify for the 2019 Interim 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 16 September 2019.

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 2019.

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 2019 and this announcement 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 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct for Directors in their dealings in 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 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2019, neither the Company, nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities.

USE OF NET PROCEEDS

Net proceeds from the Listing (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 at 30 June 2019, the net proceeds from the Listing were utilised as follows:

Use of proceeds	**Planned Use of Proceeds** *HK$ million*	**Proceeds Used** *HK$ million*	**Balances** *HK$ million*
Horizontal expansion by acquisition, investment or forming business alliance with property management companies in the markets	42.7	0.1	42.6
Vertical expansion of both industry chain and supply chain in the property management industry	29.8	15.5	14.3
The development of information technology system	19.8	19.8	–
Recruitment of talent and implementation of training and recruitment programs	16.3	11.5	4.8
Repayment of bank borrowings	5.0	5.0	–
General working capital	11.9	11.9	–
	125.5	63.8	61.7

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.

PUBLICATION OF 2019 INTERIM RESULTS AND INTERIM REPORT

The interim results announcement for the six months ended 30 June 2019 is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.riverinepm.com). The interim report of the Company for the six months ended 30 June 2019 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
"Bengbu Zhi Xin"	Bengbu Zhi Xin Property Company Limited* (蚌埠市置信物業有限公司), a limited liability company established in the PRC on 13 September 2004, a joint venture company of the Company and indirectly owned as to 50% by the Company and 50% by two Independent Third Parties
"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
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of the Company, means a group of controlling shareholders of the Company, namely Partner Summit, Vital Kingdom, Mr. Xiao, Source Forth, Mr. Fu, Pine Fortune and Mr. Chen
"Director(s)"	the director(s) of the Company
"GFA"	gross floor area
"Group"	the Company and its subsidiaries

"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
"Mr. Chen"	Mr. Chen Yao (陳瑤), the Controlling Shareholder
"Mr. Fu"	Mr. Fu Qichang (傅其昌), the Controlling Shareholder, vice-chairman of the Board and an executive Director
"Mr. Xiao"	Mr. Xiao Xingtao (肖興濤), the Controlling Shareholder, chairman of the Board and an executive Director
"Mr. Xiao YQ"	Mr. Xiao Yuqiao (肖予喬), an executive Director, chief executive officer, and the son of Mr. Xiao
"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 associate of the Company and indirectly owned as to 49% by the Company and 51% by an Independent Third Party
"Partner Summit"	Partner Summit Holdings Limited (合高控股有限公司), a company incorporated under laws of the BVI on 16 June 2016 with limited liability, which is owned as to 87% by Vital Kingdom, 10% by Source Forth and 3% by Pine Fortune and is the Controlling Shareholder
"Period"	the six month ended 30 June 2019

"Pine Fortune"	Pine Fortune Global Limited (富柏環球有限公司), a company incorporated under laws of the BVI on 16 June 2016 with limited liability, which is wholly-owned by Mr. Chen and is a Controlling Shareholder
"PRC" or "China"	the People's Republic of China which, for the purposes of this announcement, 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
"SFO"	Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Bund Ke Pu"	Shanghai Bund Ke Pu Engineering Management Company Limited* (上海外灘科浦工程有限公司), 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 Jie Gu"	Shanghai Jie Gu Technology Company Limited* (上海介谷科技有限公司), a limited liability company established in the PRC on 3 May 2016 and indirect owned as to 85% by the Company and 15% by Shanghai Hai Chuang Information Technology Limited, the Connected Person at the subsidiary level
"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
"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)

"Source Forth"	Source Forth Limited (泉啟有限公司), a company incorporated under laws of the BVI on 8 June 2016 with limited liability, which is wholly-owned by Mr. Fu and is a Controlling Shareholder
"sq. ft."	square feet
"sq. m."	square metre
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vital Kingdom"	Vital Kingdom Investments Limited (至御投資有限公司), a company incorporated under laws of the BVI on 17 May 2016 with limited liability, which is wholly-owned by Mr. Xiao and is a Controlling Shareholder
"%" or "per cent"	per centum or percentage

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

Shanghai, PRC, 30 August 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.