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 2022

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 2022 together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
REVENUE	*4*	**917,570**	885,539
Cost of services provided	*5*	**(787,583)**	(758,952)
Gross profit		**129,987**	126,587
Other income and gains	*4*	**14,340**	22,383
Selling and distribution expenses		**(21,134)**	(15,413)
Administrative expenses		**(80,771)**	(70,842)
Other expenses		**(5,241)**	(300)
Interest expenses	*6*	**(13,676)**	(4,988)
Share of profits and losses of:			
Joint ventures		**602**	2,749
Associates		**7,725**	10,542
PROFIT BEFORE TAX	*5*	**31,832**	70,718
Income tax expense	*7*	**(7,069)**	(17,731)
PROFIT FOR THE YEAR		**24,763**	52,987

	Notes	**2022**	2021
		RMB'000	*RMB'000*
Attributable to:			
Owners of the parent		**12,525**	38,590
Non-controlling interests		**12,238**	14,397
		24,763	52,987
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted (RMB)		**0.03**	0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

31 December 2022

	2022	2021
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**24,763**	52,987
OTHER COMPREHENSIVE INCOME/(LOSS)		
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 (loss)/income:	**(595)**	133
Exchange differences:		
Exchange differences on translation of foreign operations	**1,650**	(955)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**1,055**	(822)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**1,055**	(822)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**25,818**	52,165
Attributable to:		
Owners of the parent	**13,580**	37,768
Non-controlling interests	**12,238**	14,397
	25,818	52,165

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**39,931**	37,351
Investment properties		**159,900**	121,900
Right-of-use assets		**10,355**	6,586
Goodwill	*11*	**25,901**	25,901
Finance lease receivables		**41,194**	88,169
Other intangible assets	*12*	**37,048**	43,938
Investments in joint ventures		**28,865**	21,883
Investments in associates		**57,981**	69,690
Equity investments designated at fair value through other comprehensive income		**2,302**	8,929
Other non-current assets		**29,375**	32,698
Deferred tax assets		**1,550**	859
Total non-current assets		**434,402**	457,904
CURRENT ASSETS			
Inventories		**82**	129
Trade receivables	*13*	**250,719**	190,265
Prepayments and other receivables		**132,054**	91,287
Restricted bank balances		**22,315**	22,424
Finance lease receivables		**5,295**	10,900
Cash and cash equivalents		**171,818**	177,764
Total current assets		**582,283**	492,769
CURRENT LIABILITIES			
Trade payables	*14*	**132,227**	116,773
Other payables and accruals		**134,115**	122,992
Interest-bearing bank loans and other borrowings		**155,677**	112,694
Lease liabilities		**20,965**	15,707
Tax payable		**16,766**	20,517
Total current liabilities		**459,750**	388,683

	2022	2021
	RMB'000	*RMB'000*
NET CURRENT ASSETS	**122,533**	104,086
TOTAL ASSETS LESS CURRENT LIABILITIES	**556,935**	561,990
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**3,156**	4,117
Lease liabilities	**169,225**	179,072
Deferred tax liabilities	**15,074**	18,941
Total non-current liabilities	**187,455**	202,130
Net assets	**369,480**	359,860
EQUITY		
Equity attributable to owners of the parent		
Share capital	**3,391**	3,391
Reserves	**280,206**	280,334
	283,597	283,725
Non-controlling interests	**85,883**	76,135
Total equity	**369,480**	359,860

Xiao Xing Tao
Director

Fu Qi Chang
Director

NOTES TO FINANCIAL STATEMENTS

31 December 2022

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 the PRC.

In the opinion of the Company's directors (the "**directors**"), the holding company of the Company is Partner Summit Holdings Limited (the "**Parent**") and the ultimate holding company of the Company is Vital Kingdom Investments Limited (the "**Ultimate parent**"), which was 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 designed at fair value through other comprehensive income and investment properties 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 2022. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 interests 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 3	*Reference to the Conceptual Framework*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 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* (the "**Conceptual Framework**") 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 has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) 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 as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) 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 and an allocation of other costs that relate directly to fulfilling that contract. 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 Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *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 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. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts* [1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")* [2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

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

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 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

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

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

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 HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements. In respect of sale and leaseback transactions with variable lease payments that do not depend on an index or a rate, the Group will develop an accounting policy for such transactions.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. 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. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, 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 revisiting the accounting policy disclosures to ensure consistency with the amendments.

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 in HKAS 12 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 (provided that sufficient taxable profit is available) 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 recognised temporary differences relating to right-of-use of assets and lease liabilities on a net basis. Upon initial application of these amendments, the Group will recognise deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. During the year, the Group has performed a detailed assessment on the impact of amendments to HKAS 12. The Group has estimated that it will recognise a deferred tax asset of RMB47,548,000 for deductible temporary differences associated with lease liabilities and a deferred tax liability of RMB53,424,000 for taxable temporary differences associated with right-of-use assets, and recognise the cumulative effect of initially applying the amendments as an adjustment to retained profits at 1 January 2022.

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 services from investment properties.

The sublease services 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, which is a measure of adjusted profit 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 2022	**Property management services** *RMB'000*	**Urban sanitary services** *RMB'000*	**Sublease services** *RMB'000*	**Total** *RMB'000*
Segment revenue *(note 4)*				
Service provided to external customers	**645,988**	**264,437**	**7,145**	**917,570**
Segment results	**63,666**	**38,686**	**1,618**	**103,970**
Reconciliation:				
Interest income				**2,214**
Share of profits and losses of:				
Joint ventures				**602**
Associates				**7,725**
Other unallocated income and gains				**8,297**
Corporate and other unallocated expenses				**(86,012)**
Finance costs (other than interest on lease liabilities)				**(4,964)**
Profit before tax				**31,832**

Year ended 31 December 2021	Property management services *RMB'000*	Urban sanitary services *RMB'000*	Sublease services *RMB'000*	Total *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				1,105
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				(70,932)
Finance costs (other than interest on lease liabilities)				(3,842)
Profit before tax				70,718

Geographical information

Since all of the Group's revenue was generated from providing property management services, urban sanitary services and sublease services 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:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Property management services income on the lump sum basis	**644,227**	612,757
Property management services income on the fixed remuneration basis	**1,761**	1,349
Urban sanitary services income	**264,437**	270,313
Revenue from other sources		
Gross rental income from sublease services from investment properties	**7,145**	1,120
	917,570	885,539

Revenue from contracts with customers

(a) Disaggregated revenue information

	2022	2021
	RMB'000	*RMB'000*
Timing of revenue recognition		
Services transferred over time		
Property management services	**645,988**	614,106
Urban sanitary services	**264,437**	270,313
	910,425	884,419

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:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Provision of property management services	**17,059**	5,848

(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 eight 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:

	2022	2021
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**566,302**	663,825
After one year	**615,705**	384,602
	1,182,007	1,048,427

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 and urban sanitary services, of which the performance obligations are to be satisfied within eight 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.

	2022	2021
	RMB'000	*RMB'000*
Other income		
Interest income	**2,214**	1,105
Government grants*	**6,128**	6,217
Interest income from finance lease receivables	**3,829**	382
Others	**2,163**	1,772
	14,334	9,476
Gains		
Gain on disposal of an associate	**6**	12,907
	6	12,907
	14,340	22,383

* 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):

	2022	2021
	RMB'000	*RMB'000*
Cost of services provided	**787,583**	758,952
Depreciation of property, plant and equipment	**13,836**	13,348
Depreciation of right-of-use assets	**3,878**	3,809
Amortisation of other intangible assets	**6,890**	7,392
Research and development costs	**5,676**	5,254
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**246,367**	229,549
Pension scheme contributions	**50,843**	46,632
Equity-settled share award scheme expenses	**(647)**	647
Lease payments not included in the measurement of lease liabilities	**1,249**	1,098
Auditor's remuneration	**1,750**	1,700
Bank charges	**229**	183
Office expenses	**8,019**	5,210
Impairment/(reversal) of trade receivables and other receivables	**2,809**	(643)
Loss on disposal of items of property, plant and equipment, net	**74**	236
Fair value loss on investment properties	**5,241**	300
Gain on disposal of an associate	**(6)**	(12,907)
Interest income	**(2,214)**	(1,105)
Interest income from finance lease receivables	**(3,829)**	(382)
Government grants	**(6,128)**	(6,217)

6. INTEREST EXPENSES

An analysis of interest expenses is as follows:

	2022	2021
	RMB'000	*RMB'000*
Interest expenses on bank loans and other borrowings	**4,964**	3,842
Interest on lease liabilities	**8,712**	1,146
	13,676	4,988

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% (2021: 25%) on the assessable profits of the PRC subsidiaries.

	2022	2021
	RMB'000	*RMB'000*
Current Mainland China corporate income tax charge for the year	**12,236**	19,011
(Over-provision)/under-provision in prior years	**(609)**	300
Deferred tax	**(4,558)**	(1,580)
Total tax charge for the year	**7,069**	17,731

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:

	2022	2021
	RMB'000	*RMB'000*
Profit before tax	**31,832**	70,718
Tax at the statutory tax rate of 25%	**7,958**	17,680
Lower tax rates enacted by local authority	**(1,840)**	(192)
Tax losses utilised from previous periods	**(414)**	(301)
Profits and losses attributable to joint ventures and associates *(note (a))*	**(2,082)**	(3,323)
Adjustment in respect of current tax of previous periods	**(609)**	300
Expenses not deductible for tax	**1,720**	2,460
Tax losses not recognised	**2,336**	1,107
Tax charge at the Group's effective rate	**7,069**	17,731

Note:

(a) The share of tax attributable to joint ventures and associates amounting to RMB2,776,000 for the year ended 31 December 2022 (2021: RMB2,927,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

8. DIVIDENDS

	2022	2021
	RMB'000	*RMB'000*
Proposed final — HK1.0 cents (2021: HK3.5 cents) per ordinary share	**3,545**	11,513
	3,545	11,513

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 (2021: 396,782,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022 (2021: Nil).

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

	2022	2021
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**12,525**	38,590

	Number of shares	
	2022	2021
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)	**0.03**	0.10

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 2022					
At 1 January 2022:					
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
At 1 January 2022, net of accumulated depreciation	1,189	3,824	1,046	31,292	37,351
Additions	101	583	1,566	14,301	16,551
Disposals	—	(82)	—	(53)	(135)
Depreciation provided during the year	(710)	(1,584)	(658)	(10,884)	(13,836)
At 31 December 2022, net of accumulated depreciation	580	2,741	1,954	34,656	39,931
At 31 December 2022:					
Cost	2,863	12,046	4,589	86,046	105,544
Accumulated depreciation	(2,283)	(9,305)	(2,635)	(51,390)	(65,613)
Net carrying amount	580	2,741	1,954	34,656	39,931

	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

At 31 December 2022, certain of the Group's motor vehicles with a net carrying amount of approximately RMB12,586,000 (2021: RMB13,592,000) were pledged to secure certain of the other borrowings.

11. GOODWILL

	2022 ***RMB'000***	2021 *RMB'000*
Cost and net carrying amount	**25,901**	25,901

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the Hong Xin Environment Group Co., Ltd. cash generating unit ("**Hong Xin CGU**").

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% (2021: 19.1%). The growth rate used to extrapolate the cash flows beyond the five-year period is 2.3% (2021: 2.5%).

Assumptions were used in the value in use calculation of the relevant cash-generating units for 31 December 2022 and 31 December 2021. 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.

Annual revenue growth rate for the 5-year period — The basis used to determine the value assigned to the annual revenue growth rate is the average annual revenue growth rate achieved in the year immediately before the budget year, increased for expected market development.

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

Terminal growth rate — The forecasted terminal growth rate is based on senior management's expectations and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

Sensitivity analysis and changes in headroom

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Base case:		
Recoverable amount	**139,534**	160,807
Headroom	**24,514**	34,178
Sensitivity test — decrease in headroom		
Annual growth rate for 5-year period decreased by 0.5 percentage point	**20,331**	29,428
Pre-tax discount rate increased by 0.5 percentage point	**19,556**	28,609
Terminal growth rate decreased by 0.5 percentage point	**20,937**	29,676

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 2022			
Cost at 1 January 2022, net of accumulated amortisation	**42,500**	**1,438**	**43,938**
Amortisation provided during the year *(note 5)*	**(6,000)**	**(890)**	**(6,890)**
At 31 December 2022	**36,500**	**548**	**37,048**
At 31 December 2022:			
Cost	**54,000**	**4,966**	**58,966**
Accumulated amortisation	**(17,500)**	**(4,418)**	**(21,918)**
Net carrying amount	**36,500**	**548**	**37,048**

	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

13. TRADE RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables	**259,315**	196,410
Impairment	**(8,596)**	(6,145)
	250,719	190,265

The Group's credit terms with its customers are mainly on credit. The credit period is generally 10 to 60 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 RMB2,121,000 (2021: RMB2,015,000) and RMB76,000 (2021: RMB340,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

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:

	2022 RMB'000	2021 RMB'000
Within 1 year	**243,322**	187,779
1 to 2 years	**6,752**	1,901
2 to 3 years	**645**	585
	250,719	190,265

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

	2022 RMB'000	2021 RMB'000
At beginning of year	**6,145**	6,935
Amounts written off as uncollectible	**(110)**	(147)
Impairment/(reversal) of trade receivables (note 5)	**2,561**	(643)
At end of year	**8,596**	6,145

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 2022

		2022	
	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**
		RMB'000	***RMB'000***
Within 1 year	**0.49%**	**244,532**	**1,210**
1 to 2 years	**21.34%**	**8,584**	**1,832**
2 to 3 years	**55.88%**	**1,462**	**817**
Over 3 years	**100.00%**	**4,737**	**4,737**
		259,315	**8,596**

As at 31 December 2021

		2021	
	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Within 1 year	0.39%	188,523	744
1 to 2 years	21.74%	2,429	528
2 to 3 years	44.81%	1,060	475
Over 3 years	100.00%	4,398	4,398
		196,410	6,145

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:

	Note	**2022**	2021
		RMB'000	*RMB'000*
Within 3 months	*(a)*	**124,501**	109,760
3 to 12 months		**4,902**	4,928
Over 1 year		**2,824**	2,085
		132,227	116,773

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

Note:

(a) Included in the Group's trade payables are amounts due to Group's associates of RMB2,130,000, which are repayable on credit terms similar to those offered to the major vendors of the Group.

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 65.22% in 2022. 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, sublease services from investment properties 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 RMB47,412 in 2021 to RMB49,283 in 2022. 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, sublease services from investment properties and urban sanitary services to various areas.

The properties managed by the Group are mainly located in Shanghai and expanded to Beijing, 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 564 property management agreements for the provision of various kinds of property management services for the properties in the PRC, representing an increase of approximately 2.5% as compared to 550 property management agreements in the same period of 2021.

During the Period, approximately 70.4% of total revenue was generated from the provision of property management services, of which approximately 88.9% was attributable to non-residential properties whereas the remaining approximately 11.1% was generated from residential properties and other services. Also, approximately 28.8% of the Group's total revenue was generated from the provision of urban sanitary services, and approximately 0.8% of the Group's total revenue was generated from sublease services 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 services from investment properties 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			
	2022		2021	
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total
Property management services on the lump sum basis	**644,227**	**70.2%**	612,757	69.2%
Property management services on the fix remuneration basis	**1,761**	**0.2%**	1,349	0.2%
Urban sanitary service	**264,437**	**28.8%**	270,313	30.5%
Sublease services from investment properties	**7,145**	**0.8%**	1,120	0.1%
Total	**917,570**	**100%**	885,539	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			
	2022		2021	
	Revenue	**% of total**	Revenue	% of total
	RMB'000		*RMB'000*	
Commercial establishments & office buildings	**432,635**	**67.0%**	410,301	66.8%
Public properties	**118,699**	**18.4%**	126,732	20.6%
Residential properties	**71,773**	**11.1%**	56,517	9.2%
Others	**22,881**	**3.5%**	20,556	3.4%
Total	**645,988**	**100%**	614,106	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			
	2022		2021	
	Revenue	**% of total**	Revenue	% of total
	RMB'000		*RMB'000*	
Fujian	**172,453**	**65.2%**	171,229	63.4%
Sichuan	**80,277**	**30.4%**	92,493	34.2%
Others	**11,707**	**4.4%**	6,591	2.4%
Total	**264,437**	**100%**	270,313	100%

HUMAN RESOURCES

The Group employed 5,173 employees and dispatched staff as of 31 December 2022. 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 sublease services from investment properties 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 2022, 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 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 3.6% to approximately RMB917.6 million for the year ended 31 December 2022 from approximately RMB885.5 million for the year ended 31 December 2021. The increase in revenue was mainly attributable to (i) the increase in revenue generated from property management services increased from approximately RMB614.1 million for the year ended 31 December 2021 to approximately RMB646.0 million for the Period, (ii) the revenue generated from sublease services from investment properties increased from approximately RMB1.1 million for the year ended 31 December 2021 to approximately RMB7.1 million for the Period, which were offset by the decrease in revenue generated from environmental sanitary services from approximately RMB270.3 million for the year ended 31 December 2021 to approximately RMB264.4 million for the Period.

Cost of services provided

The Group's cost of services provided increased by approximately 3.8% to approximately RMB787.6 million for the year ended 31 December 2022 from approximately RMB759.0 million for the year ended 31 December 2021. 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; and (ii) 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 2.7% to approximately RMB130.0 million for the year ended 31 December 2022 from approximately RMB126.6 million for the year ended 31 December 2021 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 2022 was approximately 14.2% which generally kept stable as compared with the gross profit margin for the year ended 31 December 2021 at approximately 14.3%.

Other income and gains

The Group's other income and gains decreased to approximately RMB14.3 million for the year ended 31 December 2022 from approximately RMB22.4 million for the year ended 31 December 2021. The decrease in net other income and gains was primarily due to the one-off 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 37.0% to approximately RMB21.1 million for the year ended 31 December 2022 from approximately RMB15.4 million for the year ended 31 December 2021. The increase in selling and distribution expenses was primarily due to expanding travelling and entertainment activities with the Group's expansion in business scale.

Administrative expenses

The administrative expenses increased by approximately 14.1% to approximately RMB80.8 million for the year ended 31 December 2022 as compared with the administrative expenses of approximately RMB70.8 million for the year ended 31 December 2021. The increase in administrative expenses was primarily due to the Covid-19-related rent concessions to lessees generated from sublease services from investment properties, which amounted to approximately RMB8.3 million.

Interest expenses

The interest expenses increased to approximately RMB13.7 million for the year ended 31 December 2022 from approximately RMB5.0 million for the year ended 31 December 2021. The increase in the interest expenses was primarily due to the increase in recognition of interest on lease liabilities in relation with sublease services from investment properties, which amounted to approximately RMB8.9 million.

Share of profits and losses of joint ventures

Share of losses of joint venture decreased to approximately RMB0.6 million for the year ended 31 December 2022 from approximately RMB2.7 million for the year ended 31 December 2021, which was primarily due to the share of losses of Zhong Min Zhi Da.

Share of profits and losses of associates

Share of profits and losses of associates decreased to approximately RMB7.7 million for the year ended 31 December 2022 from approximately RMB10.5 million for the year ended 31 December 2021 which was primarily due to the decrease in profits shared from Ningbo Plaza, Shanghai Qiang Sheng and Anhui Pu Bang.

Income tax expense

The income tax expenses decreased to approximately RMB7.1 million for the year ended 31 December 2022 from approximately RMB17.7 million for the year ended 31 December 2021. The decrease in income tax expense was primarily due to the decrease in profit before tax.

Profit for the year and net profit margin

As a result of the foregoing, the net profit decreased by approximately 53.2% to approximately RMB24.8 million for the year ended 31 December 2022 from approximately RMB53.0 million for the year ended 31 December 2021 and the net profit margin decreased to 2.7% for the year ended 31 December 2022 from 6.0% for the year ended 31 December 2021.

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 RMB62.9 million as at 31 December 2022 from approximately RMB69.8 million as at 31 December 2021, which was primarily due to the amortisation of customer relationship.

Trade Receivables

The trade receivables increased by approximately 31.7% to approximately RMB250.7 million as at 31 December 2022 from approximately RMB190.3 million as at 31 December 2021, which primarily kept in line with the increased revenue. The trade receivables turnover (average trade receivables divided by revenue multiplied by 365 days) was 87.7 days (2021: 68.7 days).

Prepayments and other receivables

The prepayments and other receivables increased by approximately 44.7% to approximately RMB132.1 million as at 31 December 2022 from approximately RMB91.3 million as at 31 December 2021. The increase in prepayments and other receivables is primarily due to the increase in payments on behalf of residents and the dividends receivable balance from Shanghai Qiang Sheng and Shanghai Xin Di.

Trade payables

The trade payables increased by approximately 13.2% to approximately RMB132.2 million as at 31 December 2022 from approximately RMB116.8 million as at 31 December 2021, 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) increased to 57.7 days (2021: 54.0 days).

Other payables and accruals

The other payables and accruals increased by approximately 9% to approximately RMB134.1 million as at 31 December 2022 as compared with the balance of approximately RMB123.0 million as at 31 December 2021, which was mainly due to the increase in receipts on behalf of residents.

Cash Flow

For the year ended 31 December 2022, the net cash from operating activities was approximately RMB3.2 million. The net cash used in investing activities for the year ended 31 December 2022 was approximately RMB22.9 million. The net cash from financing activities for the year ended 31 December 2022 was approximately RMB12.1 million, which was primarily due to the increase in bank loans and other borrowings, which partially offset with dividends and interest paid.

PLEDGE OF ASSETS

Certain property, plant and equipment with carrying amount of approximately RMB12.6 million as at 31 December 2022 (31 December 2021: RMB13.6 million) was pledged to financing institutions.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB171.8 million. The total interest-bearing bank loans and other borrowings increased to approximately RMB158.8 million as at 31 December 2022 from approximately RMB116.8 million as at 31 December 2021. The gearing ratio (total debts divided by total equity) as at 31 December 2022 was approximately 43.0% (31 December 2021: 32.5%). The current ratio (total current assets divided by total current liabilities) as at 31 December 2022 was 1.3 (31 December 2021: 1.3).

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 2022, 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 2022 and up to the date of this annual report.

FINAL DIVIDENDS

The Board recommends the payment of a final dividend of HK$0.01 per Share for the year ended 31 December 2022 (the "**2022 Final Dividend**") with a sum of approximately HK$4.1 million (equivalent to approximately RMB3.5 million) which is subject to shareholders' approval at the forthcoming 2022 annual general meeting of the Company to be held on Monday, 12 June 2023 (the "**AGM**"). The 2022 Final Divided, if approved, will be distributed on or about Tuesday, 18 July 2023 to Shareholders whose names appear on the register of members of the Company on Monday, 26 June 2023.

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 Wednesday, 7 June 2023 to Monday, 12 June 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 6 June 2023.

Subject to the approval of the proposed 2022 Final Dividend from the Shareholders at the forthcoming AGM, the register of members of the Company will be closed from Wednesday, 21 June 2023 to Monday, 26 June 2023, both days inclusive, during which period no transfer of Shares will be registered for ascertaining Shareholders' entitlement to the proposed 2022 Final Dividend. In order to qualify for the proposed 2022 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 20 June 2023.

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 2022, the Group employed approximately 5,173 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 2022.

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 2022.

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 2022 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 2022.

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 2022 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 2022. 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 2022 ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the year ended 31 December 2022 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 2022 will be despatched to shareholders of the Company and published on the above websites in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. The English translation of company names in Chinese or another language which are marked with "*" is for identification purposes only.

"Anhui 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
"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
"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
"Ningbo Plaza"	Ningbo Plaza Property Management Company Limited* (寧波市城市廣場物業管理有限公司), a limited liability company established in the PRC on 20 January 1995, an associated company of the Company and indirectly owned as to 49% by the Company and 51% by an Independent Third Party
"Partner Summit"	Partner Summit Holdings Limited (合高控股有限公司), a company incorporated under the laws of the BVI on 16 June 2016 with limited liability, which is owned as to 87% by Vital Kingdom, 10% by Source Forth and 3% by Pine Fortune and is one of the Controlling Shareholders
"Period"	the year ended 31 December 2022
"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 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 associated company of the Company and indirectly owned as to 30% by the Company and as to 70% by an Independent Third Party
"Shanghai Xin Di"	Shanghai Dong Fang Xin Di Commercial Service Company Limited* (上海東方欣迪商務服務有限公司), a limited liability company established in the PRC on 10 December 2015, an associated company of the Company and indirectly owned as to 45% by the Company and as to 55% by an Independent Third Party
"Shanghai Xin Shi Bei"	Shanghai Xin Shi Bei Enterprise Management Service Co., Ltd* (上海新市北企業管理有限公司), a limited liability company established in the PRC on 6 July 2005, an associated company of the Company and indirectly owned as to 27.5% by the Company and 52.75% and 19.75% by two Independent Third Parties 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 63.8% by the Company and 36.2% 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, 31 March 2023

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Xiao Xingtao (Chairman), Mr. Fu Qichang, Mr. Xiao Yuqiao and 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.