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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)

FURTHER ANNOUNCEMENT

PROFIT FORECAST OF THE DISCLOSEABLE TRANSACTIONS IN RELATION TO THE ACQUISITION OF FURTHER 18.53% OF THE EQUITY INTERESTS IN SHANGHAI QIANG SHENG AND THE DISPOSAL OF THE ENTIRE INTERESTS IN SHANGHAI BUND TO SHANGHAI QIANG SHENG

References are made to the announcement (“**Announcement**”) of Riverine China Holdings Limited (“**Company**”) dated 8 May 2023 in relation to the Company’s proposed acquisition of further 18.53% equity interests in Shanghai Qiang Sheng and the Company’s proposed disposal of its entire interests in Shanghai Bund.

Unless the context otherwise requires, capitalised terms used herein shall have the same meanings ascribed to them in the Announcement.

COMPLIANCE WITH THE LISTING RULES

As disclosed in the Announcement, the Consideration was determined based on the following:-

- (a) valuation of Shanghai Bund of RMB32,500,000 as at 30 June 2022 by the Valuer, namely Shanghai Jilian Assets Appraisal Co., Ltd.* (上海集聯資產評估有限公司), an Independent Third Party, in accordance with the discounted cash flow method of the income approach as set out in Shanghai Bund’s valuation report dated 14 December 2022 (“**Shanghai Bund Valuation Report**”) and such sum is adjusted to RMB31,896,000 after submission for approval under the regulations on the administration of state-owned assets;

- (b) valuation of Shanghai Qiang Sheng of RMB88,600,000 as at 30 June 2022 by the Valuer in accordance with the discounted cash flow method of the income approach as set out in Shanghai Qiang Sheng’s valuation report dated 14 December 2022 (“**Shanghai Qiang Sheng Valuation Report**”).

(Shanghai Bund Valuation Report and Shanghai Qiang Sheng Valuation Report shall be collectively referred to as the “**Valuation Reports**”)

Since the discounted cash flow method of the income approach was adopted by the Valuer in the Valuation Reports, such valuations constitute profit forecasts under Rule 14.61 of the Listing Rules. This announcement (“**Further Announcement**”) is made in compliance with Rules 14.60A and 14.62 of the Listing Rules.

ASSUMPTIONS OF VALUATION

Pursuant to Rule 14.62(1) of the Listing Rules, details of the principal assumptions, including commercial assumptions, upon which the Valuation Reports were based are as follows:

(A) SHANGHAI BUND VALUATION REPORT

(I) General Assumptions

1. Transaction assumption: transaction assumption is to assume that all assets to be evaluated are already in the process of transaction, and the Valuer carries out the valuation based on the trading conditions of the assets to be evaluated in a simulated market.
2. Open market assumption: open market assumption is an assumption made on the conditions of the market where the assets are proposed to enter and how the assets will be affected under such market conditions. An open market refers to fully developed and comprehensive market conditions, which means a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have opportunity and time to access adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions.
3. Enterprise going-concern assumption: it is the valuation assumption made on the overall assets of the enterprise as the valuation object. In other words, the enterprise, as an operating entity, will operate as a going concern in accordance with its operation target under the external environment where it operates. The operators of the enterprise are accountable for and capable of

assuming responsibilities; the enterprise conducts lawful operations and is able to acquire appropriate profit to maintain its capability of operating as a going concern.

4. Continuous use assumption: continuous use assumption is an assumption made on the conditions of the market where the assets are proposed to enter and the status of the assets under such market conditions. Firstly, the assets to be evaluated are in use; and secondly, it is assumed that the assets in use will be used continuously. Under the conditions of continuous use assumption, no consideration is given to the change of use or the best utilisation conditions of the assets. The scope of applicability of the valuation results is subject to limitations.

(II) Assumptions under income approach and inputs used

1. There are no significant changes in the relevant prevailing laws, regulations and policies of the PRC, no significant changes in the macro-economic conditions of the PRC and no significant changes in the political, economic and social environment in the regions where the parties to the transaction are located, and no material adverse impact caused by other unforeseeable factors and force majeure.
2. Valuation does not consider the impact arisen from any mortgages or guarantees afforded by Shanghai Bund's assets and equity interests. Besides, valuation does not take into account the impact on potential additional prices that might be required for special transactions. Currently, banking facilities amounting to RMB105,000,000 to Pujiang Property are being guaranteed by Shanghai Bund. Pursuant to the Agreement, Pujiang Property and Shanghai Bund shall obtain full release of such guarantee by Shanghai Bund before Completion.
3. It is assumed that (a) there will be no material changes of economic environment, the taxation criteria and tax rates (currently, Shanghai Bund is mainly subject to the following taxes: (i) income tax rate of 25%; and (ii) value-added tax rate of 6%) carried in the place where Shanghai Bund is located; and (b) the credit policies and financial policies including interest rates and foreign exchange rates as quoted by The People's Bank of China shall remain stable.
4. The valuation is based on the existing assets as at the valuation benchmark date, which is 30 June 2022 ("**Valuation Benchmark Date**") and current market prices of the relevant assets are based on the effective prices of the place where Shanghai Bund is located.

5. All current and future business activities of Shanghai Bund are legal and compliant, and comply with the relevant provisions of its business license and articles of association.
6. It is assumed that the management team of Shanghai Bund is and will manage the operation legitimately, compliantly and diligently. There will be no circumstances that severely affect the development and cause harm to the interest of the shareholders of Shanghai Bund. The patterns of business management and operation are in line with those of the present.
7. It is assumed that business-related qualifications and trademarks of Shanghai Bund could be approved by relevant authorities for updating upon expiration.
8. The accounting policies adopted by Shanghai Bund, i.e. the Chinese Accounting Standards will remain consistent with those of the issuing date of the valuation report, in terms of material aspects, after the Valuation Benchmark Date.
9. It is assumed that Shanghai Bund will continue to pay management fees for sharing the office, personnel and related facilities and the existing allocation rationale will remain unchanged.
10. It is assumed that the contracts and agreements signed by Shanghai Bund as at the Valuation Benchmark Date will be fulfilled according to their terms.
11. It is assumed that the revenue, costs and expenses of Shanghai Bund will occur uniformly throughout the year, and that the average annual cash flow for those after five years from the Valuation Benchmark Date will be the same with that of the fifth year.

(III) Adjustment to the Valuation of Shanghai Bund

According to Article 12 of the Measures for the Supervision and Administration of Transfer of State-owned Assets (《企業國有資產交易監督管理辦法》) (the “**Measures**”) issued by the State-owned Assets Supervision and Administration Commission (《國有資產監督管理委員會》) (“**Commission**”), in transferring assets and valuing the assets in accordance with relevant laws and regulations, the transferor shall appoint qualified institutional valuers to value the assets. The final transfer price shall be based on the price assessed by the Commission.

(B) SHANGHAI QIANG SHENG VALUATION REPORT

(I) General Assumptions

1. Transaction assumption: transaction assumption is to assume that all assets to be evaluated are already in the process of transaction, and the Valuer carries out the Valuation based on the trading conditions of the assets to be evaluated in a simulated market.
2. Open market assumption: open market assumption is an assumption made on the conditions of the market where the assets are proposed to enter and how the assets will be affected under such market conditions. An open market refers to fully developed and comprehensive market conditions, which means a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have opportunity and time to access adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions.
3. Enterprise going-concern assumption: it is the valuation assumption made on the overall assets of the enterprise as the valuation object. In other words, the enterprise, as an operating entity, will operate as a going concern in accordance with its operation target under the external environment where it operates. The operators of the enterprise are accountable for and capable of assuming responsibilities; the enterprise conducts lawful operations and is able to acquire appropriate profit to maintain its capability of operating as a going concern.
4. Continuous use assumption: continuous use assumption is an assumption made on the conditions of the market where the assets are proposed to enter and the status of the assets under such market conditions. Firstly, the assets to be evaluated are in use; and secondly, it is assumed that the assets in use will be used continuously. Under the conditions of continuous use assumption, no consideration is given to the change of use or the best utilisation conditions of the assets. The scope of applicability of the valuation results is subject to limitations.

(II) Assumptions under income approach and inputs used

1. There are no significant changes in the relevant prevailing laws, regulations and policies of the PRC, no significant changes in the macro-economic conditions of the PRC and no significant changes in the political, economic and social environment in the regions where the parties to the transaction are located, and no material adverse impact caused by other unforeseeable factors and force majeure.
2. Valuation does not consider the impact arisen from any mortgages or guarantees afforded by Shanghai Qiang Sheng's assets and equity interests. Besides, valuation does not take into account the impact on potential additional prices that might be required for special transactions.
3. It is assumed that (a) there will be no material changes of economic environment, the taxation criteria and tax rates (currently, Shanghai Qiang Sheng is mainly subject to the following taxes: (i) income tax rate of 25%; and (ii) value-added tax rate of 6%) carried in the place where Shanghai Qiang Sheng is located; and (b) the credit policies and financial policies including interest rates and foreign exchange rates as quoted by The People's Bank of China shall remain stable.
4. The valuation is based on the existing assets as at the Valuation Benchmark Date and current market prices of the relevant assets are based on the effective prices of the place where Shanghai Qiang Sheng is located.
5. All current and future business activities of Shanghai Qiang Sheng are legal and compliant, and comply with the relevant provisions of its business license and articles of association.
6. It is assumed that the management team of Shanghai Qiang Sheng is and will manage the operation legitimately, compliantly and diligently. There will be no circumstances that severely affect the development and cause harm to the interest of the shareholders of the enterprise. The patterns of business management and operation are in line with those of the present.
7. It is assumed that business-related qualifications and trademarks of Shanghai Qiang Sheng could be approved by relevant authorities for updating upon expiration.

8. The accounting policies adopted by Shanghai Qiang Sheng , i.e. the Chinese Accounting Standards will remain consistent with those of the issuing date of the valuation report, in terms of material aspects, after the Valuation Benchmark Date.
9. It is assumed that Shanghai Qiang Sheng will renew the rental contract with the agreed terms and continue to use the office upon expiration, or Shanghai Qiang Sheng will be able to obtain office for operation with similar scale and conditions with market rental price.
10. It is assumed that the contracts and agreements signed by Shanghai Qiang Sheng as at the Valuation Benchmark Date will be fulfilled according to their terms.
11. It is assumed that the revenue, costs and expenses of Shanghai Qiang Sheng will occur uniformly throughout the year, and that the average annual cash flow for those after five years from the Valuation Benchmark Date will be the same with that of the fifth year.
12. It is assumed that all projects under negotiation can be successfully undertaken.

The Board has reviewed the key assumptions upon which the profit forecasts were based and is of the view that the profit forecasts were made after due and careful enquiry.

Ernst & Young has been engaged by the Company to review the arithmetical calculation and compilation of the discounted future estimated cash flows upon which the Shanghai Bund Valuation Report prepared by the Valuer, namely Shanghai Jilian Assets Appraisal Co., Ltd.* (上海集聯資產評估有限公司), an Independent Third Party were based.

For the Valuation Reports, the Board and the Audit Committee have reviewed the arithmetical calculation and compilation of the discounted future estimated cash flows upon which the Valuation Reports prepared by the Valuer were based.

A letter from the Board and a report from Ernst & Young are included in the appendices to this Further Announcement for the purposes of Rules 14.60A and 14.62 of the Listing Rules. The following are the qualifications of Ernst & Young and the Valuer.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice in this Further Announcement are as follows:

Name	Qualifications
Ernst & Young	Certified Public Accountants
Shanghai Jilian Assets Appraisal Co., Ltd.* (上海集聯資產評估有限公司)	Independent valuer

Each of Ernst & Young and the Valuer has given and has not withdrawn its respective written consent to the publication of this Further Announcement with inclusion of its report/letter and all references to its name (including its qualifications) in the form and context in which they are included.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of Ernst & Young and the Valuer is an Independent Third Party. As at the date of this Further Announcement, neither Ernst & Young nor the Valuer has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

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

Hong Kong, 22 May 2023

* *for identification purpose*

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.

APPENDIX I – LETTER FROM THE BOARD

22 May 2023

Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place, Central, Hong Kong

Dear Sirs,

Discloseable Transactions — (i) Acquisition of Further 18.53% of the Equity Interests in Shanghai Qiang Sheng and (ii) Disposal of the Entire Interests in Shanghai Bund to Shanghai Qiang Sheng

We refer to the announcement (“**Announcement**”) of Riverine China Holdings Limited (“**Company**”) dated 8 May 2023 in relation to the captioned transactions. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings ascribed to them in the Announcement.

We refer to Shanghai Bund Valuation Report and Shanghai Qiang Sheng Valuation Report, both dated 14 December 2022 issued by Shanghai Jilian Assets Appraisal Co., Ltd*, the Valuer, which is an Independent Third Party, regarding the valuation of the entire equity interests in Shanghai Bund and Shanghai Qiang Sheng as at 30 June 2022 based on the income approach, which constitute profit forecasts (“**Profit Forecasts**”) under Rule 14.61 of the Listing Rules.

We hereby confirm that we have (i) considered and discussed with the Valuer various aspects of the Valuation Reports including the bases and assumptions upon which the discounted cash flows were prepared; (ii) reviewed the calculations for the discounted cash flows in the Valuation Reports, considered whether the Profit Forecasts have been properly complied with the bases and assumptions as set out in the Valuation Reports and consulted the Audit Committee; and (iii) considered the report from Ernst & Young, the auditor of the Company regarding the calculations of the discounted cash flows in the Shanghai Bund Valuation Report.

On the basis of the foregoing, in accordance with the requirements of Rule 14.62(3) of the Listing Rules, we confirmed that the Profit Forecasts have been made after due and careful enquiry by us.

Yours faithfully,
For and on behalf of the Board
Riverine China Holdings Limited
Xiao Xingtao
Chairman

APPENDIX II — LETTER FROM ERNST & YOUNG

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST IN SHANGHAI BUND PROPERTY CO., LTD

To the Directors of Riverine China Holdings Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 14 December 2022 prepared by Shanghai Jilian Assets Appraisal Co., Ltd in respect of Shanghai Bund Property Company Limited (the “**Target**”) as at 30 June 2022 is based. The valuation is set out in the announcement of Riverine China Holdings Limited (the “**Company**”) dated 22 May 2023 (the “**Announcement**”) in connection with the transfer of the Target to Shanghai Qiang Sheng Property Company Limited. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the Announcement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under Rule 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Yours faithfully

Certified Public Accountants

Hong Kong

22 May 2023