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 2021

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 2021 together with the comparative figures for the previous period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	**2021 (Unaudited) *RMB'000***	2020 (Unaudited) *RMB'000*
REVENUE	4(a)	**429,566**	339,914
Cost of services provided		**(369,827)**	(280,894)
Gross profit		**59,739**	59,020
Other income and gains	4(b)	**15,722**	5,061
Selling and distribution expenses		**(6,903)**	(3,792)
Administrative expenses		**(37,928)**	(32,676)
Finance costs	6	**(2,127)**	(2,947)
Share of profits and losses of:			
Joint ventures		**1,852**	2,386
Associates		**6,962**	6,282

	Notes	**2021** **(Unaudited)** ***RMB'000***	2020 (Unaudited) *RMB'000*
PROFIT BEFORE TAX	5	**37,317**	33,334
Income tax expense	7	**(7,638)**	(7,351)
PROFIT FOR THE PERIOD		**29,679**	25,983
Attributable to:			
Owners of the parent		**23,439**	18,190
Non-controlling interests		**6,240**	7,793
		29,679	25,983
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted *(RMB)*	9	**0.05**	0.04

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**29,679**	25,983
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(48)**	6,219
Exchange differences:		
Exchange differences on translation of foreign operations	**(44)**	639
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(92)**	6,858
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(92)**	6,858
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**29,587**	32,841
Attributable to:		
Owners of the parent	**23,347**	25,048
Non-controlling interests	**6,240**	7,793
	29,587	32,841

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**30 June 2021 (Unaudited)** ***RMB'000***	31 December 2020 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	10	**39,301**	35,022
Right-of-use assets		**5,644**	7,246
Goodwill		**25,901**	25,901
Intangible assets		**47,553**	50,857
Investments in joint ventures		**16,731**	14,879
Investments in associates		**66,490**	90,621
Equity investments designated at fair value through other comprehensive income		**8,748**	8,796
Other non-current assets		**33,528**	43,683
Deferred tax assets		**1,525**	839
Total non-current assets		**245,421**	277,844
CURRENT ASSETS			
Inventories		**223**	223
Trade receivables	11	**211,213**	143,031
Prepayments and other receivables		**114,537**	65,788
Restricted bank balances		**12,314**	12,525
Financial assets at fair value through profit or loss		**—**	30,312
Cash and cash equivalents		**111,582**	126,506
Total current assets		**449,869**	378,385

	Notes	**30 June 2021 (Unaudited)** *RMB'000*	31 December 2020 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade payables	12	**135,445**	107,632
Other payables and accruals		**108,954**	82,785
Interest-bearing bank loans and other borrowings		**82,074**	97,011
Lease liabilities		**3,424**	3,390
Tax payable		**7,774**	12,374
Total current liabilities		**337,671**	303,192
NET CURRENT ASSETS		**112,198**	75,193
TOTAL ASSETS LESS CURRENT LIABILITIES		**357,619**	353,037
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		**4,764**	3,059
Deferred tax liabilities		**11,375**	12,125
Lease liabilities		**2,576**	4,172
Total non-current liabilities		**18,715**	19,356
Net assets		**338,904**	333,681
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,391**	3,391
Reserves		**268,983**	245,061
		272,374	248,452
Non-controlling interests		**66,530**	85,229
Total equity		**338,904**	333,681

NOTES

1. CORPORATE AND GROUP INFORMATION

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 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 2020.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The revised standards have had no significant financial effect on these financial statements.

3. OPERATING SEGMENT INFORMATION

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

Six months ended 30 June 2020	Property management services *RMB'000* (Unaudited)	Urban sanitary services *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 4)*			
Service provided to external customers	231,631	108,283	339,914
Segment results	36,060	22,960	59,020
Reconciliation:			
Interest income			660
Share of profits and losses of:			
Joint ventures			2,386
Associates			6,282
Other unallocated income and gains			4,401
Corporate and other unallocated expenses			(36,744)
Finance costs (other than interest on lease liabilities)			(2,671)
Profit before tax			33,334

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. No analysis of segment asset and liability is presented as the management does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are 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, other income and gains is as follows:

(a) Revenue:

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Property management services income on the lump sum basis	**292,987**	228,965
Property management services income on the fixed remuneration basis	**927**	2,666
Urban sanitary services income	**135,652**	108,283
	429,566	339,914

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2021

Segments	**Property management services** *RMB'000* **(Unaudited)**	**Urban sanitary services** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Types of or services			
Property management services income on the lump sum basis	**292,987**	**—**	**292,987**
Property management services income on the fixed remuneration basis	**927**	**—**	**927**
Urban sanitary services income	**—**	**135,652**	**135,652**
Total revenue from contracts with customers	**293,914**	**135,652**	**429,566**
Timing of revenue recognition			
Services transferred over time	**293,914**	**135,652**	**429,566**

For the six months ended 30 June 2020

Segments	Property management services *RMB'000* (Unaudited)	Urban sanitary services *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of or services			
Property management services income on the lump sum basis	228,965	—	228,965
Property management services income on the fixed remuneration basis	2,666	—	2,666
Urban sanitary services income	—	108,283	108,283
Total revenue from contracts with customers	231,631	108,283	339,914
Timing of revenue recognition			
Services transferred over time	231,631	108,283	339,914

(b) Other income and gains:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gains on disposal of an associate	**12,907**	—
Bank interest income	**561**	660
Government grants*	**2,143**	4,388
Others	**111**	13
	15,722	5,061

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

5. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2021	2020
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of services provided		**369,827**	280,894
Depreciation of property, plant and equipment	10	**5,133**	4,577
Depreciation of right-of-use assets		**1,758**	2,036
Amortisation of intangible assets		**3,695**	3,142
Research and development cost		**2,718**	4,044
Employee benefit expenses* (including Directors' and chief executive's remuneration)			
Wages and salaries		**126,642**	111,320
Pension scheme contributions (defined contribution scheme)		**26,946**	12,197
Equity-settled share option expense		**575**	—
Lease payments not included in the measurement of lease liabilities		**349**	774
Auditor's remuneration		**850**	500
Bank charges		**113**	114
Office expenses		**2,422**	1,942
Impairment of trade receivables, net		**2,242**	1,001
Net loss on disposal of items of property, plant and equipment		**20**	234
Gains on disposal of an associate		**(12,907)**	—
Bank interest income		**(561)**	(660)
Government grants		**(2,143)**	(4,388)
Share of profits and losses of:			
Joint ventures		**(1,852)**	(2,386)
Associates		**(6,962)**	(6,282)

* Amounts of RMB235,528,000 and RMB280,401,000 of staff costs were included in "Cost of services provided" in profit or loss during the six months ended 30 June 2020 and 2021, respectively.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expense on bank loans and other borrowings	**1,941**	2,671
Interest on lease liabilities	**186**	276
	2,127	2,947

7. INCOME TAX EXPENSE

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

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

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. Provision for the PRC income tax has been made at the applicable income tax rate of 25% (2020: 25%) on the assessable profits of the PRC subsidiaries.

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current Mainland China corporate income tax Charge for the period	**9,075**	8,212
Deferred tax	**(1,437)**	(861)
Total tax charge for the period	**7,638**	7,351

8. DIVIDENDS

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Proposed interim dividend for 2021: Nil (2020: HK 1 cent) per ordinary share	**—**	3,600

No interim dividend has been proposed for the six month ended 30 June 2021 (six month ended June 2020: HK 1 cent).

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

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

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of in issue during the period, as used in the basic earnings per share calculation, adjusted for the dilutive effect of share options issued by the Group.

The Group had potentially dilutive ordinary shares of 664,741 in issue during the six months ended 30 June 2021 and the weighted average number of ordinary shares in issue during the Period used in the diluted earnings per share calculation were 397,446,741.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets at a cost of RMB9,565,000 (30 June 2020: RMB7,638,000), excluding property, plant and equipment acquired through a business combination.

Assets with a net book value of RMB153,000 were disposed of by the Group during the six months ended 30 June 2021 (30 June 2020: RMB234,000), resulting in a net loss on disposal of RMB20,000 (30 June 2020: RMB234,000).

The Group pledged certain of its motor vehicles to secure the Group's borrowings which were included as interest-bearing other borrowings RMB10,752,000. The net carrying amounts of these pledged motor vehicles as at 30 June 2021 were RMB9,155,000.

11. TRADE RECEIVABLES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**220,368**	149,966
Impairment	**(9,155)**	(6,935)
	211,213	143,031

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

At 30 June 2021, included in the Group's trade receivables are amounts due from the Group's associates of RMB282,000 (31 December 2020: RMB86,000) and no trade receivables due from joint ventures (31 December 2020: RMB63,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

At 30 June 2021, a subsidiary has pledged trade receivables of approximately RMB2,671,000 (31 December 2020: RMB4,098,000) to secure the other borrowings of RMB4,527,000 (31 December 2020: RMB8,490,000).

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**204,408**	136,725
Over 1 year	**6,805**	6,306
	211,213	143,031

12. TRADE PAYABLES

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

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Within 3 months	**121,846**	104,324
3 to 12 months	**11,557**	1,151
Over 1 year	**2,042**	2,157
	135,445	107,632

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The urbanization development of the PRC has been gradually accelerating since 1980s with urbanization rate increasing from approximately 19.4% in 1980 to 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 rapidly growing economy in the PRC has spurred continuous growth in annual disposable income per urban capita. According to the National Bureau of Statistics of China's preliminary calculation, the annual disposable income per urban capita increased from approximately RMB42,359 in 2019 to approximately RMB43,834 in 2020. The increasing demand for better living conditions is another factor triggering the growth of property management and environmental sanitary markets.

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

BUSINESS REVIEW

The Group, through its operating subsidiaries and investments in associates, provides a wide range of comprehensive urban public services, including property management services with valued-added services to a variety of properties in the PRC 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 508 property management agreements for the provision of various kinds of property management services for the properties in the PRC, representing an increase of approximately 2.2% as compared to 497 property management agreements in the same period of 2020.

During the Period, approximately 68.4% of total revenue was generated from the provision of property management services, of which approximately 92.5% to non-residential properties whereas the remaining approximately 7.5% was generated from residential properties. Also, approximately 31.6% 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 from providing property management services by type of managed properties for the period indicated.

	For the six months ended 30 June			
	2021		2020	
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total
Commercial establishments & office buildings	**199,608**	**67.9%**	131,910	56.9%
Public properties	**59,998**	**20.4%**	54,961	23.7%
Residential properties	**22,076**	**7.5%**	21,451	9.3%
Others	**12,232**	**4.2%**	23,309	10.1%
Total	**293,914**	**100%**	231,631	100%

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

	For the six months ended 30 June			
	2021		2020	
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total
Fujian	**87,407**	**64.4%**	70,304	64.9%
Sichuan	**44,885**	**33.1%**	35,031	32.4%
Other	**3,360**	**2.5%**	2,948	2.7%
Total	**135,652**	**100%**	108,283	100%

HUMAN RESOURCES

The Group employed 4,621 employees and dispatched staff as of 30 June 2021. 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 urban management engaging in environmental and property management businesses in core regions around the country. Currently, the Group has been actively developing its business in the cities along the eastern coast, as well as the regions along the Yangtze River by extending the horizontal development of complementary products and vertical development along the industrial chain. The Group has gradually kick-started its acquisition and investment activities. Against the backdrop of global economic downturn, the Group will carry out its acquisition activities in a prudent manner.

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

Furthermore, based on various technologies, such as the Internet of Things, the Internet, 3D technology and big data, the Group will continue to utilise its property management business as a pilot business to develop a self-owned open source smart building system, "*Dynamic Building Matrix*" ("**DBM**") to manage the data of basic status of buildings, which allows the provision of data and information as well as professional service to relevant parties, including property owners, property users, managers and regulators. In 2021, we continued to achieve the sales of this system to customers at home and abroad. The Group will ensure the stability and reliability of our advanced technology, prudently expand the market at home and abroad and gradually realize the output effect of our technology investment in China.

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

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 26.4% to approximately RMB429.6 million for the six months ended 30 June 2021 from approximately RMB339.9 million for the six months ended 30 June 2020. The increase in revenue was mainly attributable to (i) the revenue generated from property management services increased from approximately RMB231.6 million for the six months ended 30 June 2020 to approximately RMB293.9 million for the Period, and (ii) the revenue generated from environmental sanitary services increased from approximately RMB108.3 million for the six months ended 30 June 2020 to approximately RMB135.7 million for the Period.

Cost of services provided

The Group's cost of services provided increased by approximately 31.6% to approximately RMB369.8 million for the six months ended 30 June 2021 from approximately RMB280.9 million for the six months ended 30 June 2020. 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 1.2% to approximately RMB59.7 million for the six months ended 30 June 2021 from approximately RMB59.0 million for the six months ended 30 June 2020 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 2021 was approximately 13.9%, which was lower than gross profit margin for the six months ended 30 June 2020 at approximately 17.4%. The decrease in gross profit margin was primarily attributable to the termination of social insurance relief policy.

Other income and gains

The Group's net other income and gains increased to approximately RMB15.7 million for the six months ended 30 June 2021 from approximately RMB5.1 million for the six months ended 30 June 2020. The increase in net other income and gains was primarily due to the investment gain from disposal of Shanghai Xin Shi Bei during the Period.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 81.6% to approximately RMB6.9 million for the six months ended 30 June 2021 from approximately RMB3.8 million for the six months ended 30 June 2020. The increase in selling and distribution expenses was primarily due to expanding travelling and entertainment activities with the recovery of COVID-19.

Administrative expenses

The administrative expenses increased by approximately 15.9% to approximately RMB37.9 million for the six months ended 30 June 2021 from approximately RMB32.7 million for the six months ended 30 June 2020. The increase in the administrative expenses was primarily attributable to the increased staff cost with the termination of social insurance relief policy.

Finance costs

The finance costs decreased to approximately RMB2.1 million for the six months ended 30 June 2021 from approximately RMB2.9 million for the six months ended 30 June 2020, which was due to the decrease in average bank loans and other borrowings during the Period.

Share of profits and losses of joint ventures

Shares of profits of joint ventures decreased to approximately RMB1.9 million for the six months ended 30 June 2021 from approximately RMB2.4 million for the six months ended 30 June 2020, which was primarily due to the decrease in profits shared from Bengbu Zhi Xin, as the Company acquired a further 8% interest in Bengbu Zhi Xin and it became a non-wholly owned subsidiary of the Group since 1 July 2020.

Share of profits and losses of associates

Share of profit of associates increased by approximately 11.1% to approximately RMB7.0 million for the six months ended 30 June 2021 from approximately RMB6.3 million for the six months ended 30 June 2020, which was primarily due to the increase in profits shared from Anhui Pu Bang and Shanghai Qiang Sheng.

Income tax expense

The income tax expenses increased to approximately RMB7.6 million for the six months ended 30 June 2021 as compared to the income tax expenses of approximately RMB7.4 million for the six months ended 30 June 2020. The increase in income tax expenses was mainly due to the increase in profit before tax which applied for income tax obligation for the Period.

Profit for the period and net profit margin

As a result of foregoing, the net profit increased by approximately 14.2% to approximately RMB29.7 million for the six months ended 30 June 2021 from approximately RMB26.0 million for the six months ended 30 June 2020, while the net profit margin decreased to 6.9% for the six months ended 30 June 2021 from 7.6% for the six months ended 30 June 2020.

Intangible assets and goodwill

The intangible assets and goodwill primarily included customer relationship and goodwill obtained from a business combination. The intangible assets decreased to approximately RMB73.5 million as at 30 June 2021 from approximately RMB76.8 million as at 31 December 2020, which was primarily due to the amortization of customer relationship.

Trade receivables

The trade receivables increased by approximately 47.7% to approximately RMB211.2 million for the six months ended 30 June 2021 from approximately RMB143.0 million for the year ended 31 December 2020, which primarily kept in line with the increased revenue. The trade receivables turnover (average trade receivables divided by revenues multiplied by 182 days) is stable at 75.0 days for the Period as compared to 76.6 days for the six months ended 30 June 2020.

Prepayments and other receivables

The prepayment and other receivables increased by approximately 74.0% to approximately RMB114.5 million for the six months ended 30 June 2021 from approximately RMB65.8 million for the year ended 31 December 2020. The increase was primarily due to the consideration receivable resulted from the disposal of Shanghai Xin Shi Bei. According to the sale and purchase agreement, the payment of the consideration shall be fully settled within 60 days after the completion date. Please refer to the announcements of the Company dated 15 June 2021 and 16 June 2021 for further details.

Trade payables

The trade payables increased by approximately 25.8% to approximately RMB135.4 million for the six months ended 30 June 2021 as compared with approximately RMB107.6 million for the year ended 31 December 2020, which was mainly due to the increase in cost of service provided with business expansion. The trade payables turnover (average trade payables divided by cost of services provided by 182 days) increased to 59.8 days for the Period as compared to 51.8 days for the six months ended 30 June 2020.

Other payables and accruals

The other payables and accruals increased by approximately 31.6% to approximately RMB109.0 million for the six months ended 30 June 2021 as compared with approximately RMB82.8 million for the year ended 31 December 2020. The increase was mainly due to the increase in accrued cost of service provided with business expansion.

Cash Flow

For the six months ended 30 June 2021, the net cash used in operating activities was approximately RMB28.7 million. The net cash generated from investing activities for the Period was approximately RMB30.9 million, which was primarily due to the consideration received from the disposal of Shanghai Xin Shi Bei and redemption of wealth management products. The net cash used in financing activities for the Period was approximately RMB17.1 million. This was primarily due to the decrease in bank loans and other borrowings.

PLEDGE OF ASSETS

Other than certain property, plant and equipment with carrying amount of approximately RMB9,155,000 as at 30 June 2021 (31 December 2020: RMB6,320,000) pledged to financing institutions, the Group had also pledged and factored certain of its trade receivables with net carrying amount of approximately RMB2,671,000 (31 December 2020: RMB4,098,000) to secure the Group's borrowings as at 30 June 2021.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB111.6 million. Cash and cash equivalents decreased by approximately RMB14.9 million as compared with the beginning of 2021. The total interest-bearing bank loans and other borrowings decreased to approximately RMB86.8 million as at 30 June 2021 from approximately RMB100.1 million as at 31 December 2020. The gearing ratio (total debts divided by total equity) as at 30 June 2021 was 25.6% (31 December 2020: 30.0%). The current ratio (total current assets divided by total current liabilities) as at 30 June 2021 was 1.3 (31 December 2020: 1.2).

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 2021, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.

INTERIM DIVIDENDS

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2021.

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 2021.

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 2021 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 2021.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquiry of all Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2021.

Material Acquisition and Disposals of Subsidiaries or Associates

On 16 June 2021, the Company entered into sale and purchase agreement to dispose the 27.5% interest in Shanghai Xin Shi Bei (the "**Disposal**"). The Disposal was completed on 30 June 2021. Upon completion of the Disposal, the Company ceased to have any interest in Shanghai Xin Shi Bei. Please refer to the Company's announcements dated 15 June 2021 and 16 June 2021 for further details. Save as disclosed, the Group had no other material acquisition or disposal of subsidiaries or associates during the Period.

Events after the Period

On 22 June 2021, the Company, through Pujiang Property, entered into a sale and purchase agreement with the vendor, an Independent Third Party, to acquire (the "**Acquisition**") 95% equity interests of Shanghai Chupu Consulting Management Co., Ltd.*（上海初朴諮詢管理有限公司）at a consideration of RMB27,510,000. By the end of the Period, the Group had paid RMB10,500,000 to the vendor, representing approximately 38.17% of the consideration. On 5 August 2021, the Company paid a further sum of RMB9,800,000 and the remaining balance in the sum of RMB7,210,000 will be paid to the vendor after completion of all handover procedures of the Acquisition within September 2021.

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

During the six months ended 30 June 2021, neither the Company, nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities.

PUBLICATION OF 2021 INTERIM RESULTS AND INTERIM REPORT

The interim results announcement for the six months ended 30 June 2021 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 2021 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.

"Anhui Pu Bang"	Anhui Pu Bang Property Management Company Limited* (安徽浦邦物業管理有限公司), a limited liability company established in the PRC on 4 August 2015, the associated company of the Company and indirectly owned as to 49% by the Company and 51% by an Independent Third Party
"Audit Committee"	the audit committee of the Company
"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 and Corporate Governance Report as set out in Appendix 14 of the Listing Rules
"Company"	Riverine China Holdings Limited (浦江中國控股有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability on 27 July 2016

"Connected Person"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"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
"Period"	the six month ended 30 June 2021
"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* (上海外灘科浦工程管理有限公司), a limited liability company established in the PRC on 30 November 2004 and a non wholly-owned subsidiary of the Company and indirectly owned as to 97% by the Company and as to 3% by an Independent Third Party
"Shanghai Qiang Sheng"	Shanghai Qiang Sheng Property Company Limited* (上海強生物業有限公司), a limited liability company established in the PRC on 17 December 1992, an associate of the Company and indirectly owned as to 30% by the Company and as to 70% by an Independent Third Party
"Shanghai Xin Shi Bei"	Shanghai Xin Shi Bei Enterprise Management Service Co., Ltd* (上海新市北企業管理有限公司), a limited liability company established in the PRC on 6 July 2005, an associated company of the Company and indirectly owned as to 27.5% by the Company and 52.75% and 19.75% by two Independent Third Parties respectively. On 17 June 2021, Pujiang Property and the other two shareholders of Shanghai Xin Shi Bei, who are Independent Third Parties, entered into a sale and purchase agreement with the Purchaser, whereby, amongst other things, Pujiang Property agreed to transfer and the Purchaser agreed to purchase 27.5% equity interest in Shanghai Xin Shi Bei from Pujiang Property for a consideration of RMB40,755,000 (the "**Disposal**"). The Disposal was completed on 30 June 2021. Upon completion of the Disposal, the Company ceased to have any interests in Shanghai Xin Shi Bei.
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)
"sq. ft."	square feet
"sq. m."	square metre

"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%" or "per cent"	per centum or percentage

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

Hong Kong, 30 August 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.