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 2021

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 2021 together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	**2021** **RMB'000**	2020 RMB'000
REVENUE	*4*	**885,539**	763,808
Cost of services provided	*5*	**(758,952)**	(646,561)
Gross profit		**126,587**	117,247
Other income and gains	*4*	**22,383**	9,751
Selling and distribution expenses		**(15,413)**	(12,661)
Administrative expenses		**(70,842)**	(71,900)
Other expenses		**(300)**	—
Interest expenses	*6*	**(4,988)**	(5,889)
Share of profits and losses of:			
Joint ventures		**2,749**	1,033
Associates		**10,542**	11,769
PROFIT BEFORE TAX	*5*	**70,718**	49,350
Income tax expense	*7*	**(17,731)**	(12,382)

	Note	**2021**	2020
		RMB'000	*RMB'000*
PROFIT FOR THE YEAR		**52,987**	36,968
Attributable to:			
Owners of the parent		**38,590**	26,209
Non-controlling interests		**14,397**	10,759
		52,987	36,968
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*9*	**0.10**	0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

31 December 2021

	2021	2020
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**52,987**	36,968
OTHER COMPREHENSIVE 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:	**133**	(2,107)
Exchange differences:		
Exchange differences on translation of foreign operations	**(955)**	(283)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(822)**	(2,390)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(822)**	(2,390)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**52,165**	34,578
Attributable to:		
Owners of the parent	**37,768**	23,819
Non-controlling interests	**14,397**	10,759
	52,165	34,578

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**37,351**	35,022
Investment properties		**121,900**	—
Right-of-use assets		**6,586**	7,246
Goodwill	11	**25,901**	25,901
Finance lease receivables		**88,169**	—
Other intangible assets	12	**43,938**	50,857
Investments in joint ventures		**21,883**	14,879
Investments in associates		**69,690**	90,621
Equity investments designated at fair value through other comprehensive income		**8,929**	8,796
Other non-current assets		**32,698**	43,683
Deferred tax assets		**859**	839
Total non-current assets		**457,904**	277,844
CURRENT ASSETS			
Inventories		**129**	223
Trade receivables	13	**190,265**	143,031
Prepayments and other receivables		**91,287**	65,788
Restricted bank balances		**22,424**	12,525
Financial assets at fair value through profit or loss		**—**	30,312
Finance lease receivables		**10,900**	—
Cash and cash equivalents		**177,764**	126,506
Total current assets		**492,769**	378,385
CURRENT LIABILITIES			
Trade payables	14	**116,773**	107,632
Other payables and accruals		**122,992**	82,785
Interest-bearing bank loans and other borrowings		**112,694**	97,011
Lease liabilities		**15,707**	3,390
Tax payable		**20,517**	12,374
Total current liabilities		**388,683**	303,192

	2021 *RMB'000*	2020 *RMB'000*
NET CURRENT ASSETS	**104,086**	75,193
TOTAL ASSETS LESS CURRENT LIABILITIES	**561,990**	353,037
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**4,117**	3,059
Lease liabilities	**179,072**	4,172
Deferred tax liabilities	**18,941**	12,125
Total non-current liabilities	**202,130**	19,356
Net assets	**359,860**	333,681
EQUITY		
Equity attributable to owners of the parent		
Share capital	**3,391**	3,391
Reserves	**280,334**	245,061
	283,725	248,452
Non-controlling interests	**76,135**	85,229
Total equity	**359,860**	333,681

Xiao Xing Tao
Director

Fu Qi Chang
Director

NOTES TO FINANCIAL STATEMENTS

31 December 2021

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, the People's Republic of China (the "**PRC**").

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

In the opinion of the Company's directors (the "**Directors**"), the parent company of the Company is Partner Summit Holdings Limited (the "**Parent**") and the ultimate holding company of the Company is Vital Kingdom Investments Limited (the "**Ultimate parent**"), which 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, investment properties 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 2021. 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 and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39, 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 nature and the impact of the revised HKFRSs are described below:

(a) 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 risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities 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 Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate ("**HIBOR**") as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. Additional information about the transition and the associated risks is disclosed in the financial statements.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

    The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

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*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

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

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

3 No mandatory effective date yet determined but available for adoption

4 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

5 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 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 resulting from a downstream transaction 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 *Classification of Liabilities as Current or Non-current* 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 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

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 three reportable operating segments as follows:

(a) Property management services; and

(b) Urban sanitary services; and

(c) Sublease service from investment properties.

The sublease service from investment properties segment invests in prime commercial space for its rental income potential.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. 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 losses 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.

No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.

Year ended 31 December 2021	**Property management services**	**Urban sanitary services**	**Sublease service from investment properties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (note 4)				
Service provided to external customers	**614,106**	**270,313**	**1,120**	**885,539**
Segment results	**55,633**	**54,118**	**277**	**110,028**
Reconciliation:				
Interest income				**1,315**
Share of profits and losses of:				
Joint ventures				**2,749**
Associates				**10,542**
Other unallocated income and gains				**21,068**
Corporate and other unallocated expenses				**(71,142)**
Finance costs (other than interest on lease liabilities)				**(3,842)**
Profit before tax				**70,718**

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, urban sanitary services and sublease service from investment properties 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:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Property management service income on the lump sum basis	**612,757**	509,149
Property management service income on the fixed remuneration basis	**1,349**	4,947
Urban sanitary service income	**270,313**	249,712
Revenue from other sources		
Gross rental income from sublease service from investment properties	**1,120**	—
	885,539	763,808

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021	2020
	RMB'000	*RMB'000*
Timing of revenue recognition		
Services transferred over time		
Property management services	**614,106**	514,096
Urban sanitary services	**270,313**	249,712
	884,419	763,808

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

	2021	2020
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Provision of property management services	**5,848**	6,264

(b) Performance obligation

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

Property management services and urban sanitary services

The performance 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:

	2021	2020
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**663,825**	596,881
After one year	**384,602**	397,884
	1,048,427	994,765

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.

	2021	2020
	RMB'000	*RMB'000*
Other income		
Interest income	**1,105**	1,478
Government grants*	**6,217**	6,627
Interest income from finance lease receivables	**382**	—
Others	**1,772**	775
	9,476	8,880
Gains		
Gain on disposal of an associate	**12,907**	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
	12,907	871
	22,383	9,751

* 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):

	2021 *RMB'000*	2020 *RMB'000*
Cost of services provided	**758,952**	646,561
Depreciation of property, plant and equipment	**13,348**	10,313
Depreciation of right-of-use assets	**3,809**	4,115
Amortisation of intangible assets	**7,392**	6,798
Research and development costs	**5,254**	4,842
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**232,801**	234,281
Pension scheme contributions (defined contribution scheme)	**46,893**	18,713
Equity-settled share award scheme expenses	**1,558**	—
Lease payments not included in the measurement of lease liabilities	**1,098**	965
Auditor's remuneration	**1,700**	1,600
Bank charges	**183**	236
Office expenses	**5,210**	4,387
(Reversal)/impairment of trade receivables	**(643)**	5,541
Loss on disposal of a subsidiary	**—**	46
Net loss on disposal of items of property, plant and equipment	**236**	566
Fair value loss on investment properties	**300**	—
Gain on disposal of an associate	**(12,907)**	—
Interest income	**(1,105)**	(1,478)
Government grants	**(6,217)**	(6,627)

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INTEREST EXPENSES

An analysis of interest expenses is as follows:

	2021	2020
	RMB'000	*RMB'000*
Interest expenses on bank loans and other borrowings	**3,842**	5,456
Interest on lease liabilities	**1,146**	433
	4,988	5,889

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% (2020: 25%) on the assessable profits of the PRC subsidiaries.

	2021	2020
	RMB'000	*RMB'000*
Current Mainland China corporate income tax charge for the year	**19,311**	14,171
Deferred tax	**(1,580)**	(1,789)
Total tax charge for the year	**17,731**	12,382

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 rates is as follows:

	2021	2020
	RMB'000	*RMB'000*
Profit before tax	**70,718**	49,350
Tax at the statutory tax rate of 25%	**17,680**	12,338
Lower tax rates enacted by local authority	**(192)**	(518)
Tax losses utilised from previous periods	**(301)**	(282)
Profits and losses attributable to joint ventures and associates *(note (a))*	**(3,323)**	(3,200)
Adjustment in respect of current tax of previous periods	**300**	221
Expenses not deductible for tax	**2,460**	2,958
Tax losses not recognised	**1,107**	865
Tax charge at the Group's effective rate	**17,731**	12,382

Note:

(a) The share of tax attributable to joint ventures and associates amounting to RMB2,927,000 for the year ended 31 December 2021 (2020: RMB4,365,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

8. DIVIDENDS

	2021	2020
	RMB'000	*RMB'000*
Interim — Nil (2020: HK1 cent) per ordinary share	**—**	3,600
Proposed final — HK3.5 cents (2020: HK1.2 cents) per ordinary share	**11,513**	4,104
	11,513	7,704

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 weighted average number of ordinary shares of 396,782,000 (2020: 396,782,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2021 (2020: Nil).

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

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**38,590**	26,209

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year	**396,782,000**	396,782,000
Earnings per share		
Basic and diluted *(RMB)*	**0.10**	0.07

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 2021					
At 1 January 2021:					
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
At 1 January 2021, net of accumulated depreciation	1,978	3,791	857	28,396	35,022
Additions	625	1,636	481	13,464	16,206
Disposals	(298)	(115)	(2)	(114)	(529)
Depreciation provided during the year	(1,116)	(1,488)	(290)	(10,454)	(13,348)
At 31 December 2021, net of accumulated depreciation	1,189	3,824	1,046	31,292	37,351
At 31 December 2021:					
Cost	2,762	11,872	3,025	72,741	90,400
Accumulated depreciation	(1,573)	(8,048)	(1,979)	(41,449)	(53,049)
Net carrying amount	1,189	3,824	1,046	31,292	37,351

	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	1,411	4,367
At 1 January 2020, net of accumulated depreciation	1,019	1,302	605	1,411	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)
Depreciation of a subsidiary	(258)	(301)	(170)	(557)	(1,286)
Depreciation provided during the year	(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

At 31 December 2021, certain of the Group's motor vehicles with a net carrying amount of approximately RMB13,592,000 (2020: RMB6,320,000) were pledged to secure certain of the other borrowings.

11. GOODWILL

	2021	2020
	RMB'000	*RMB'000*
Cost	**25,901**	—
Acquisition of a subsidiary	**—**	25,901
Net carrying amount	**25,901**	25,901

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the Hong Xin.

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 19.1% (2020: 18.4%). The growth rate used to extrapolate the cash flows beyond the five-year period is 2.5% (2020: 3%).

Assumptions were used in the value in use calculation of the relevant cash-generating units for 31 December 2021 and 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 rate — The discount rate used is 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 rate are consistent with external information sources.

The senior management of the Company has estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavourable possible values were assigned to those factors, the recoverable amount then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure the recoverable amount of the Hong Xin cash-generating unit, would still exceed its carrying amount.

12. OTHER INTANGIBLE ASSETS

	Customer relationship *RMB'000*	**Software** *RMB'000*	**Total** *RMB'000*
31 December 2021			
Cost at 1 January 2021, net of accumulated amortisation	**48,500**	**2,357**	**50,857**
Additions	**—**	**473**	**473**
Amortisation provided during the year *(note 5)*	**(6,000)**	**(1,392)**	**(7,392)**
At 31 December 2021	**42,500**	**1,438**	**43,938**
At 31 December 2021:			
Cost	**54,000**	**4,966**	**58,966**
Accumulated amortisation	**(11,500)**	**(3,528)**	**(15,028)**
Net carrying amount	**42,500**	**1,438**	**43,938**

	Customer relationship *RMB'000*	Software *RMB'000*	Total *RMB'000*
31 December 2020			
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

13. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**196,410**	149,966
Impairment	**(6,145)**	(6,935)
	190,265	143,031

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 RMB2,015,000 (2020: RMB63,000) and RMB340,000 (2020: RMB86,000), 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 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:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**187,779**	136,725
Over 1 year	**2,486**	6,306
	190,265	143,031

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**6,935**	847
Acquisition of subsidiaries	**—**	547
Amounts written off as uncollectible	**(147)**	—
(Reversal)/impairment of trade receivables *(note 5)*	**(643)**	5,541
At end of year	**6,145**	6,935

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 the invoice date:

As at 31 December 2021

		2021	
	Expected credit loss rate	**Gross carrying amount** *RMB'000*	**Expected credit losses** *RMB'000*
Within 1 year	**0.39%**	**188,523**	**744**
Over 1 year	**68.48%**	**7,887**	**5,401**
		196,410	**6,145**

As at 31 December 2020

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

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:

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**109,760**	104,324
3 to 12 months	**4,928**	1,151
Over 1 year	**2,085**	2,157
	116,773	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 only 19.4% in 1980 to 64.7% in 2021. 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, leases services of commercial buildings 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 RMB43,834 in 2020 to RMB47,412 in 2021. 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, leases services of commercial buildings 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, Shandong, 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 550 property management agreements for the provision of various kinds of property management services for the properties in the PRC, representing an increase of approximately 10.2% as compared to 499 property management agreements in the same period of 2020.

During the Period, approximately 69.4% of total revenue was generated from the provision of property management services, of which approximately 87.4% was attributable to non-residential properties whereas the remaining approximately 12.6% was generated from residential properties and other services. Also, approximately 30.5% of the Group's total revenue was generated from the provision of urban sanitary services, and approximately 0.1% of the Group's total revenue was generated from sublease service from investment properties.

The Group's property management services have been and will continue to be strategically focused on high-end non-residential properties in the PRC and the Group's urban sanitary service is an important part of the comprehensive urban public services. Meanwhile, the sublease service from investment properties particularly with commercial buildings will be the Group's important new point of business growth.

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

	For the year ended 31 December			
	2021		2020	
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total
Property management services on the lump sum basis	**612,757**	**69.2%**	509,149	66.7%
Property management services on the fix remuneration basis	**1,349**	**0.2%**	4,947	0.6%
Urban sanitary service	**270,313**	**30.5%**	249,712	32.7%
Sublease service from investment properties	**1,120**	**0.1%**	—	—
Total	**885,539**	**100%**	763,808	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			
	2021		2020	
	Revenue	**% of total**	Revenue	% of total
	RMB'000		*RMB'000*	
Commercial establishments & office buildings	**410,301**	**66.8%**	312,223	60.7%
Public properties	**126,732**	**20.6%**	106,335	20.7%
Residential properties	**56,517**	**9.2%**	50,399	9.8%
Others	**20,556**	**3.4%**	45,139	8.8%
Total	**614,106**	**100%**	514,096	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			
	2021		2020	
	Revenue	**% of total**	Revenue	% of total
	RMB'000		*RMB'000*	
Fujian	**171,229**	**63.4%**	165,672	66.3%
Sichuan	**92,493**	**34.2%**	77,402	31.0%
Others	**6,591**	**2.4%**	6,638	2.7%
Total	**270,313**	**100%**	249,712	100%

HUMAN RESOURCES

The Group employed 5,135 employees and dispatched staff as of 31 December 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 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, and focus more on those businesses of superior synergy effects with comprehensive urban public services, such as leases of commercial buildings and operation of urban public parking resources.

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 utilize 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 services 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, continuously 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 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 and there is increase in demand for environmental sanitary services. 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 15.9% to approximately RMB885.5 million for the year ended 31 December 2021 from approximately RMB763.8 million for the year ended 31 December 2020. The increase in revenue was mainly attributable to (i) the increase in revenue generated from environmental sanitary services from approximately RMB249.7 million for the year ended 31 December 2020 to approximately RMB270.3 million for the Period, (ii) the increase in revenue generated from property management services increased from approximately RMB514.1 million for the year ended 31 December 2020 to approximately RMB614.1 million for the Period, and (iii) the newly initialised rental income generated from sublease service from investment properties, which amounted to approximately RMB1.1 million.

Cost of services provided

The Group's cost of services provided increased by approximately 17.4% to approximately RMB759.0 million for the year ended 31 December 2021 from approximately RMB646.6 million for the year ended 31 December 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 8.0% to approximately RMB126.6 million for the year ended 31 December 2021 from approximately RMB117.2 million for the year ended 31 December 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 year ended 31 December 2021 was approximately 14.3% which is lower than gross profit margin for the year ended 31 December 2020 at approximately 15.4%. The decrease in gross profit margin was primarily attributable to the termination of social insurance relief policy.

Other income and gains

The Group's other income and gains increased by approximately 128.6% to approximately RMB22.4 million for the year ended 31 December 2021 from approximately RMB9.8 million for the year ended 31 December 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 year ended 31 December 2021.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 21.3% to approximately RMB15.4 million for the year ended 31 December 2021 from approximately RMB12.7 million for the year ended 31 December 2020. The increase in selling and distribution expenses was primarily due to expanding travelling and entertainment activities with the recovery of COVID-19, which also kept in line with the Group's expansion in business scale.

Administrative expenses

The administrative expenses generally kept stable at approximately RMB70.8 million for the year ended 31 December 2021 as compared with the administrative expenses of approximately RMB71.9 million for the year ended 31 December 2020.

Interest expenses

The interest expenses decreased to approximately RMB5.0 million for the year ended 31 December 2021 from approximately RMB5.9 million for the year ended 31 December 2020. The decrease in the interest expenses was due to the decrease in average interest rate of bank borrowings during the year ended 31 December 2021.

Share of profits and losses of joint ventures

Share of profits and losses of joint venture increased to approximately RMB2.7 million for the year ended 31 December 2021 from approximately RMB1.0 million for the year ended 31 December 2020, which was primarily due to the increase in profits shared from Hefei Zheng Wen amounted to approximately RMB4.0 million despite being partially offset by the decrease in profits shared from Zhong Min Zhi Da amounted to approximately RMB1.3 million.

Share of profits and losses of associates

Share of profits and losses of associates decreased to approximately RMB10.5 million for the year ended 31 December 2021 from approximately RMB11.8 million for the year ended 31 December 2020 which was primarily due to the decrease in profits shared from Shanghai Xin Shi Bei, as the Company disposed the equity interests in Shanghai Xin Shi Bei on 16 June 2021.

Income tax expense

The income tax expenses increased to approximately RMB17.7 million for the year ended 31 December 2021 from approximately RMB12.4 million for the year ended 31 December 2020. The increase in income tax expense was primarily due to the increase in profit before tax.

Profit for the year and net profit margin

As a result of the foregoing, the net profit increased by approximately 43.3% to approximately RMB53.0 million for the year ended 31 December 2021 from approximately RMB37.0 million for the year ended 31 December 2020 and the net profit margin increased to 6.0% for the year ended 31 December 2021 from 4.8% for the year ended 31 December 2020.

Intangible assets and goodwill

The intangible assets and goodwill primarily included customer relationship and goodwill obtained from a business combination. The intangible assets and goodwill decreased to approximately RMB69.8 million as at 31 December 2021 from approximately RMB76.8 million as at 31 December 2020, which was primarily due to the amortisation of customer relationship.

Trade Receivables

The trade receivables increased by approximately 33.1% to approximately RMB190.3 million as at 31 December 2021 from approximately RMB143.0 million as at 31 December 2020, which primarily kept in line with the increased revenue. The trade receivables turnover (average trade receivables divided by revenue multiplied by 365 days) was 68.7 days (2020: 58.1 days).

Prepayments and other receivables

The prepayments and other receivables increased by approximately 38.8% to approximately RMB91.3 million as at 31 December 2021 from approximately RMB65.8 million as at 31 December 2020. The increase in prepayments and other receivables is primarily due to the increase in payments on behalf of residents.

Trade payables

The trade payables increased by approximately 8.6% to approximately RMB116.8 million as at 31 December 2021 from approximately RMB107.6 million as at 31 December 2020, which was mainly due to the increase in cost of services provided with business expansion. The trade payables turnover (average trade payables divided by cost of services provided multiplied by 365 days) increase slightly to 54.0 days (2020: 51.5 days).

Other payables and accruals

The other payables and accruals increased by approximately 48.6% to approximately RMB123.0 million as at 31 December 2021 from approximately RMB82.8 million as at 31 December 2020. The increase was mainly due to the increase in advance payment received on behalf of the building residents, which kept in line with the Group's enlarged business scale.

Cash Flow

For the year ended 31 December 2021, the net cash from operating activities was approximately RMB33.7 million. The net cash from investing activities for the year ended 31 December 2021 was approximately RMB15.9 million, which was primarily due to the consideration received from the disposal of Shanghai Xin Shi Bei and redemption of wealth management products and partially offset by the payment of acquisition for a target company engaging in sublease of investment properties, which focus on commercial buildings. The net cash from financing activities for the year ended 31 December 2021 was approximately RMB2.6 million, which was primarily due to the increase in bank loans and other borrowings amounted to approximately RMB16.7 million, which partially offset with dividends paid, interest paid and principal portion of lease payment.

PLEDGE OF ASSETS

Certain property, plant and equipment with carrying amount of approximately RMB13,592,000 as at 31 December 2021 (31 December 2020: RMB6,320,000) was pledged to financing institutions. No trade receivable has been pledged to secure certain of the other borrowings as at 31 December 2021 (31 December 2020: RMB4,098,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB177.8 million. The total interest-bearing bank loans and other borrowings increased to approximately RMB116.8 million as at 31 December 2021 from approximately RMB100.1 million as at 31 December 2020. The gearing ratio (total debts divided by total equity) as at 31 December 2021 was approximately 32.5% (31 December 2020: 30.0%). The current ratio (total current assets divided by total current liabilities) as at 31 December 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, 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 2021, 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 2021 and up to the date of this annual results announcement.

FINAL DIVIDENDS

The Board recommends the payment of a final dividend of HK$0.035 per Share for the year ended 31 December 2021 (the "**2021 Final Dividend**") with a sum of approximately HK$14.2 million (equivalent to approximately RMB11.5 million which is subject to shareholders' approval at the forthcoming 2021 annual general meeting of the Company to be held on Friday, 10 June 2022 (the "**AGM**"). The 2021 Final Divided, if approved, will be distributed on or about Monday, 18 July 2022 to Shareholders whose names appear on the register of members of the Company on Friday, 24 June 2022.

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, 7 June 2022 to Friday, 10 June 2022, 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, 6 June 2022.

Subject to the approval of the proposed 2021 Final Dividend from the Shareholders at the forthcoming AGM, the register of members of the Company will be closed from Wednesday, 22 June 2022 to Friday, 24 June 2022, both days inclusive, during which period no transfer of Shares will be registered for ascertaining Shareholders' entitlement to the proposed 2021 Final Dividend. In order to qualify for the proposed 2021 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 Tuesday, 21 June 2022.

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 2021, the Group employed approximately 5,135 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 in accordance with the Listing Rules 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 of 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 2021.

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 had complied with the required standard set out in the Model Code from the Listing Date to 31 December 2021.

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 2021 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 2021.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 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 2021. 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 2021 ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the year ended 31 December 2021 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 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 "*" is for identification purposes only.

"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"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
"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 2021
"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 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 16 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)
"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
"Zhong Min Zhi Da"	Zhong Min Zhi Da (Shanghai) Information Technology Company Limited* (中民智達（上海）信息科技有限公司), a limited liability company established in the PRC on 13 November 2018, a joint venture company of the Company and indirectly owned as to 57.02% by the Company and 42.98% by four independent third parties
"%" or "Per Cent"	per centum or percentage

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

Shanghai, PRC, 30 March 2022

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.