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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2023

RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of Riverine China Holdings Limited and its subsidiaries for the six months ended 30 June 2023 together with the comparative figures for the previous period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	<i>Notes</i>	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
REVENUE	4	462,027	445,325
Cost of services provided		<u>(405,679)</u>	<u>(374,674)</u>
Gross profit		56,348	70,651
Other income and gains	4	4,114	7,654
Selling and distribution expenses		(11,722)	(9,115)
Administrative expenses		(36,536)	(40,499)
Other expenses		(6,075)	(5,100)
Finance costs	6	(7,194)	(6,673)
Share of profits and losses of:			
Joint ventures		(1,203)	982
Associates		<u>5,346</u>	<u>4,168</u>

		2023	2022
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
PROFIT BEFORE TAX	5	3,078	22,068
Income tax expense	7	<u>(1,232)</u>	<u>(4,978)</u>
PROFIT FOR THE PERIOD		<u>1,846</u>	<u>17,090</u>
Attributable to:			
Owners of the parent		302	11,540
Non-controlling interests		<u>1,544</u>	<u>5,550</u>
		<u>1,846</u>	<u>17,090</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (<i>RMB</i>)	9	<u>—</u>	<u>0.03</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	<u>1,846</u>	<u>17,090</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive (loss)/income:	(373)	16
Exchange differences:		
Exchange differences on translation of foreign operations	<u>16</u>	<u>516</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>(357)</u>	<u>532</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<u>(357)</u>	<u>532</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,489</u>	<u>17,622</u>
Attributable to:		
Owners of the parent	(55)	12,072
Non-controlling interests	<u>1,544</u>	<u>5,550</u>
	<u>1,489</u>	<u>17,622</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023	31 December 2022
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	43,824	39,931
Investment properties		189,600	159,900
Right-of-use assets		8,609	10,355
Goodwill		25,901	25,901
Finance lease receivables		9,779	41,194
Other Intangible assets		33,892	37,048
Investments in joint ventures		27,662	28,865
Investments in associates		64,475	57,981
Equity investments designated at fair value through other comprehensive income		1,929	2,302
Other non-current assets		30,125	29,375
Deferred tax assets		3,498	1,550
		<hr/>	<hr/>
Total non-current assets		439,294	434,402
CURRENT ASSETS			
Inventories		126	82
Trade receivables	11	283,641	250,719
Prepayments and other receivables		126,517	132,054
Restricted bank balances		9,217	22,315
Finance lease receivables		800	5,295
Cash and cash equivalents	12	140,421	171,818
		<hr/>	<hr/>
Total current assets		560,722	582,283

		30 June	31 December
		2023	2022
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
CURRENT LIABILITIES			
Trade payables	13	131,894	132,227
Other payables and accruals		104,266	134,115
Interest-bearing bank and other borrowings		170,971	155,677
Lease liabilities		22,845	20,965
Tax payable		24,097	16,766
		<hr/>	<hr/>
Total current liabilities		454,073	459,750
		<hr/>	<hr/>
NET CURRENT ASSETS			
		106,649	122,533
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		545,943	556,935
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		2,898	3,156
Lease liabilities		161,031	169,225
Deferred tax liabilities		11,123	15,074
		<hr/>	<hr/>
Total non-current liabilities		175,052	187,455
		<hr/>	<hr/>
Net assets		370,891	369,480
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,391	3,391
Reserves		280,151	280,206
		<hr/>	<hr/>
		283,542	283,597
		<hr/> <hr/>	<hr/> <hr/>
Non-controlling interests		87,349	85,883
		<hr/>	<hr/>
Total equity		370,891	369,480
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

1. CORPORATE AND GROUP INFORMATION

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

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the business of property management services and urban sanitary services in the People’s Republic of China (the “PRC”).

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules*</i>

* The amendments have been issued by the IASB. At the time of issuance of this illustrative financial information, the equivalent amendments are expected to be issued shortly by the HKICPA.

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

- (a) Amendments to HKAS 1 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. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) 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 Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction 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 did not have any impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2023	Property management services RMB'000 (Unaudited)	Urban sanitary services RMB'000 (Unaudited)	Sublease service from investment properties RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)				
Service provided to external customers	<u>343,073</u>	<u>118,440</u>	<u>514</u>	<u>462,027</u>
Segment results	43,903	14,222	(1,777)	56,348
Reconciliation:				
Interest income				1,317
Share of profits and losses of:				
Joint ventures				(1,203)
Associates				5,346
Other unallocated income and gains				2,797
Corporate and other unallocated expenses				(58,573)
Finance costs (other than interest on lease liabilities)				<u>(2,954)</u>
Profit before tax				<u>3,078</u>

Six months ended 30 June 2022	Property management services RMB'000 (Unaudited)	Urban sanitary services RMB'000 (Unaudited)	Sublease service from investment properties RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)				
Service provided to external customers	<u>318,115</u>	<u>123,251</u>	<u>3,959</u>	<u>445,325</u>
Segment results	43,317	23,738	3,596	70,651
Reconciliation:				
Interest income				2,840
Share of profits and losses of:				
Joint ventures				982
Associates				4,168
Other unallocated income and gains				4,814
Corporate and other unallocated expenses				(59,216)
Finance costs (other than interest on lease liabilities)				<u>(2,171)</u>
Profit before tax				<u>22,068</u>

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, share of profits and losses of joint ventures and associates, non-lease-related finance costs, other unallocated income and gains as well as corporate and other unallocated expenses are excluded from such measurement.

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Property management services income on the lump sum basis	342,286	317,533
Property management services income on the fixed remuneration basis	787	582
Urban sanitary services income	118,440	123,251
<i>Revenue from other sources</i>		
Gross rental income from sublease service from investment properties	514	3,959
	<u>462,027</u>	<u>445,325</u>

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Services transferred over time		
Property management services	343,073	318,115
Urban sanitary services income	118,440	123,251
	<u>461,513</u>	<u>441,366</u>

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	1,109	618
Interest income from finance lease receivables	208	2,222
Government grants*	2,238	2,076
Covid-19-related rent concessions from lessors	—	2,297
Others	559	435
	<u>4,114</u>	<u>7,648</u>
Gains		
Gain on disposal of an associate	—	6
	<u>4,114</u>	<u>7,654</u>

* 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):

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of services provided	405,679	374,674
Depreciation of property, plant and equipment	7,593	6,906
Depreciation of right-of-use assets	1,973	1,915
Amortisation of intangible assets	3,189	3,703
Research and development cost	2,640	2,824
Employee benefit expenses* (including Directors' and chief executive's remuneration)		
Wages and salaries	114,949	110,013
Pension scheme contributions (defined contribution scheme)	26,642	24,338
Equity-settled share option expense	—	(1,252)
Lease payments not included in the measurement of lease liabilities	699	551
Auditor's remuneration	1,158	1,060
Bank charges	278	87
Office expenses	2,902	2,152
Impairment of trade receivables, net	1,716	2,648
Fair value loss on investment properties	6,075	5,100
(Loss)/gain on disposal of an associate	102	(6)
Interest income	(1,109)	(618)
Interest income from finance lease receivables	(208)	(2,222)
Government grants	(2,238)	(2,076)

* Amounts of RMB314,801,000 and RMB283,095,000 of staff costs were included in "Cost of services provided" in profit or loss during the six months ended 30 June 2023 and 2022, respectively.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on bank loans and other borrowings	2,954	2,171
Interest on lease liabilities	4,240	4,502
	7,194	6,673

7. INCOME TAX EXPENSE

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

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

Provision for the PRC income tax has been made at the applicable income tax rate of 25% (2022: 25%) on the assessable profits of the PRC subsidiaries.

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current Mainland China corporate income tax charge for the period	7,131	7,750
Deferred tax	<u>(5,899)</u>	<u>(2,772)</u>
Total tax charge for the period	<u><u>1,232</u></u>	<u><u>4,978</u></u>

8. INTERIM DIVIDENDS

The Directors of the Company proposed not to declare any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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

The calculation of basic earnings per share amount is based on the profit for the period attributable to the ordinary equity holders of the parent and the weighted average number of ordinary shares of 396,782,000 (2022: 396,782,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the year ended 30 June 2023 (2022: Nil).

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	<u><u>302</u></u>	<u><u>11,540</u></u>

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year	<u><u>396,782,000</u></u>	<u><u>396,782,000</u></u>
Earnings per share		
Basic and diluted (<i>RMB</i>)	<u><u>—</u></u>	<u><u>0.03</u></u>

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at a cost of RMB12,595,000 (30 June 2022: RMB4,959,000), excluding property, plant and equipment acquired through a business combination.

Assets with a net book value of RMB1,109,000 were disposed of by the Group during the six months ended 30 June 2023(30 June 2022: RMB33,000), resulting in a net loss on disposal of RMB214,000 (30 June 2022: RMB10,000).

The Group pledged certain of its motor vehicles to secure the Group's borrowings which were included as interest-bearing other borrowings RMB11,819,000. The net carrying amounts of these pledged motor vehicles as at 30 June 2023 were RMB15,488,000.

11. TRADE RECEIVABLES

	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Trade receivables	293,953	259,315
Impairment	<u>(10,312)</u>	<u>(8,596)</u>
	<u><u>283,641</u></u>	<u><u>250,719</u></u>

The Group's trading 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.

At 30 June 2023, included in the Group's trade receivables are amounts due from the Group's associates of RMB1,507,000 (31 December 2022: RMB2,121,000) and no amounts due from joint ventures (31 December 2022: RMB76,000), 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 respective reporting periods, based on the invoice date and net of loss allowance, is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 year	274,405	243,322
1 to 2 years	8,516	6,752
2 to 3 years	720	645
	<u>283,641</u>	<u>250,719</u>

12. CASH AND CASH EQUIVALENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Cash and bank balances	<u>140,421</u>	<u>171,818</u>

At the end of reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB138,593,000 (2022: RMB168,869,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

13. TRADE PAYABLES

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 3 months	107,772	124,501
3 to 12 months	8,166	4,902
Over 1 year	15,956	2,824
	<u>131,894</u>	<u>132,227</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The urbanization development of the PRC has been gradually accelerating since 1980s with urbanization rate increasing from approximately 19.4% in 1980 to 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 developments, resulting in an increased demand for comprehensive urban public services including property management services, sublease services from investment properties and urban sanitary services.

However, amid the global economic downturn, the recovery of post-pandemic economy remained sluggish and also resulted in the reduction of government expenditure. The property management and urban sanitary industry continued to face various risks and challenges.

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 554 property management agreements for the provision of various kinds of property management services for the properties in the PRC, remaining at a stable level compared with 513 property management agreements in the same period of 2022.

During the Period, approximately 74.3% of total revenue was generated from the provision of property management services, of which approximately 91.1% was generated from non-residential properties whereas the remaining of approximately 8.9% was generated from residential properties. Also, approximately 25.6% of the Group's total revenue was generated from the provision of urban sanitary services, and approximately 0.1% of the Group's total revenue was generated from sublease 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.

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

	For the six months ended 30 June			
	2023		2022	
	Revenue	% of total	Revenue	% of total
	<i>RMB'000</i>		<i>RMB'000</i>	
Property management services on the lump sum basis	342,286	74.1%	317,533	71.3%
Property management services on the fixed remuneration basis	787	0.2%	582	0.1%
Urban sanitary service	118,440	25.6%	123,251	27.7%
Sublease services from investment properties	514	0.1%	3,959	0.9%
Total	<u>462,027</u>	<u>100%</u>	<u>445,325</u>	<u>100%</u>

The table below sets forth a breakdown of revenues from providing property management services by type of managed properties for the period indicated.

	For the six months ended 30 June			
	2023		2022	
	Revenue <i>RMB'000</i>	% of total	Revenue <i>RMB'000</i>	% of total
Commercial establishments & office buildings	212,415	61.9%	210,010	66.0%
Public properties	88,218	25.7%	63,060	19.8%
Residential properties	30,328	8.9%	36,263	11.4%
Others	12,112	3.5%	8,782	2.8%
Total	<u>343,073</u>	<u>100%</u>	<u>318,115</u>	<u>100%</u>

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

	For the six months ended 30 June			
	2023		2022	
	Revenue <i>RMB'000</i>	% of total	Revenue <i>RMB'000</i>	% of total
Fujian	68,495	57.8%	77,735	63.1%
Sichuan	27,807	23.5%	43,249	35.1%
Other	22,138	18.7%	2,267	1.8%
Total	<u>118,440</u>	<u>100%</u>	<u>123,251</u>	<u>100%</u>

HUMAN RESOURCES

The Group employed 5,117 employees and dispatched staff as of 30 June 2023. The Group also subcontracted part of the labour intensive work, such as security, cleaning and gardening services and certain specialized engineering repairs and maintenance works to sub-contractors. The employment contracts either have no fixed terms, or if there are fixed terms, the terms are generally up to three years, after which the Group will evaluate renewals based on performance appraisals. All of the full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. In addition, discretionary bonuses may also be awarded to employees based on the individual employee's performance. The Group conducts regular performance appraisals to ensure that the employees receive feedback on their performance.

PROSPECTS

Over the years since 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.

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 has utilised its property management business as a pilot business and developed 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 2023, 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 carry out all epidemic prevention work, focusing on the health of the customers, users and employees and the public security and social responsibilities. According to the current guidance of domestic policies, the important role of sanitation and property management in urban comprehensive services in the epidemic is highly recognized by the community in order to avoid similar outbreak in the future. While the recovery of post-pandemic economy remained sluggish and the Group is facing various challenges such as slowed down payment from customers and lowered bidding prices. As a result, the Group will carry out the business expansion activities in a prudent manner and more focus on sustainable and stable future positive cash flow. Also, the Group will continue to enhance the capability of specialization services to maintain the profitability. Nevertheless, the Group will continue to deepen its strategic positioning to identify and seize the opportunities.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 3.8% to approximately RMB462.0 million for the six months ended 30 June 2023 from approximately RMB445.3 million for the six months ended 30 June 2022. The increase in revenue was mainly attributable to (i) the revenue generated from property management services increased from approximately RMB318.1 million for the six months ended 30 June 2022 to approximately RMB343.1 million for the Period, (ii) the revenue generated from urban sanitary services decreased from approximately RMB123.3 million for the six months ended 30 June 2022 to approximately RMB118.4 million for the Period, and (iii) the revenue generated from sublease services from investment properties decreased from approximately RMB4.0 million for the six months ended 30 June 2022 to approximately RMB0.5 million for the Period.

Cost of services provided

The Group's cost of services provided increased by approximately 8.3% to approximately RMB405.7 million for the six months ended 30 June 2023 from approximately RMB374.7 million for the six months ended 30 June 2022. The increase in cost of services 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 decreased by approximately 20.4% to approximately RMB56.3 million for the six months ended 30 June 2023 from approximately RMB70.7 million for the six months ended 30 June 2022 due to an increase in cost of services provided despite being partially offset by the increase in revenue. Gross profit margin decreased to 12.2% for the six months ended 30 June 2023 from 15.9% for the six months ended 30 June 2022.

Other income and gains

The Group's net other income and gains decreased to approximately RMB4.1 million for the six months ended 30 June 2023 from approximately RMB7.7 million for the six months ended 30 June 2022. The decrease in net other income and gains was primarily due to the decrease in other income recognized from sublease services from investment properties.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 28.6% to approximately RMB11.7 million for the six months ended 30 June 2023 from approximately RMB9.1 million for the six months ended 30 June 2022. The increase in selling and distribution expenses was primarily due to increased business expansion and marketing activities as well as more recruited talented staff.

Administrative expenses

The administrative expenses decreased to approximately RMB36.5 million for the six months ended 30 June 2023 from approximately RMB40.5 million for the six months ended 30 June 2022, which was mainly due to the decrease in expenses related to operation of sublease services from investment properties.

Other Expense

Other expense with the amount of RMB6.1 million for the six months ended 30 June 2023 represented for the valuation loss on decrease in the fair value of the investment property, which was resulted from the temporary vacancy of the Group's investment properties due to redecoration.

Interest expenses

The interest expenses increased to approximately RMB7.2 million for the six months ended 30 June 2023 from approximately RMB6.7 million for the six months ended 30 June 2022, which was due to the increase in average bank loans and other borrowings during the Period.

Share of profits and losses of joint ventures

The shares of losses of joint ventures with the amount of RMB1.2 million was primarily due to the losses shared from Zhong Min Zhi Da, despite being partially offset by the profits shared from Hefei Zheng Wen.

Share of profits and losses of associates

Share of profit of associates increased by approximately 26.2% to approximately RMB5.3 million for the six months ended 30 June 2023 from approximately RMB4.2 million for the six months ended 30 June 2022 which was primarily due to the increase in profits shared from Shanghai Qiang Sheng.

Income tax expense

The income tax expenses decreased to approximately RMB1.2 million for the six months ended 30 June 2023 as compared to the income tax expenses of approximately RMB5.0 million for the six months ended 30 June 2022. The decrease in income tax expenses was mainly due to the decrease in profit before tax which applied for income tax obligation for the Period.

Profit for the Period and net profit margin

As a result of the foregoing, the net profit decreased by approximately 89.5% to approximately RMB1.8 million for the six months ended 30 June 2023 from approximately RMB17.1 million for the six months ended 30 June 2022, while the net profit margin decreased to 0.4% for the six months ended 30 June 2023 from 3.8% for the six months ended 30 June 2022.

Other intangible assets and goodwill

The other intangible assets and goodwill primarily included customer relationship and goodwill obtained from a business combination. The other intangible assets decreased to approximately RMB33.9 million as at 30 June 2023 from approximately RMB37.0 million as at 31 December 2022, which was primarily due to the amortization of customer relationship.

Trade receivables

The trade receivables increased by approximately 13.1% to approximately RMB283.6 million for the six months ended 30 June 2023 from approximately RMB250.7 million for the year ended 31 December 2022, which was mainly due to the slow-down in collection caused by the economic recession. The trade receivables turnover (average trade receivables divided by revenues multiplied by 182 days) was kept at a stable level of 105.1 days for the Period as compared to 104.8 days for the six months ended 30 June 2022.

Prepayments and other receivables

The prepayment and other receivables decreased by approximately 4.2% to approximately RMB126.5 million for the six months ended 30 June 2023 from approximately RMB132.1 million for the year ended 31 December 2022. The increase was primarily due to the decrease in payments on behalf of residents.

Trade payables

The trade payables kept stable at approximately RMB131.9 million for the six months ended 30 June 2023 as compared with approximately RMB132.2 million for the year ended 31 December 2022. The trade payables turnover (average trade payables divided by cost of services multiplied by 182 days) was kept at a stable level of 59.2 days for the Period as compared to 60.0 days for the six months ended 30 June 2022.

Other payables and accruals

The other payables and accruals decreased to approximately RMB104.3 million for the six months ended 30 June 2023 as compared with approximately RMB134.1 million for the year ended 31 December 2022. The decrease was primarily due to the settlement of accrued cost of service provided.

Cash Flow

For the six months ended 30 June 2023, the net cash used in operating activities was approximately RMB34.5 million. The net cash generated from investing activities for the Period was approximately RMB0.5 million. The net cash from financing activities for the Period was approximately RMB2.6 million. This was primarily due to the increase in bank loans and other borrowings.

PLEDGE OF ASSETS

Certain property, plant and equipment with carrying amount of approximately RMB15.5 million as at 30 June 2023 (31 December 2022: approximately RMB12.6 million) were pledged to financing institutions. No trade receivable has been pledged to secure other borrowings as at 30 June 2023 and 31 December 2022.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

As at 30 June 2023, the Group had cash and cash equivalents of approximately RMB140.4 million. Cash and cash equivalents decreased by approximately RMB31.4 million as compared with the beginning of 2023. The total interest-bearing bank loans and other borrowings increased to approximately RMB173.9 million as at 30 June 2023 from approximately RMB158.8 million as at 31 December 2022. The gearing ratio (total debts divided by total equity) as at 30 June 2023 was 46.9% (31 December 2022: 43.0%). The current ratio (total current assets divided by total current liabilities) as at 30 June 2023 was 1.2 (31 December 2022: 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 the same, if necessary. The risk management policy is reviewed on a quarterly basis. The risk management policy also sets forth the reporting hierarchy of risks identified in the operations.

Contingent Liabilities

As at 30 June 2023, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.

INTERIM DIVIDENDS

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2023.

OTHER INFORMATION

Corporate Governance and Other Information

The Board is committed to maintaining and upholding high standards of corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the Shareholders.

The Company has adopted the code provisions set out in the CG Code contained in Appendix 14 the Listing Rules.

In the opinion of the Directors, the Company adopted and complied with all the code provisions of the CG Code throughout the six months ended 30 June 2023.

Audit Committee and Review of Interim Results

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rule and the CG Code. The audit committee consists of three members, namely Mr. Shu Wa Tung Laurence, Mr. Cheng Dong and Mr. Weng Guoqiang, all being independent non-executive Directors. Mr. Shu Wa Tung Laurence is the chairman of the audit committee and is the independent non-executive Director with the appropriate professional qualifications. The unaudited consolidated interim results of the Group for the six months ended 30 June 2023 and this report have been reviewed by the audit committee of the Board. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited consolidated interim results of the Group for the six months ended 30 June 2023.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquiry of all Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2023.

Material Acquisition and Disposals of Subsidiaries or Associates

As announced by the company on 8 May 2023, Pujiang Property transferred its 100% equity interests of Shanghai Bund to Shanghai Qiang Sheng at the consideration of RMB31,896,000 and in consideration of which, Pujiang Property's equity interests in Shanghai Qiang Sheng was increased from 30% to 48.53%. This transaction was completed in July 2023.

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

During the six months ended 30 June 2023, neither the Company, nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities.

Subsequent Event after the Period

The Group does not have any material subsequent event after the Period and up to the date of this interim results announcement.

PUBLICATION OF 2023 INTERIM RESULTS AND INTERIM REPORT

The interim results announcement for the six months ended 30 June 2023 is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.riverinepm.com). The interim report of the Company for the six months ended 30 June 2023 will be despatched to shareholders of the Company and published on the above websites in due course.

DEFINITIONS

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

“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 and Corporate Governance Report as set out in Appendix 14 of the Listing Rules
“Company”	Riverine China Holdings Limited (浦江中國控股有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability on 27 July 2016
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hefei Zheng Wen”	Hefei Zheng Wen Bund Property Management Company Limited* (合肥市政文外灘物業管理有限公司), a limited liability company established in the PRC on 14 April 2004, a joint venture company of the Company and indirectly owned as to 50% by the Company and 50% by an Independent Third Party
“HK\$” or “HK dollars” or “HK cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual or a company(ies) who or which is/are independent and not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates (within the meaning of the Listing Rules) and not otherwise a Connected Person of the Company
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Period”	the six month ended 30 June 2022
“PRC” or “China”	the People’s Republic of China which, for the purposes of this 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 and a non wholly-owned subsidiary of the Company and indirectly owned as to 97% by the Company and as to 3% by an Independent Third Party
“Shanghai Qiang Sheng”	Shanghai Qiang Sheng Property Company Limited* (上海強生物業有限公司), a limited liability company established in the PRC on 17 December 1992, an associate of the Company and indirectly owned as to 30% by the Company and as to 70% by an Independent Third Party
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 58.50% by the Company and 41.50% by four independent third parties
“%” or “per cent”	per centum or percentage

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

Hong Kong, 30 August 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.