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 2020

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 2020 together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2020

	Notes	**2020** **RMB'000**	2019 *RMB'000*
REVENUE	*4*	**763,808**	481,530
Cost of services provided	*5*	**(646,561)**	(407,359)
Gross profit		**117,247**	74,171
Other income and gains	*4*	**9,751**	6,742
Selling and distribution expenses		**(12,661)**	(9,395)
Administrative expenses		**(71,900)**	(58,002)
Interest expenses	*6*	**(5,889)**	(1,676)
Share of profits and losses of:			
Joint ventures		**1,033**	5,082
Associates		**11,769**	6,882
PROFIT BEFORE TAX	*5*	**49,350**	23,804
Income tax expense	*7*	**(12,382)**	(3,323)

	Notes	**2020** *RMB'000*	2019 *RMB'000*
PROFIT FOR THE YEAR		**36,968**	20,481
Attributable to:			
Owners of the parent		**26,209**	17,802
Non-controlling interests		**10,759**	2,679
		36,968	20,481
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*9*	**0.07**	0.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

31 December 2020

	2020	2019
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**36,968**	20,481
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:	**(2,107)**	—
Exchange differences:		
Exchange differences on translation of financial statements	**(283)**	161
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(2,390)**	161
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(2,390)**	161
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**34,578**	20,642
Attributable to:		
Owners of the parent	**23,819**	17,963
Non-controlling interests	**10,759**	2,679
	34,578	20,642

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**35,022**	4,367
Right-of-use assets		**7,246**	—
Goodwill	*11*	**25,901**	—
Intangible assets	*12*	**50,857**	3,490
Investments in joint ventures		**14,879**	19,858
Investments in associates		**90,621**	83,015
Equity investments designated at fair value through other comprehensive income		**8,796**	6,290
Other non-current assets		**43,683**	30,000
Deferred tax assets		**839**	212
Total non-current assets		**277,844**	147,232
CURRENT ASSETS			
Inventories		**223**	168
Trade receivables	*13*	**143,031**	100,183
Prepayments and other receivables		**65,788**	48,354
Restricted bank balances		**12,525**	14,113
Wealth management products		**—**	5,000
Financial assets at fair value through profit or loss		**30,312**	—
Cash and cash equivalents		**126,506**	143,557
Total current assets		**378,385**	311,375
CURRENT LIABILITIES			
Trade payables	*14*	**107,632**	74,923
Other payables and accruals		**82,785**	75,563
Interest-bearing bank loans and other borrowings		**97,011**	61,515
Lease liabilities		**3,390**	—
Tax payable		**12,374**	7,040
Total current liabilities		**303,192**	219,041
NET CURRENT ASSETS		**75,193**	92,334
TOTAL ASSETS LESS CURRENT LIABILITIES		**353,037**	239,566

	2020	2019
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**3,059**	—
Lease liabilities	**4,172**	—
Deferred tax liabilities	**12,125**	—
Total non-current liabilities	**19,356**	—
Net assets	**333,681**	239,566
EQUITY		
Equity attributable to owners of the parent		
Share capital	**3,391**	3,391
Reserves	**245,061**	224,842
	248,452	228,233
Non-controlling interests	**85,229**	11,333
Total equity	**333,681**	239,566

NOTES TO FINANCIAL STATEMENTS

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 principal place of business is located at 14th Floor, Jiushi Tower, 28 South Zhongshan Road, Shanghai, PRC. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 December 2017.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the business of property management services in the People's Republic of China (the "**PRC**").

In the opinion of the Company's directors (the "**directors**"), the holding company of the Company is Partner Summit Holdings Limited (the "**Parent**"), a company established in the British Virgin Islands ("**BVI**"). The ultimate controlling shareholders of the Company are Mr. Xiao Xing Tao, Mr. Fu Qi Chang and Mr. Chen Yao (together the "**Controlling Shareholders**").

2.1 BASIS OF PREPARATION

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, except for certain equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. 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 2020. 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 is 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below.

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's plant and machinery have been reduced or waived by the lessors upon reducing the scale of service as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB385,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 No mandatory effective date yet determined but available for adoption

5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK (IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK (IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had no interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("**LIBOR**") as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

(a) Property management services; and

(b) Urban sanitary services

In previous years, the Board of Directors considered that there were no reportable operating segments other than the property management service segment. In 2020, the Group acquired a 51% equity interest in Hong Xin. Hong Xin is involved in operation of urban sanitary services. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Due to the changes in the composition of segment this year, no operating segment information in 2019. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, share of profits and loss of joint ventures and associates, non-lease-related finance costs, other unallocated income and gains as well as corporate and other unallocated expenses are excluded from such measurement.

Year ended 31 December 2020	**Property management services** *RMB'000*	**Urban sanitary services** *RMB'000*	**Total** *RMB'000*
Segment revenue (note 4)			
Service provided to external customers	**514,096**	**249,712**	**763,808**
Segment results	**58,111**	**46,042**	**104,153**
Reconciliation:			
Interest income			**1,264**
Share of profits and losses of:			
Joint ventures			**1,033**
Associates			**11,769**
Other unallocated income and gains			**8,487**
Corporate and other unallocated expenses			**(71,900)**
Finance costs (other than interest on lease liabilities)			**(5,456)**
Profit before tax			**49,350**

Geographical information

Since all of the Group's revenue was generated from providing property management services and urban sanitary services in Mainland China and all of the Group's non-current assets were located in Mainland China, no geographical information in accordance with HKFRS 8 Operating Segments is presented.

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's total revenue, no information about major customers in accordance with HKFRS 8 Operating Segments is presented.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Property management service income on the lump sum basis	**509,149**	476,646
Property management service income on the fixed remuneration basis	**4,947**	4,884
Urban sanitary service income	**249,712**	—
	763,808	481,530

Revenue from contracts with customers

(a) Disaggregated revenue information

	2020	2019
	RMB'000	*RMB'000*
Timing of revenue recognition		
Services transferred over time		
Property management services	**514,096**	481,530
Urban sanitary services	**249,712**	—
	763,808	481,530

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Provision of property management services	**6,264**	5,425

(b) Performance obligation

Information about the Group's performance obligations is summarised below:

Property management services and Urban sanitary services

The performances obligation is satisfied over time as services are rendered. Management service contracts are for periods of one to five years and are billed based on the time incurred.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2020	2019
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**596,881**	353,158
After one year	**397,884**	242,135
	994,765	595,293

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to property management services, of which the performance obligations are to be satisfied within five years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2020	2019
	RMB'000	*RMB'000*
Other income		
Interest income	**1,478**	1,316
Government grants*	**6,627**	2,633
Others	**775**	2,793
	8,880	6,742
Gains		
Gain on disposal of associates	**200**	—
Fair value gain on re-measurement of a previously held equity interest in a joint venture	**359**	—
Fair value gains net:		
Financial assets at fair value through profit or loss	**312**	—
	871	—
	9,751	6,742

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

5. PROFIT BEFORE TAX

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

	2020	2019
	RMB'000	RMB'000
Cost of services provided	**646,561**	407,359
Depreciation of property, plant and equipment	**10,313**	1,655
Depreciation of right-of-use assets	**4,115**	—
Amortisation of intangible assets	**6,798**	750
Research and development costs	**4,842**	8,041
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	**234,281**	101,984
Pension scheme contributions (defined contribution scheme)	**18,713**	34,561
Lease payments not included in the measurement of lease liabilities	**965**	2,458
Auditor's remuneration	**1,600**	1,400
Bank charges	**236**	307
Office expenses	**4,387**	2,641
Impairment of trade receivables, net	**5,541**	707
Loss on disposal of a subsidiary	**46**	—
Net loss on disposal of items of property, plant and equipment	**566**	80

6. INTEREST EXPENSES

An analysis of interest expenses is as follows:

	2020	2019
	RMB'000	*RMB'000*
Interest expenses on bank loans and other borrowing	**5,456**	1,676
Interest on lease liabilities	**433**	—
	5,889	1,676

7. INCOME TAX EXPENSE

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

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

Provision for the PRC income tax has been made at the applicable income tax rate of 25% (2019: 25%) on the assessable profits of the PRC subsidiaries.

	2020	2019
	RMB'000	*RMB'000*
Current Mainland China corporate income tax charge for the year	**14,171**	3,500
Deferred tax	**(1,789)**	(177)
Total tax charge for the year	**12,382**	3,323

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rates) to the effective tax rates are as follows:

	2020	2019
	RMB'000	*RMB'000*
Profit before tax	**49,350**	23,804
Tax at the statutory tax rate of 25%	**12,338**	5,951
Lower tax rates enacted by local authority	**(518)**	(234)
Tax losses utilised from previous periods	**(282)**	—
Profits attributable to joint ventures and associates *(note (a))*	**(3,200)**	(2,991)
Adjustment in respect of current tax of previous period	**221**	—
Expenses not deductible for tax	**2,958**	696
Release of tax provision upon the expiry of statute of limitation *(note (b))*	**—**	(3,285)
Tax losses not recognised	**865**	3,186
Tax charge at the Group's effective rate	**12,382**	3,323

Notes:

(a) The share of tax attributable to joint ventures and associates amounting to RMB4,365,000 for the year ended 31 December 2020 (2019: RMB3,670,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

(b) The release of a tax provision of RMB3,285,000 represented differences between tax provided under the Deemed Profit Basis and Accounting Book Basis for certain entities of the Group for the year ended 31 December 2015. Such provision is only released upon the latter of i) the receipt of confirmation from the competent tax bureau about the adoption of the deemed profit tax assessment basis and the tax rate following the provisions of relevant PRC tax laws, which was received in April 2017; and ii) the expiration of the statute of limitation of the tax provision for the year ended 31 December 2015, which was on 31 May 2019.

8. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Interim — HK1.0 cents (2019: HK0.8 cents) per ordinary share	**3,600**	2,903
Proposed final — HK1.2 cents (2019: Nil) per ordinary share	**4,104**	—
	7,704	2,903

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. 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 ordinary shares of 396,782,000 (2019: 397,479,967) in issue during the year, as adjusted to reflect the weighted average number of shares repurchased under the share award scheme during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2020 (2019: Nil).

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

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**26,209**	17,802

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year	**396,782,000**	397,479,967
Earnings per share		
Basic and diluted (RMB)	**0.07**	0.04

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2020					
At 1 January 2020:					
Cost	**1,941**	**3,765**	**1,564**	**4,049**	**11,319**
Accumulated depreciation	**(922)**	**(2,463)**	**(959)**	**(2,608)**	**(6,952)**
Net carrying amount	**1,019**	**1,302**	**605**	**1,441**	**4,367**
At 1 January 2020, net of accumulated depreciation	**1,019**	**1,302**	**605**	**1,441**	**4,367**
Additions	**1,455**	**1,456**	**242**	**10,276**	**13,429**
Acquisition of subsidiaries	**216**	**3,072**	**479**	**25,865**	**29,632**
Disposals	**—**	**(285)**	**(7)**	**(515)**	**(807)**
Disposal of a subsidiary	**(258)**	**(301)**	**(170)**	**(557)**	**(1,286)**
Depreciation provided during the year *(note 5)*	**(454)**	**(1,453)**	**(292)**	**(8,114)**	**(10,313)**
At 31 December 2020, net of accumulated depreciation	**1,978**	**3,791**	**857**	**28,396**	**35,022**
At 31 December 2020:					
Cost	**3,302**	**10,549**	**2,547**	**60,196**	**76,594**
Accumulated depreciation	**(1,324)**	**(6,758)**	**(1,690)**	**(31,800)**	**(41,572)**
Net carrying amount	**1,978**	**3,791**	**857**	**28,396**	**35,022**

	Leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2019					
At 1 January 2019:					
Cost	1,856	3,153	1,055	4,253	10,317
Accumulated depreciation	(946)	(2,170)	(881)	(2,570)	(6,567)
Net carrying amount	910	983	174	1,683	3,750
At 1 January 2019, net of accumulated depreciation	910	983	174	1,683	3,750
Additions	640	894	534	284	2,352
Disposals	—	(49)	(3)	(28)	(80)
Depreciation provided during the year *(note 5)*	(531)	(526)	(100)	(498)	(1,655)
At 31 December 2019, net of accumulated depreciation	1,019	1,302	605	1,441	4,367
At 31 December 2019:					
Cost	1,941	3,765	1,564	4,049	11,319
Accumulated depreciation	(922)	(2,463)	(959)	(2,608)	(6,952)
Net carrying amount	1,019	1,302	605	1,441	4,367

At 31 December 2020, certain of the Group's motor vehicles with a net carrying amount of approximately RMB6,320,000 (2019: Nil) were pledged to secure certain of the other borrowings.

11. GOODWILL

31 December 2020

	RMB'000
Cost at 1 January 2020	**—**
Acquisition of a subsidiary	**25,901**
Cost and net carrying amount at 31 December 2020	**25,901**
At 31 December 2020:	
Cost and net carrying amount	**25,901**

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the Hongxin Environment Group Co., Ltd.

The recoverable amount of the relevant cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 18.4%. The growth rate used to extrapolate the cash flows beyond the five-year period is 3%.

Assumptions were used in the value in use calculation of the relevant cash-generating units for 31 December 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of urban sanitary service income and the discount rates are consistent with external information sources.

12. INTANGIBLE ASSETS

31 December 2020

	Customer relationship *RMB'000*	**Software** *RMB'000*	**Total** *RMB'000*
Cost at 1 January 2020, net of accumulated amortisation	—	3,490	3,490
Additions	—	165	165
Acquisition of a subsidiary	54,000	—	54,000
Amortisation provided during the year *(note 5)*	(5,500)	(1,298)	(6,798)
At 31 December 2020	48,500	2,357	50,857
At 31 December 2020:			
Cost	54,000	4,493	58,493
Accumulated amortization	(5,500)	(2,136)	(7,636)
Net carrying amount	48,500	2,357	50,857

31 December 2019

	Software
	RMB'000
Cost at 1 January 2019, net of accumulated amortisation	895
Additions	3,345
Amortisation provided during the year *(note 5)*	(750)
At 31 December 2019	3,490
At 31 December 2019:	
Cost	4,629
Accumulated amortisation	(1,139)
Net carrying amount	3,490

13. TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**149,966**	101,030
Impairment	**(6,935)**	(847)
	143,031	100,183

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

Included in the Group's trade receivables are amounts due from the Group's joint ventures and associates of RMB63,000 (2019: Nil) and RMB86,000 (2019: Nil), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

At 31 December 2020, a subsidiary has pledged trade receivables of approximately RMB4,098,000 (2019: Nil) to secure certain of the other borrowings.

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

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**136,725**	97,831
Over 1 year	**6,306**	2,352
	143,031	100,183

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**847**	140
Acquisition of a subsidiary	**547**	—
Impairment losses (note 5)	**5,541**	707
At end of year	**6,935**	847

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix based on invoice date:

As at 31 December 2020

		2020	
	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**
		RMB'000	***RMB'000***
Within 1 year	**0.24%**	**137,048**	**323**
Over 1 year	**51.18%**	**12,918**	**6,612**
		149,966	**6,935**

		2019	
	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Within 1 year	0.07%	97,831	77
Over 1 year	24.07%	3,199	770
		101,030	847

14. TRADE PAYABLES

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

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**104,324**	71,905
3 to 12 months	**1,151**	2,865
Over 1 year	**2,157**	153
	107,632	74,923

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 over 60% in 2020. As compared with the average urbanization rate of approximately 70% in developed countries, there are further potential for urbanization development in the PRC. Improved urbanization has led to an increased demand for residential and other property projects, resulting in an increased demand for comprehensive urban public services including property management services and urban sanitary services.

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 RMB42,359 in 2019 to RMB43,834 in 2020. 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 are increasing supply of public facilities such as museums, arenas and stadiums as well as newly-constructed urban road areas to cater for the increasing demand from city dwellers of the PRC. Meanwhile, the increased urban population is promoting the demand for refuse treatment both in qualities and quantities.

BUSINESS REVIEW

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

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

During the Period, the Group through its subsidiaries and investments in associated companies had entered into 499 property management agreements for the provision of various kinds of property management services for the properties in the PRC, representing an increase of approximately 9.7% as compared to 455 property management agreements in the same period of 2019.

During the Period, approximately 67.3% of total revenue was generated from the provision of property management services, of which approximately 90.2% to non-residential properties whereas the remaining approximately 9.8% was generated from residential properties. Also, approximately 32.7% of the Group's total revenue was generated from the provision of urban sanitary services.

The Group's property management services have been and will continue to be strategically focused on non-residential properties in the PRC and the Group's urban sanitary service is an important part of the comprehensive urban public services.

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

	For the year ended 31 December			
	2020		2019	
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total
Property management services on the lump sum basis	**509,149**	**66.7%**	476,646	99.0%
Property management services on the fix remuneration basis	**4,947**	**0.6%**	4,884	1.0%
Urban sanitary service	**249,712**	**32.7%**	N/A	N/A
Total	**763,808**	**100%**	481,530	100%

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 year ended 31 December			
	2020		2019	
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total
Commercial establishments & office buildings	**312,223**	**60.7%**	254,257	52.8%
Public properties	**106,335**	**20.7%**	140,916	29.2%
Residential properties	**50,399**	**9.8%**	43,698	9.1%
Others	**45,139**	**8.8%**	42,659	8.9%
Total	**514,096**	**100%**	481,530	100%

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

	For the year ended 31 December			
	2020		2019	
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total
Fujian	**165,672**	**66.3%**	N/A	N/A
Sichuan	**77,402**	**31.0%**	N/A	N/A
Others	**6,638**	**2.7%**	N/A	N/A
Total	**249,712**	**100%**	N/A	N/A

HUMAN RESOURCES

The Group employed 4,432 employees and dispatched staff as of 31 December 2020. 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 granted 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

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 urban management engaging in environmental and property management businesses in core regions around the country. Currently, the Group has been actively developing its business in the cities along the eastern coast, as well as the regions along the Yangtze River by extending the horizontal development of complementary products and vertical development along the industrial chain. The Group has gradually kick-started its acquisition and investment activities. Against the backdrop of global economic downturn, the Group will carry out its acquisition activities in a prudent manner. With the Group's acquisition of Shanghai Xin Shi Bei and Hong Xin and Nanjing Songzhu in August 2019, January 2020 and March 2020 respectively, the expected profit contribution from the acquisition and investment activities has emerged in 2020.

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

Furthermore, based on various technologies, such as the Internet of Things, the Internet, 3D technology and big data, the Group will continue to utilise its property management business as a pilot business to develop a self-owned open source smart building system, "*Dynamic Building Matrix*" ("**DBM**") to manage the data of basic status of buildings, which allows the provision of data and information as well as professional service to relevant parties, including property owners, property users, managers and regulators. In 2020, we have achieved the sales of this system to customers at home and abroad. The Group will prudently expand the market at home and abroad and gradually realize the output effect of science and technology investment on the premise of ensuring advanced and stable technology.

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

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 58.6% to approximately RMB763.8 million for the year ended 31 December 2020 from approximately RMB481.5 million for the year ended 31 December 2019. The increase in revenue was mainly attributable to (i) the approximately RMB249.7 million revenue generated from environmental sanitary services with the acquisition of Hong Xin, and (ii) the increase in revenue generated from property management services increased from approximately RMB481.5 million for the year ended 31 December 2019 to approximately RMB514.1 million for the Period.

Cost of services provided

The Group's cost of services provided increased by approximately 58.7% to approximately RMB646.6 million for the year ended 31 December 2020 from approximately RMB407.4 million for the year ended 31 December 2019. The increase in cost of service provided was primarily due to (i) the increase in property management services income which leads to the increase in staff costs and sub-contracting staff costs; (ii) the increase in environmental sanitary services income which leads to the increase in labour costs; and (iii) the Group continues to recruit more talented staff and provide training for the existing staff to cope with the expansion of operations.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 58.0% to approximately RMB117.2 million for the year ended 31 December 2020 from approximately RMB74.2 million for the year ended 31 December 2019 due to an increase in revenue despite being partially offset by the increase in the cost of services provided. Gross profit margin was maintained at a stable level of approximately 15.4% for the year ended 31 December 2020 as compared to the year ended 31 December 2019.

Other income and gains

The Group's other income and gains increased by approximately 46.3% to approximately RMB9.8 million for the year ended 31 December 2020 from approximately RMB6.7 million for the year ended 31 December 2019 due to the increase in government grants.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 35.1% to approximately RMB12.7 million for the year ended 31 December 2020 from approximately RMB9.4 million for the year ended 31 December 2019. The increase in selling and distribution expenses was primarily due to the Group's expansion in business scale and entering into the urban environmental sanitation market.

Administrative expenses

The administrative expenses increased by approximately 24.0% to approximately RMB71.9 million for the year ended 31 December 2020 from approximately RMB58.0 million for the year ended 31 December 2019. The increase in the administrative expenses was primarily attributable to (i) increased staff cost with the Group's expansion in business scale and entering into the urban environmental sanitation market; and (ii) the amortization of intangible asset arising from the acquisition of Hong Xin.

Interest expenses

The interest expenses increased to approximately RMB5.9 million for the Period from approximately RMB1.7 million for the year ended 31 December 2019. The increase in the interest expenses was due to the increase in average bank borrowings for the Period.

Share of profits and losses of joint ventures

Share of profits of joint venture decreased to approximately RMB1.0 million for the period from approximately RMB5.1 million for the year ended 31 December 2019, which was primarily due to the decrease in profits shared from Hefei Zheng Wen.

Share of profits and losses of associates

Share of profits of associates increased to approximately RMB11.8 million for the Period from approximately RMB6.9 million for the year ended 31 December 2019 which was primarily due to the increase in profits shared from Shanghai Xin Shi Bei, Shanghai Xin Di, Ningbo Plaza, Anhui PuBang and Nanjing Songzhu amounted to approximately RMB1.8 million, RMB1.3 million, RMB1.0 million, RMB0.5 million and RMB0.4 million respectively.

Income tax expense

The income tax expenses increased to approximately RMB12.4 million for the Period from approximately RMB3.3 million for the year ended 31 December 2019. The increase in income tax expense was mainly due to (i) the increase in profit before tax for the Period; and (ii) no further release of income tax provision for the Period as compared with the approximately RMB3.3 million release of income tax provision for the year ended 31 December 2019. For further details of the above-mentioned income tax provision release, 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 increased by 80.5% to approximately RMB37.0 million for the Period from approximately RMB20.5 million for the year ended 31 December 2019 and the net profit margin increased to 4.8% for the Period from 4.3% for the year ended 31 December 2019.

Intangible assets and goodwill

The intangible assets and goodwill primarily included customer relationship and goodwill obtained from a business combination. The intangible assets increased to approximately RMB50.9 million as at 31 December 2020 from approximately RMB3.5 million as at 31 December 2019, which was primarily due to (i) an increase in customer relationship as the Group acquired 51% equity interest in Hong Xin in 2020; and (ii) partially offset by the decrease in intangible assets due to the amortisation of customer relationship.

Trade Receivables

The trade receivables increased by approximately 42.7% to approximately RMB143.0 million as at 31 December 2020 from approximately RMB100.2 million as at 31 December 2019, which primarily kept in line with the increased revenue. The trade receivables turnover (average trade receivables divided by revenue multiplied by 365 days) was 58.1 days (2019: 69.4 days).

Prepayments, deposits and other receivables

The prepayment, deposits and other receivables increased by approximately 36.0% to approximately RMB65.8 million as at 31 December 2020 from approximately RMB48.4 million as at 31 December 2019. The increase in prepayment, deposits and other receivables was primarily due to the increase in deposits paid for tendering, prepayment to suppliers.

Trade payables

The trade payables increased by approximately 43.7% to approximately RMB107.6 million as at 31 December 2020 from approximately RMB74.9 million as at 31 December 2019. The trade payables turnover (average trade payables divided by cost of services provided multiplied by 365 days) was 51.5 days (2019: 57.3 days).

Other payables and accruals

The other payables and accruals increased by approximately 9.5% to approximately RMB82.8 million as at 31 December 2020 from approximately RMB75.6 million as at 31 December 2019. The increase was mainly due to (i) the Group's enlarged business scale with the acquisition of Hong Xin; and (ii) the approximately RMB15.9 million profit guarantee retention money received from Ms. Wang Hui (王慧), one of the existing shareholders of Hong Xin. Please refer to the Company's announcement dated 9 September 2019 for further details, and (iii) being partially offset by the decrease in receipts on behalf of residents with the disposal of Anhui Bund.

Cash Flow

For the Period, the net cash from operating activities was approximately RMB82.7 million. The net cash used in investing activities for the Period was approximately RMB97.4 million, which was primarily due to the payment for the acquisition of Hong Xin, Shanghai Xin Shi Bei, Bengbu Zhi Xin and Nanjing Songzhu. The net cash used in financing activities for the year ended 31 December 2020 was approximately RMB2.0 million.

PLEDGE OF ASSETS

Other than certain property, plant and equipment with carrying amount of approximately RMB6,320,000 as at 31 December 2020 (31 December 2019: Nil) pledged to financing institutions, the Group had also pledged and factored certain of its trade receivables with net carrying amount of approximately RMB4,098,000 (31 December 2019: Nil) to secure the Group's borrowings as at 31 December 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

As at 31 December 2020, the Group had cash and cash equivalents of approximately RMB126.5 million. The total interest-bearing bank borrowings increased to approximately RMB100.1 million as at 31 December 2020 from RMB61.5 million as at 31 December 2019. The gearing ratio (total debts divided by total equity) as at 31 December 2020 was approximately 30.0% (31 December 2019: 25.7%). The current ratio (total current assets divided by total current liabilities) as at 31 December 2020 was 1.2 (31 December 2019: 1.4).

Financial management and policy

The management of the Company 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 2020, the Directors was not aware of any significant events that would have resulted in material contingent liabilities.

Subsequent Event

The Group does not have any material subsequent event after 31 December 2020 and up to the date of this announcement.

FINAL DIVIDENDS

The Board recommends the payment of a final dividend of HK$0.012 per Share for the year ended 31 December 2020 (the "**2020 Final Dividend**") with a sum of approximately HK$4.9 million (equivalent to approximately RMB4.1 million which is subject to shareholders' approval at the forthcoming 2020 annual general meeting of the Company to be held on Friday, 11 June 2021 (the "**AGM**"). The 2020 Final Dividend, if approved, will be distributed on or about Friday, 16 July 2021 to shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 23 June 2021.

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 Tuesday, 8 June 2021 to Friday, 11 June 2021, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 7 June 2021.

Subject to the approval of the proposed 2020 Final Dividend from the shareholders of the Company at the AGM, the register of members of the Company will be closed from Monday, 21 June 2021 to Wednesday, 23 June 2021, both days inclusive, during which no transfer of Shares will be registered for ascertaining Shareholders' entitlement to the proposed 2020 Final Dividend. In order to qualify for the proposed 2020 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 18 June 2021.

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 Listing 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 Listing 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 31 December 2020, 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	42.7	—
Vertical expansion of both industry chain and supply chain in the property management industry	29.8	29.8	—
The development of information technology system	19.8	19.8	—
Recruitment of talent and implementation of training and recruitment programs	16.3	16.3	—
Repayment of bank borrowings	5.0	5.0	—
General working capital	11.9	11.9	—
	125.5	125.5	—

As of the date of this announcement, the net proceeds from the Listing has been fully utilized and there was no change to the Group's plan of use of proceeds as stated in the prospectus of the Company dated 28 November 2017.

EMPLOYEES AND REMUNERATION POLICY

Quality and committed staff are valuable assets to the Group's success. The primary objective of the Group's remuneration policy is to ensure there is an appropriate level of remuneration to attract and retain experienced people of high calibre to join the Group. The Group links the remuneration of its employees to both the Group's performance and individual performance, so that the interests of the employees align with those of the Company's shareholders. As at 31 December 2020, the Group employed approximately 4,432 employees. To enhance the performance of the employees, the Group provides its employees with adequate and regular trainings. Employees' remuneration package comprises fixed and variable components including salary, discretionary bonus and share options that may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

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 CG Code as set out in the Listing Rules.

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 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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/she had complied with the required standard as set out in the Model Code from the Listing Date to 31 December 2020.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive director an annual confirmation for independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive directors have confirmed that they are independent.

AUDIT COMMITTEE

The Company has established an audit committee for the purpose of monitoring the integrity of the financial statements, overseeing the financial reporting process and the internal control system of the Group. Currently, the audit committee is chaired by independent non-executive director Mr. Shu Wa Tung Laurence and other members are the two independent non-executive directors, namely Mr. Cheng Dong and Mr. Weng Guoqiang. The Group's consolidated financial statements for the year ended 31 December 2020 have been reviewed by the Audit Committee.

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 year ended 31 December 2020.

SCOPE OF WORK OF ERNST & YOUNG

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 2020 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 2020. 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 2020 ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the year ended 31 December 2020 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 2020 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 "*" is for identification purposes only.

"Anhui Bund"	Anhui Bund Property Management Company Limited* (安徽外灘物業管理有限公司), a limited liability company established in the PRC on 26 December 2005, which was a non wholly-owned subsidiary of the Company and indirectly owned as to 51% by the Company and as to 49% by Anhui Wan Tou Property Company Limited* (安徽皖投置業有限責任公司), a connected person of the Company at the subsidiary level until the Company disposed of its entire interest in December 2020. Please refer to the Company's announcement dated 22 December 2020 for further details.
"Anhui Pubang"	Anhui Pu Bang Property Management Company Limited* (安徽浦邦物業管理有限公司), a limited liability company established in the PRC on 4 August 2015, the associated company of the Company and is indirectly owned as to 49% by the Company and 51% by an Independent third Party
"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 and a non wholly-owned subsidiary of the Company and is indirectly owned as to 58% by the Company, as to 12% by an Independent Third Party and as to 30% by Bengbu Investment Group Co., Ltd.* (蚌埠投資集團有限公司), a connected person of the Company at the subsidiary level
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands

"CG Code"	the Corporate Governance Code 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
"Group"	the Company and its subsidiaries
"Hefei Zheng Wen"	Hefei Zheng Wen Bund Property Management Company Limited* (合肥市政文外灘物業管理有限公司), a limited liability company established in the PRC on 14 April 2004, a joint venture company of the Company and is 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
"Hong Xin"	Hong Xin Environmental Group Co., Ltd. (泓欣環境集團有限公司) , a limited liability company established in the PRC on 5 July 2000, a non-wholly owned subsidiary of the Company and is indirectly owned as to 51% by the Company and as to 49% by independent third parties

"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"	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), one of the Controlling Shareholders
"Mr. Fu"	Mr. Fu Qichang (傅其昌), one of the Controlling Shareholders, vice-chairman of the Board and an executive Director
"Mr. Xiao"	Mr. Xiao Xingtao (肖興濤), one of the Controlling Shareholders, chairman of the Board and an executive Director
"Nanjing Songzhu"	Nanjing Songzhu Property Management Company Limited* (南京松竹物業管理有限公司), a limited liability company established in the PRC on 5 July 2012, an associated company of the Company and indirectly owned as to 44% by the Company and 56% by two Independent Third Parties.

"Ningbo Plaza"	Ningbo Plaza Property Management Company Limited* (寧波市城市廣場物業管理有限公司), a limited liability company established in the PRC on 20 January 1995, an associated company of the Company and indirectly owned as to 49% by the Company and 51% by an independent third Party
"Partner Summit"	Partner Summit Holdings Limited (合高控股有限公司), a company incorporated under the 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 one of the Controlling Shareholders
"Period"	the year ended 31 December 2020
"Pine Fortune"	Pine Fortune Global Limited (富柏環球有限公司), a company incorporated under the laws of the BVI on 16 June 2016 with limited liability, which is wholly-owned by Mr. Chen and is one of the Controlling Shareholders
"PRC" or "China"	the People's Republic of China which, for the purposes of this annual report, excludes Hong Kong, Macau and Taiwan
"Pujiang Property"	Shanghai Pujiang Property Company Limited* (上海浦江物業有限公司), a limited liability company established in the PRC on 2 December 2002 and an indirect wholly-owned subsidiary of the Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Shanghai Bund Ke Pu"	Shanghai Bund Ke Pu Engineering Management Company Limited* (上海外灘科浦工程管理有限公司), a limited liability company established in the PRC on 30 November 2004, a non wholly-owned subsidiary of the Company and is indirectly owned as to 97% by the Company and as to 3% by an Independent Third Party
"Shanghai Xin Di"	Shanghai Dong Fang Xin Di Commercial Service Company Limited* (上海東方欣迪商務服務有限公司), a limited liability company established in the PRC on 10 December 2015, an associated company of the Company and is indirectly owned as to 45% by the Company and as to 55% by an independent third Party

"Shanghai Xin Shi Bei"	Shanghai Xin Shi Bei Enterprise Management Service Co., Ltd* (上海新市北企業管理有限公司), a limited liability company established in the PRC on 6 July 2005, an associated company of the Company and indirectly owned as to 27.5% by the Company and 52.75% and 19.75% by two independent third parties
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)
"Source Forth"	Source Forth Limited (泉啟有限公司), a company incorporated under the laws of the BVI on 8 June 2016 with limited liability, which is wholly-owned by Mr. Fu and is one of the Controlling Shareholders
"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 the laws of the BVI on 17 May 2016 with limited liability, which is wholly-owned by Mr. Xiao and is one of the Controlling Shareholders
"%" or "Per Cent"	per centum or percentage

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

Shanghai, PRC, 30 March 2021

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