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 2023

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 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
REVENUE	*4*	**919,684**	917,570
Cost of services provided	*5*	**(845,540)**	(787,583)
Gross profit		**74,144**	129,987
Other income and gains	*4*	**26,671**	14,340
Selling and distribution expenses		**(28,106)**	(21,134)
Administrative expenses		**(118,699)**	(80,771)
Changes in fair value of investment properties		**(48,344)**	(5,241)
Interest expenses	*6*	**(14,859)**	(13,676)
Share of profits and losses of:			
Joint ventures		**(3,227)**	602
Associates		**9,062**	7,725
(LOSS)/PROFIT BEFORE TAX	*5*	**(103,358)**	31,832
Income tax credit/(expense)	*7*	**22,408**	(7,069)
(LOSS)/PROFIT FOR THE YEAR		**(80,950)**	24,763

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Attributable to:			
Owners of the parent		**(74,464)**	12,525
Non-controlling interests		**(6,486)**	12,238
		(80,950)	24,763
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted (RMB)		**(0.19)**	0.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

31 December 2023

	2023	2022
	RMB'000	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(80,950)**	24,763
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive loss:	**(452)**	(595)
Translation differences of the financial statements using different presentation currency	**12**	1,650
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(440)**	1,055
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(440)**	1,055
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(81,390)**	25,818
Attributable to:		
Owners of the parent	**(74,904)**	13,580
Non-controlling interests	**(6,486)**	12,238
	(81,390)	25,818

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**54,215**	39,931
Investment properties		**148,000**	159,900
Right-of-use assets		**15,520**	10,355
Goodwill	*11*	**25,901**	25,901
Finance lease receivables		**9,219**	41,194
Other intangible assets	*12*	**12,311**	37,048
Investments in joint ventures		**23,438**	28,865
Investments in associates		**95,965**	57,981
Equity investments designated at fair value through other comprehensive income		**1,850**	2,302
Other non-current assets		**13,786**	29,375
Deferred tax assets		**18,864**	1,550
Total non-current assets		**419,069**	434,402
CURRENT ASSETS			
Inventories		**100**	82
Trade receivables	*13*	**235,471**	250,719
Prepayments and other receivables		**109,367**	132,054
Restricted bank balances		**27,105**	22,315
Finance lease receivables		**768**	5,295
Cash and cash equivalents		**139,674**	171,818
Total current assets		**512,485**	582,283
CURRENT LIABILITIES			
Trade payables	*14*	**126,912**	132,227
Other payables and accruals		**126,105**	134,115
Interest-bearing bank loans and other borrowings		**186,285**	155,677
Lease liabilities		**25,025**	20,965
Tax payable		**17,943**	16,766
Total current liabilities		**482,270**	459,750

	2023	2022
	RMB'000	*RMB'000*
NET CURRENT ASSETS	**30,215**	122,533
TOTAL ASSETS LESS CURRENT LIABILITIES	**449,284**	556,935
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**13,563**	3,156
Lease liabilities	**154,628**	169,225
Deferred tax liabilities	**1,250**	15,074
Total non-current liabilities	**169,441**	187,455
Net assets	**279,843**	369,480
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**3,391**	3,391
Reserves	**199,519**	280,206
	202,910	283,597
Non-controlling interests	**76,933**	85,883
Total equity	**279,843**	369,480

Xiao Xing Tao
Director

Fu Qi Chang
Director

NOTES TO FINANCIAL STATEMENTS

31 December 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 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 and environmental sanitary services in the PRC.

In the opinion of the Company's 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. ACCOUNTING POLICIES

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**") 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 2023. 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 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and the 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(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.

Prior to the initial application of these amendments, the Group has recognised temporary differences relating to right-of-use of assets and lease liabilities on a net basis. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all temporary differences associated with right-of-use assets at 1 January 2022, separately. However, they did not have any impact to (a) retained profits at 1 January 2022 as they had been presented on a net basis prior the initial application of these amendments and (b) overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under the HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*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*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[1, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[1, 4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

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

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 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

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

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 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 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 was removed by the HKICPA. 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.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application 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 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchange ability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has four reportable operating segments as follows:

(a) Property management services;

(b) Urban sanitary services;

(c) Sublease services from investment properties; and

(d) Catering services.

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 2023	**Property management services** *RMB'000*	**Urban sanitary services** *RMB'000*	**Catering services** *RMB'000*	**Sublease services** *RMB'000*	**Total** *RMB'000*
Segment revenue *(note 4)*					
Service provided to external customers	**686,535**	**226,468**	**6,174**	**507**	**919,684**
Segment results	**53,467**	**5,081**	**(7,516)**	**(13,816)**	**37,216**
Reconciliation:					
Interest income					**2,159**
Share of profits and losses of:					
Joint ventures					**(3,227)**
Associates					**9,062**
Other unallocated income and gains					**24,512**
Corporate and other unallocated expenses					**(166,897)**
Finance costs (other than interest on lease liabilities)					**(6,183)**
Loss before tax					**(103,358)**
Other segment information					
Impairment losses recognised in the statement of profit or loss, net	**—**	**25,500**	**—**	**—**	**25,500**
Depreciation and amortisation	**11,647**	**22,904**	**1,113**	**—**	**35,664**

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
Other segment information				
Depreciation and amortisation	6,436	18,168	—	24,604

Geographical information

Since all of the Group's revenue was generated from providing property management services, urban sanitary services, catering services and sublease services from investment properties in Chinese Mainland and all of the Group's non-current assets were located in Chinese Mainland, 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:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Property management services income on the lump sum basis	**685,049**	644,227
Property management services income on the fixed remuneration basis	**1,486**	1,761
Urban sanitary services income	**226,468**	264,437
Catering services income	**6,174**	—
Revenue from other sources		
Gross rental income from sublease services from investment properties	**507**	7,145
	919,684	917,570

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Timing of revenue recognition		
Services transferred over time		
Property management services income	**686,535**	645,988
Urban sanitary services income	**226,468**	264,437
	913,003	910,425
At a point in time		
Catering services income	**6,174**	—
	919,177	910,425

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

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Provision of property management services	**12,987**	17,059

(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:

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**692,162**	566,302
After one year	**687,841**	615,705
	1,380,003	1,182,007

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.

	2023	2022
	RMB'000	*RMB'000*
Other income		
Interest income	**2,159**	2,214
Government grants*	**4,892**	6,128
Interest income from finance lease receivables	**241**	3,829
Others	**4,022**	2,163
	11,314	14,334
Gains		
Gain on disposal of a subsidiary	**15,357**	—
Gain on disposal of an associate	**—**	6
	15,357	6
	26,671	14,340

* 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. (LOSS)/PROFIT BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Cost of services provided	**845,540**	787,583
Depreciation of property, plant and equipment	**18,209**	13,836
Depreciation of right-of-use assets	**8,972**	3,878
Amortisation of other intangible assets	**8,483**	6,890
Research and development costs	**5,717**	5,676
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**287,357**	246,367
Pension scheme contributions	**70,807**	50,843
Equity-settled share award scheme expenses	**—**	(647)
Lease payments not included in the measurement of lease liabilities	**2,696**	1,249
Auditor's remuneration	**2,050**	1,750
Impairment of trade receivables and other receivables	**6,912**	2,809
Gain on disposal of a subsidiary	**(15,357)**	—
Loss on disposal of items of items of property, plant and equipment	**178**	74
Fair value loss on investment properties	**48,344**	5,241
Loss/(Gain) on disposal of an associate	**102**	(6)
Interest income	**(2,159)**	(2,214)
Impairment of other intangible assets	**25,500**	—
Government grants	**(4,892)**	(6,128)

6. INTEREST EXPENSES

An analysis of interest expenses is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest expenses on bank loans and other borrowings	**6,183**	4,964
Interest on lease liabilities	**8,676**	8,712
	14,859	13,676

7. INCOME TAX

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.

Except for certain subsidiaries in the PRC are qualified as Small Low-profit Enterprises and thus are entitled to a preferential income tax rate of 2.5% and 5%, PRC income tax has been provided at the applicable income tax rate of 25% (2022: 25%) on the assessable profits of the PRC subsidiaries.

	2023	2022
	RMB'000	*RMB'000*
Current Chinese Mainland Charge for the year	**9,226**	12,236
Over-provision in prior years	**(496)**	(609)
Deferred tax	**(31,138)**	(4,558)
Total tax (credit)/charge for the year	**(22,408)**	7,069

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:

	2023	2022
	RMB'000	*RMB'000*
(Loss)/Profit before tax	**(103,358)**	31,832
Tax at the statutory tax rate of 25%	**(25,840)**	7,958
Lower tax rates enacted by local authority	**(2,032)**	(1,840)
Tax losses utilised from previous periods	**(98)**	(414)
Profits and losses attributable to joint ventures and associates *(note (a))*	**(1,459)**	(2,082)
Adjustment in respect of current tax of previous periods	**(496)**	(609)
Expenses not deductible for tax	**1,939**	1,720
Tax losses not recognised	**5,578**	2,336
Tax (credit)/charge at the Group's effective rate	**(22,408)**	7,069

Note:

(a) The share of tax attributable to joint ventures and associates amounting to RMB5,056,000, for the year ended 31 December 2023 (2022: RMB3,516,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

8. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Proposed final — Nil (2022: HK1.0 cents) per ordinary share	**—**	3,545

Final dividend for the year 2022 was approved by the Company's shareholders at the annual general meeting. At the meeting of the board of directors held on 28 March 2024, the board of directors did not recommend a final dividend for the the year ended 31 December 2023.

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the (loss)/profit for the year attributable to 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 year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2023 (2022: Nil).

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

	2023	2022
	RMB'000	*RMB'000*
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent	**(74,464)**	12,525

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year	**396,782,000**	396,782,000
(Loss)/earnings per share		
Basic and diluted (RMB)	**(0.19)**	0.03

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2023						
At 1 January 2023:						
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**
At 1 January 2023, net of accumulated depreciation	**580**	**2,741**	**1,954**	**34,656**	**—**	**39,931**
Additions	**6,417**	**3,782**	**746**	**13,128**	**10,120**	**34,193**
Disposals	**—**	**(241)**	**(9)**	**(1,343)**	**—**	**(1,593)**
Disposal of a subsidiary	**—**	**(25)**	**(18)**	**(64)**	**—**	**(107)**
Depreciation provided during the year	**(2,609)**	**(1,304)**	**(132)**	**(14,164)**	**—**	**(18,209)**
At 31 December 2023, net of accumulated depreciation	**4,388**	**4,953**	**2,541**	**32,213**	**10,120**	**54,215**
At 31 December 2023:						
Cost	**9,280**	**14,673**	**4,797**	**89,681**	**10,120**	**128,551**
Accumulated depreciation	**(4,892)**	**(9,720)**	**(2,256)**	**(57,468)**	**—**	**(74,336)**
Net carrying amount	**4,388**	**4,953**	**2,541**	**32,213**	**10,120**	**54,215**

	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

At 31 December 2023, certain of the Group's motor vehicles with a net carrying amount of approximately RMB16,222,000 (2022: RMB12,586,000) were pledged to secure certain of the other borrowings.

11. GOODWILL

	2023 ***RMB'000***	2022 *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 17.7% (2022: 19.1%). The growth rate used to extrapolate the cash flows beyond the five-year period is 2.0% (2022: 2.3%).

Assumptions were used in the value in use calculation of the relevant cash-generating units for 31 December 2023 and 31 December 2022. 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	
	2023	2022
	RMB'000	*RMB'000*
Base case:		
Recoverable amount	**122,396**	139,534
Headroom	**7,728**	24,514
Sensitivity test — decrease in headroom		
Annual growth rate for 5-year period decreased by 0.5 percentage point	**3,342**	20,331
Pre-tax discount rate increased by 0.5 percentage point	**2,628**	19,556
Terminal growth rate decreased by 0.5 percentage point	**3,138**	20,937

The values assigned to the key assumptions on market development of urban sanitary services income and the discount rate are consistent with external information sources.

12. OTHER INTANGIBLE ASSETS

	Customer relationship *RMB'000*	**Software** *RMB'000*	**Total** *RMB'000*
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	**36,500**	**548**	**37,048**
Additions	**—**	**9,246**	**9,246**
Impairment	**(25,500)**	**—**	**(25,500)**
Amortisation provided during the year *(note 5)*	**(6,000)**	**(2,483)**	**(8,483)**
At 31 December 2023	**5,000**	**7,311**	**12,311**
At 31 December 2023:			
Cost	**54,000**	**14,211**	**68,211**
Accumulated amortisation	**(23,500)**	**(6,900)**	**(30,400)**
Impairment	**(25,500)**	**—**	**(25,500)**
Net carrying amount	**5,000**	**7,311**	**12,311**

	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

In accordance with the Group's accounting policies, each asset or CGU is evaluated annually at the end of the reporting period to determine whether there are any indicators of impairment. The Group concluded that impairment indicators existed due to the poor post-pandemic macroeconomic environment and the reduction of government expenditure, resulting in the substantial decrease in revenue and gross profit of the urban sanitary service segment of the Group in 2023.

In assessing whether there is an impairment, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value-in-use ("**VIU**"). For the purpose of the impairment assessment, the customer relationship of the Group is treated as a separate CGU. The Group performed impairment assessments on such asset by determining the VIU of the CGU based on the discounted cash flow model. The VIU of the asset is determined based on the calculation using cash flow projections with post-tax discount rates of 15.5% for the CGU.

Based on the above-mentioned impairment assessment, the recoverable amounts and carrying amounts as at 31 December 2023 were separately RMB5,000,000 and RMB30,500,000. The management made the impairment provisions of RMB25,500,000 accordingly.

13. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**249,727**	259,315
Impairment	**(14,256)**	(8,596)
	235,471	250,719

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. 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 RMB23,000 (2022: RMB2,121,000) and RMB5,864,000 (2022: RMB76,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

At 31 December 2023, the Group has pledged trade receivables of approximately RMB37,445,000 (2022: Nil) to secure certain of the bank and other borrowings.

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**216,374**	243,322
1 to 2 years	**17,993**	6,752
2 to 3 years	**1,104**	645
	235,471	250,719

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**8,596**	6,145
Amounts written off as uncollectible	**—**	(110)
Impairment of trade receivables *(note 5)*	**5,660**	2,561
At end of year	**14,256**	8,596

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 2023

		2023	
	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**
		RMB'000	***RMB'000***
Within 1 year	**0.50%**	**217,466**	**1,092**
1 to 2 years	**31.00%**	**26,076**	**8,083**
2 to 3 years	**71.33%**	**3,851**	**2,747**
Over 3 years	**100.00%**	**2,334**	**2,334**
		249,727	**14,256**

As at 31 December 2022

	2022 Expected credit loss rate	Gross carrying amount *RMB'000*	Expected credit losses *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

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:

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
Within 3 months	*(a)*	**121,143**	124,501
3 to 12 months		**2,882**	4,902
Over 1 year		**2,887**	2,824
		126,912	132,227

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 RMB950,000, which are repayable on credit terms similar to those granted by 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 66.16% in 2023. 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 RMB49,283 in 2022 to RMB51,821 in 2023. 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, Hubei and Hebei provinces. The urban sanitary services are mainly performed in Fujian, Sichuan and Xinjiang provinces.

During the Period, the Group through its subsidiaries and investments in associated companies had entered into 565 property management agreements for the provision of various kinds of property management services for the properties in the PRC, which generally kept stable as compared with the 564 property management agreements in the same period of 2022.

During the Period, approximately 74.6% of total revenue was generated from the provision of property management services, of which approximately 91.0% was attributable to non-residential properties whereas the remaining approximately 9.0% was generated from provision of property management services to residential properties. Also, approximately 24.6% of the Group's total revenue was generated from the provision of urban sanitary services, approximately 0.7% of the Group's total revenue was generated from catering 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. 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			
	2023		2022	
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total
Property management services income on the lump sum basis	**685,049**	**74.4%**	644,227	70.2%
Property management services income on the fix remuneration basis	**1,486**	**0.2%**	1,761	0.2%
Urban sanitary services income	**226,468**	**24.6%**	264,437	28.8%
Catering services income	**6,174**	**0.7%**	—	—
Gross rental income from sublease services from investment properties	**507**	**0.1%**	7,145	0.8%
Total	**919,684**	**100%**	917,570	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			
	2023		2022	
	Revenue	**% of total**	Revenue	% of total
	RMB'000		*RMB'000*	
Commercial establishments & office buildings	**419,263**	**61.1%**	432,635	67.0%
Public properties	**166,238**	**24.2%**	118,699	18.4%
Residential properties	**62,023**	**9.0%**	71,773	11.1%
Others	**39,011**	**5.7%**	22,881	3.5%
Total	**686,535**	**100%**	645,988	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			
	2023		2022	
	Revenue	**% of total**	Revenue	% of total
	RMB'000		*RMB'000*	
Fujian	**136,443**	**60.3%**	172,453	65.2%
Sichuan	**50,092**	**22.1%**	80,277	30.4%
Others	**39,933**	**17.6%**	11,707	4.4%
Total	**226,468**	**100%**	264,437	100%

HUMAN RESOURCES

The Group employed 4,252 employees and dispatched staff as of 31 December 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 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

The Group is a well established 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 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.

Facing the challenge of poor post-pandemic macroeconomic environment, the Group will continue to deepen its strategic positioning, assess and measure the risks, and identify and seize the opportunities in this crisis.

FINANCIAL REVIEW

Revenue

The Group's revenue kept stable at approximately RMB919.7 million for the year ended 31 December 2023 as compared with the revenue amounted to approximately RMB917.6 million for the year ended 31 December 2022.

Cost of services provided

The Group's cost of services provided increased by approximately 7.4% to approximately RMB845.5 million for the year ended 31 December 2023 from approximately RMB787.6 million for the year ended 31 December 2022. The increase in cost of service provided was primarily due to (i) the increase in property management services income which leads to the increase in staff costs and sub-contracting staff costs; (ii) the newly initialized catering services which leads to the increase in relevant staff and food ingredients' costs; and (iii) the Group continues to recruit more talented staff and provide training for the existing staff to cope with the expansion of operations.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 43.0% to approximately RMB74.1 million for the year ended 31 December 2023 from approximately RMB130.0 million for the year ended 31 December 2022 due to an increase in the cost of services provided. Gross profit margin for the year ended 31 December 2023 decreased to 8.1% as compared with the gross profit margin for the year ended 31 December 2022 at approximately 14.2%.

Other income and gains

The Group's other income and gains increased to approximately RMB26.7 million for the year ended 31 December 2023 from approximately RMB14.3 million for the year ended 31 December 2022. The increase in net other income and gains was primarily due to the one-off investment gain from disposal of Shanghai Bund during the Period.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 33.2% to approximately RMB28.1 million for the year ended 31 December 2023 from approximately RMB21.1 million for the year ended 31 December 2022. The increase in selling and distribution expenses was primarily due to expanding travelling and entertainment activities with the Group's expansion in business scale and the increased rental expenses which resulted from newly initialized catering services.

Administrative expenses

The administrative expenses increased by approximately 46.9% to approximately RMB118.7 million for the year ended 31 December 2023 as compared with the administrative expenses of approximately RMB80.8 million for the year ended 31 December 2022. The increase in administrative expenses was primarily due to the impairment losses of customer relationship amounted to RMB25.5 million.

Changes in fair value of investment properties

Changes in fair value of investment properties with the amount of RMB48.3 million for the year ended 31 December 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 and correspondent invested redecoration cost.

Interest expenses

The interest expenses increased to approximately RMB14.9 million for the year ended 31 December 2023 from approximately RMB13.7 million for the year ended 31 December 2022. The increase in the interest expenses was primarily due to the increase in average interest-bearing 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 RMB3.2 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 18.2% to approximately RMB9.1 million for the year ended 31 December 2023 from approximately RMB7.7 million for the year ended 31 December 2022 which was primarily due to the increase in profits shared from Shanghai Qiang Sheng.

Income tax

The income tax credit was approximately RMB22.4 million for the year ended 31 December 2023. As compared with the income tax expense amounted to approximately RMB7.1 million for the year ended 31 December 2022, the decrease 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 loss was approximately RMB81.0 million for the year ended 31 December 2023, while the net profit for the year ended 31 December 2022 was approximately RMB24.8 million. The net loss margin was 8.8% for the year ended 31 December 2023, while the net profit margin was 2.7% for the year ended 31 December 2022.

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 RMB38.2 million as at 31 December 2023 from approximately RMB62.9 million as at 31 December 2022, which was primarily due to the impairment of customer relationship.

Trade Receivables

The trade receivables decreased by approximately 6.1% to approximately RMB235.5 million as at 31 December 2023 from approximately RMB250.7 million as at 31 December 2022. The trade receivables turnover (average trade receivables divided by revenue multiplied by 365 days) was 96.5 days (2022: 87.7 days).

Prepayments and other receivables

The prepayments and other receivables decreased by approximately 17.2% to approximately RMB109.4 million as at 31 December 2023 from approximately RMB132.1 million as at 31 December 2022. The decrease in prepayments and other receivables is primarily due to the decrease in payments on behalf of residents and the settlement of dividends receivable balance from Shanghai Qiang Sheng and Shanghai Xin Di.

Trade payables

The trade payables decreased by approximately 4.0% to approximately RMB126.9 million as at 31 December 2023 from approximately RMB132.2 million as at 31 December 2022, which generally kept stable. The trade payables turnover (average trade payables divided by cost of services provided multiplied by 365 days) decreased to 55.9 days (2022: 57.7 days).

Other payables and accruals

The other payables and accruals decreased by approximately 6.0% to approximately RMB126.1 million as at 31 December 2023 as compared with the balance of approximately RMB134.1 million as at 31 December 2022, which was mainly due to the decrease in receipts on behalf of residents.

Cash Flow

For the year ended 31 December 2023, the net cash from operating activities was approximately RMB3.0 million. The net cash used in investing activities for the year ended 31 December 2023 was approximately RMB37.7 million. The net cash from financing activities for the year ended 31 December 2023 was approximately RMB2.5 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

Other than certain property, plant and equipment with carrying amount of approximately RMB16.2 million as at 31 December 2023 (31 December 2022: RMB12.6 million) pledged to financing institutions, the Group had also pledged and factored certain of its trade receivables with net carrying amount of approximately RMB37.4 million (31 December 2022: Nil) to secure the Group's borrowings as at 31 December 2023.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB139.7 million. The total interest-bearing bank loans and other borrowings increased to approximately RMB199.8 million as at 31 December 2023 from approximately RMB158.8 million as at 31 December 2022. The gearing ratio (total debts divided by average total equity) as at 31 December 2023 was approximately 61.6% (31 December 2022: 43.6%). The current ratio (total current assets divided by total current liabilities) as at 31 December 2023 was 1.1 (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, 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 2023, 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 2023 and up to the date of this annual report.

FINAL DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the year ended 31 December 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, 5 June 2024 to Tuesday, 11 June 2024, 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, 4 June 2024.

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 2023, the Group employed approximately 4,252 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 reviewed the CG Code from time to time to ensure its compliance with the CG Code.

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 2023.

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 2023.

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 2023 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 2023.

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 2023 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 2023 ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the year ended 31 December 2023 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 2023 will be despatched to shareholders of the Company and published on the above websites in due course.

DEFINITIONS

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

"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules

"Company"	Riverine China Holdings Limited (浦江中國控股有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability on 27 July 2016
"Connected person"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of the Company, means a group of controlling shareholders of the Company, namely Partner Summit, Vital Kingdom, Mr. Xiao, Source Forth, Mr. Fu, Pine Fortune and Mr. Chen
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hefei Zheng Wen"	Hefei Zheng Wen Bund Property Management Company Limited* (合肥市政文外灘物業管理有限公司), a limited liability company established in the PRC on 14 April 2004, a joint venture company of the Company and indirectly owned as to 50% by the Company and 50% by an Independent Third Party
"HK$" or "HK dollars" or "HK cents"	Hong Kong dollars and cents, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Xin"	Hong Xin Environmental Group Co., Ltd. (泓欣環境集團有限公司) , a limited liability company established in the PRC on 5 July 2000, a non-wholly owned subsidiary of the Company and is indirectly owned as to 51% by the Company and as to 49% by independent third parties
"Independent Third Party(ies)"	An individual(s) or a company(ies) who or which is/are independent and not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates and not otherwise a connected person of the Company
"Listing"	the listing of the Shares on the Main Board of the stock exchange

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. Chen"	Mr. Chen Yao (陳瑤), one of the Controlling Shareholders
"Mr. Fu"	Mr. Fu Qichang (傅其昌), one of the Controlling Shareholders, vice-chairman of the Board and an executive Director
"Mr. Xiao"	Mr. Xiao Xingtao (肖興濤), one of the Controlling Shareholders, chairman of the Board and an executive Director
"Partner Summit"	Partner Summit Holdings Limited (合高控股有限公司), a company incorporated under the laws of the BVI on 16 June 2016 with limited liability, which is owned as to 87% by Vital Kingdom, 10% by Source Forth and 3% by Pine Fortune and is one of the Controlling Shareholders
"Period"	the year ended 31 December 2023
"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"	Shanghai Bund Property Company Limited* (上海外灘物業有限公司), a limited liability company established in the PRC on 8 April 1996 and an indirect associated company of the Company
"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 48.53% by the Company and as to 51.47% 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
"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, 28 March 2024

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.